

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 1955

(SENATE AUTHORS: PUTNAM)

DATE	D-PG	OFFICIAL STATUS
02/20/2023	921	Introduction and first reading Referred to State and Local Government and Veterans
02/27/2023	1149	Withdrawn and re-referred to Agriculture, Broadband, and Rural Development
04/03/2023	2959a	Comm report: To pass as amended and re-refer to Finance
	3001	Rule 12.10: report of votes in committee
04/12/2023	4775a	Comm report: To pass as amended
	4777	Second reading
04/13/2023	4955	Special Order
	4958	Third reading Passed
04/21/2023	5799	Returned from House with amendment
	5800	Senate not concur, conference committee of 3 requested
	5804	Senate conferees Putnam; Kupec; Westrom
04/24/2023	5843	House conferees Vang; Pursell; Anderson, P.H.
05/11/2023		Conference committee report, delete everything Senate adopted CC report and repassed bill Third reading

1.1 A bill for an act

1.2 relating to state government; establishing a budget for the Department of

1.3 Agriculture, the Board of Animal Health, the Agricultural Utilization Research

1.4 Institute, and the Office of Broadband Development; making policy and technical

1.5 changes to agriculture provisions; making policy and technical changes to

1.6 broadband provisions; providing civil penalties; appropriating money; requiring

1.7 reports; transferring money to the border-to-border broadband fund account;

1.8 creating the grain indemnity account; transferring money to the grain indemnity

1.9 account; amending Minnesota Statutes 2022, sections 17.1016, subdivision 2;

1.10 17.133, subdivision 2; 28A.152, subdivision 2; 41A.14, subdivision 2; 41A.19;

1.11 116J.395, subdivision 7; 116J.396, subdivision 2; 223.16, by adding a subdivision;

1.12 223.17, subdivisions 6, 7, 7a; 223.175; 223.19; 232.22, subdivision 5; Laws 2021,

1.13 First Special Session chapter 3, article 1, section 2, subdivision 5, as amended;

1.14 Laws 2022, chapter 95, article 2, section 29, subdivision 6; proposing coding for

1.15 new law in Minnesota Statutes, chapters 17; 116J; 223; repealing Minnesota

1.16 Statutes 2022, sections 17.055, subdivision 2; 41A.12, subdivision 4; 41A.21;

1.17 223.17, subdivisions 4, 8; 232.22, subdivisions 4, 6, 6a, 7.

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

1.19 style="text-align:center">**ARTICLE 1**

1.20 style="text-align:center">**APPROPRIATIONS**

1.21 Section 1. **AGRICULTURE APPROPRIATIONS.**

1.22 The sums shown in the columns marked "Appropriations" are appropriated to the agencies

1.23 and for the purposes specified in this article. The appropriations are from the general fund,

1.24 or another named fund, and are available for the fiscal years indicated for each purpose.

1.25 The figures "2024" and "2025" used in this article mean that the appropriations listed under

1.26 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.

1.27 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"

1.28 is fiscal years 2024 and 2025.

		<u>APPROPRIATIONS</u>	
		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2024</u>	<u>2025</u>
2.5	Sec. 2. <u>DEPARTMENT OF AGRICULTURE</u>		
2.6	<u>Subdivision 1. Total Appropriation</u>	\$ <u>96,089,000</u>	\$ <u>74,253,000</u>
2.7	<u>Appropriations by Fund</u>		
2.8		<u>2024</u>	<u>2025</u>
2.9	<u>General</u>	<u>95,690,000</u>	<u>73,854,000</u>
2.10	<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>
2.11	<u>The amounts that may be spent for each</u>		
2.12	<u>purpose are specified in the following</u>		
2.13	<u>subdivisions.</u>		
2.14	<u>Subd. 2. Protection Services</u>		
2.15	<u>Appropriations by Fund</u>		
2.16		<u>2024</u>	<u>2025</u>
2.17	<u>General</u>	<u>24,400,000</u>	<u>23,350,000</u>
2.18	<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>
2.19	<u>(a) \$399,000 the first year and \$399,000 the</u>		
2.20	<u>second year are from the remediation fund for</u>		
2.21	<u>administrative funding for the voluntary</u>		
2.22	<u>cleanup program.</u>		
2.23	<u>(b) \$1,000,000 the first year and \$1,000,000</u>		
2.24	<u>the second year are for the soil health financial</u>		
2.25	<u>assistance program under Minnesota Statutes,</u>		
2.26	<u>section 17.134. The commissioner may award</u>		
2.27	<u>no more than \$50,000 of the appropriation</u>		
2.28	<u>each year to a single recipient. This is a</u>		
2.29	<u>onetime appropriation. Any unencumbered</u>		
2.30	<u>balance does not cancel at the end of the first</u>		
2.31	<u>year and is available in the second year.</u>		
2.32	<u>Appropriations encumbered under contract on</u>		
2.33	<u>or before June 30, 2025, for soil health</u>		
2.34	<u>financial assistance grants are available until</u>		
2.35	<u>June 30, 2027.</u>		

3.1 (c) \$375,000 the first year and \$375,000 the
3.2 second year are for transfer to the noxious
3.3 weed and invasive plant species assistance
3.4 account in the agricultural fund to award
3.5 grants to local units of government and Tribal
3.6 Nations under Minnesota Statutes, section
3.7 18.90. The base for this appropriation is
3.8 \$225,000 for fiscal year 2026 and thereafter.

3.9 (d) \$215,000 the first year and \$215,000 the
3.10 second year are for compensation for
3.11 destroyed or crippled livestock under
3.12 Minnesota Statutes, section 3.737. The first
3.13 year appropriation may be spent to compensate
3.14 for livestock that were destroyed or crippled
3.15 during fiscal year 2023. If the amount in the
3.16 first year is insufficient, the amount in the
3.17 second year is available in the first year. The
3.18 commissioner may use up to \$5,000 each year
3.19 to reimburse expenses incurred by university
3.20 extension educators to provide fair market
3.21 values of destroyed or crippled livestock. If
3.22 the commissioner receives federal dollars to
3.23 pay claims for destroyed or crippled livestock,
3.24 an equivalent amount of this appropriation
3.25 may be used to reimburse nonlethal prevention
3.26 methods performed by federal wildlife services
3.27 staff. Notwithstanding Minnesota Statutes,
3.28 section 16A.28, any unencumbered balance
3.29 does not cancel at the end of the first year and
3.30 is available in the second year. The base for
3.31 this appropriation is \$175,000 for fiscal year
3.32 2026 and thereafter.

3.33 (e) \$190,000 the first year and \$190,000 the
3.34 second year are for compensation for crop
3.35 damage under Minnesota Statutes, section

4.1 3.7371. If the amount in the first year is
4.2 insufficient, the amount in the second year is
4.3 available in the first year. The commissioner
4.4 may use up to \$10,000 of the appropriation
4.5 each year to reimburse expenses incurred by
4.6 the commissioner or the commissioner's
4.7 approved agent to investigate and resolve
4.8 claims, as well as for costs associated with
4.9 training for approved agents. The
4.10 commissioner may use up to \$20,000 of the
4.11 appropriation each year to make grants to
4.12 producers for measures to protect stored crops
4.13 from elk damage. If the commissioner
4.14 determines that claims made under Minnesota
4.15 Statutes, section 3.737 or 3.7371, are
4.16 unusually high, amounts appropriated for
4.17 either program may be transferred to the
4.18 appropriation for the other program.
4.19 Notwithstanding Minnesota Statutes, section
4.20 16A.28, any unencumbered balance does not
4.21 cancel at the end of the first year and is
4.22 available in the second year. The base for this
4.23 appropriation is \$155,000 for fiscal year 2026
4.24 and thereafter.

4.25 (f) \$825,000 the first year and \$825,000 the
4.26 second year are to replace capital equipment
4.27 in the Department of Agriculture's analytical
4.28 laboratory. The base for this appropriation for
4.29 fiscal year 2026 and thereafter is \$825,000.

4.30 (g) \$75,000 the first year and \$75,000 the
4.31 second year are to support a meat processing
4.32 liaison position to assist new or existing meat
4.33 and poultry processing operations in getting
4.34 started, expanding, growing, or transitioning
4.35 into new business models.

5.1 (h) \$950,000 the first year and \$950,000 the
5.2 second year are additional funding to maintain
5.3 the current level of service delivery for
5.4 programs under this subdivision. The base for
5.5 this appropriation is \$1,388,000 for fiscal year
5.6 2026 and thereafter.

5.7 (i) \$975,000 the first year and \$975,000 the
5.8 second year are for grants to the Board of
5.9 Regents of the University of Minnesota to
5.10 fund the Forever Green Initiative and protect
5.11 the state's natural resources while increasing
5.12 the efficiency, profitability, and productivity
5.13 of Minnesota's farmers by incorporating
5.14 perennial and winter-annual crops into existing
5.15 agricultural practices. By February 1 each
5.16 year, the dean of the College of Food,
5.17 Agricultural and Natural Resource Sciences
5.18 must submit a report to the chairs and ranking
5.19 minority members of the legislative
5.20 committees with jurisdiction over agriculture
5.21 finance and policy and higher education
5.22 detailing uses of the funds in this paragraph,
5.23 including administrative costs, and the
5.24 achievements these funds contributed to.

5.25 (j) \$1,250,000 the first year and \$250,000 the
5.26 second year are for grants to organizations in
5.27 Minnesota to develop enterprises, supply
5.28 chains, and markets for continuous-living
5.29 cover crops and cropping systems in the early
5.30 stages of commercial development. For the
5.31 purposes of this paragraph, "continuous-living
5.32 cover crops and cropping systems" refers to
5.33 agroforestry, perennial biomass, perennial
5.34 forage, perennial grains, and winter-annual
5.35 cereal grains and oilseeds that have market

6.1 value as harvested or grazed commodities. By
6.2 February 1 each year, the commissioner must
6.3 submit a report to the chairs and ranking
6.4 minority members of the legislative
6.5 committees with jurisdiction over agriculture
6.6 finance and policy detailing uses of the funds
6.7 in this paragraph, including administrative
6.8 costs, and the achievements these funds
6.9 contributed to. Of the amount in the first year,
6.10 \$1,000,000 must be used to support markets
6.11 for Kernza perennial grain, winter camelina,
6.12 hybrid hazelnut, and elderberry, and is
6.13 available until June 30, 2027. The
6.14 commissioner may use up to 6.5 percent of
6.15 this appropriation for administrative costs.

6.16 (k) \$225,000 the first year and \$225,000 the
6.17 second year are appropriated for
6.18 wolf-livestock conflict-prevention grants. The
6.19 commissioner may use up to \$125,000 from
6.20 each year to reimburse nonlethal prevention
6.21 work performed by federal wildlife services.
6.22 This is a onetime appropriation.

6.23 (l) \$50,000 the first year is to convene a
6.24 working group of interested parties, including
6.25 representatives from the Department of
6.26 Natural Resources, to investigate and
6.27 recommend measures to protect crops, stored
6.28 crops, and forage from destruction due to
6.29 white-tailed deer. Membership of the working
6.30 group is at the discretion of the commissioner.
6.31 The commissioner or the commissioner's
6.32 designated representative must convene and
6.33 facilitate the working group. No later than
6.34 February 1, 2024, the commissioner must
6.35 submit a report on the working group's

7.1 recommendations to the legislative committees
 7.2 with jurisdiction over agriculture policy and
 7.3 finance. This is a onetime appropriation.

7.4 **Subd. 3. Agricultural Marketing and**
 7.5 **Development**

4,815,000

4,815,000

7.6 (a) \$150,000 the first year and \$150,000 the
 7.7 second year are to expand international trade
 7.8 opportunities and markets for Minnesota
 7.9 agricultural products.

7.10 (b) \$186,000 the first year and \$186,000 the
 7.11 second year are for transfer to the Minnesota
 7.12 Grown account and may be used as grants for
 7.13 Minnesota Grown promotion under Minnesota
 7.14 Statutes, section 17.102. Notwithstanding
 7.15 Minnesota Statutes, section 16A.28, the
 7.16 appropriations encumbered under contract on
 7.17 or before June 30, 2025, for Minnesota Grown
 7.18 grants in this paragraph are available until June
 7.19 30, 2027.

7.20 (c) \$634,000 the first year and \$634,000 the
 7.21 second year are for the continuation of the
 7.22 dairy development and profitability
 7.23 enhancement programs, including dairy
 7.24 profitability teams and dairy business planning
 7.25 grants under Minnesota Statutes, section
 7.26 32D.30.

7.27 (d) The commissioner may use funds
 7.28 appropriated in this subdivision for annual
 7.29 cost-share payments to resident farmers or
 7.30 entities that sell, process, or package
 7.31 agricultural products in this state for the costs
 7.32 of organic certification. The commissioner
 7.33 may allocate these funds for assistance to
 7.34 persons transitioning from conventional to
 7.35 organic agriculture.

8.1 (e) \$450,000 the first year and \$450,000 the
 8.2 second year are to maintain the current level
 8.3 of service delivery. The base for this
 8.4 appropriation is \$550,000 for fiscal year 2026
 8.5 and thereafter.

8.6 (f) \$100,000 the first year and \$100,000 the
 8.7 second year are for mental health outreach and
 8.8 support to farmers, ranchers, and others in the
 8.9 agricultural community and for farm safety
 8.10 grant and outreach programs under Minnesota
 8.11 Statutes, section 17.1195. Mental health
 8.12 outreach and support may include a 24-hour
 8.13 hotline, stigma reduction, and education.

8.14 Notwithstanding Minnesota Statutes, section
 8.15 16A.28, any unencumbered balance does not
 8.16 cancel at the end of the first year and is
 8.17 available in the second year. This is a onetime
 8.18 appropriation.

8.19 (g) \$100,000 the first year and \$100,000 the
 8.20 second year are to award and administer grants
 8.21 to facilitate the start-up or expansion of
 8.22 aggregation and food hub services at farmers
 8.23 markets. This is a onetime appropriation.

8.24 Notwithstanding Minnesota Statutes, section
 8.25 16A.28, any unencumbered balance does not
 8.26 cancel at the end of the first year and is
 8.27 available in the second year. This is a onetime
 8.28 appropriation.

8.29 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 8.30 **Advancement**

36,232,000

30,732,000

8.31 (a) \$9,800,000 the first year and \$9,800,000
 8.32 the second year are for transfer to the
 8.33 agriculture research, education, extension, and
 8.34 technology transfer account under Minnesota
 8.35 Statutes, section 41A.14, subdivision 3. Of

9.1 these amounts: at least \$600,000 the first year
9.2 and \$600,000 the second year are for the
9.3 Minnesota Agricultural Experiment Station's
9.4 agriculture rapid response fund under
9.5 Minnesota Statutes, section 41A.14,
9.6 subdivision 1, clause (2); \$2,500,000 the first
9.7 year and \$2,500,000 the second year are for
9.8 grants to the Minnesota Agricultural Education
9.9 Leadership Council to enhance agricultural
9.10 education with priority given to Farm Business
9.11 Management challenge grants; \$450,000 the
9.12 first year and \$450,000 the second year are
9.13 for projects, programs, and research associated
9.14 with the preservation and production of wild
9.15 rice in collaboration with Minnesota Tribal
9.16 governments as defined in Minnesota Statutes,
9.17 section 10.65, subdivision 2, paragraph (a),
9.18 clause (4); and \$350,000 the first year and
9.19 \$350,000 the second year are for potato
9.20 breeding. The commissioner shall transfer the
9.21 remaining funds in this appropriation each
9.22 year to the Board of Regents of the University
9.23 of Minnesota for purposes of Minnesota
9.24 Statutes, section 41A.14. Of the amount
9.25 transferred to the Board of Regents, up to
9.26 \$1,000,000 each year is for avian influenza
9.27 prevention measures and research on avian
9.28 influenza, salmonella, and other turkey-related
9.29 diseases. Funds may be used for researching
9.30 avian influenza prevention measures, including
9.31 but not limited to measures to prevent
9.32 transmission of avian influenza from wild
9.33 birds to domestic turkeys. To the extent
9.34 practicable, money expended under Minnesota
9.35 Statutes, section 41A.14, subdivision 1,
9.36 clauses (1) and (2), must supplement and not

10.1 supplant existing sources and levels of
10.2 funding. By January 15 each year, the entities
10.3 receiving grants under this paragraph are
10.4 requested to submit a report on the
10.5 expenditures under this paragraph to the chairs
10.6 and ranking minority members of the
10.7 legislative committees and divisions with
10.8 jurisdiction over agriculture policy and
10.9 finance. The commissioner may use up to one
10.10 percent of this appropriation for costs incurred
10.11 to administer the program.

10.12 (b) \$26,432,000 the first year and \$20,932,000
10.13 the second year are for the agricultural growth,
10.14 research, and innovation program under
10.15 Minnesota Statutes, section 41A.12. The
10.16 commissioner may use up to 6.5 percent of
10.17 this appropriation for costs incurred to
10.18 administer the program.

10.19 Of the amount appropriated for the agricultural
10.20 growth, research, and innovation program
10.21 under Minnesota Statutes, section 41A.12:

10.22 (1) \$1,000,000 the first year and \$1,000,000
10.23 the second year are for distribution in equal
10.24 amounts to each of the state's county fairs to
10.25 preserve and promote Minnesota agriculture;

10.26 (2) \$6,000,000 the first year and \$6,000,000
10.27 the second year are for incentive payments
10.28 under Minnesota Statutes, sections 41A.16,
10.29 41A.17, 41A.18, and 41A.20. Notwithstanding
10.30 Minnesota Statutes, section 16A.28, the first
10.31 year appropriation is available until June 30,
10.32 2025, and the second year appropriation is
10.33 available until June 30, 2026. If this
10.34 appropriation exceeds the total amount for
10.35 which all producers are eligible in a fiscal

11.1 year, the balance of the appropriation is
11.2 available for other purposes under this
11.3 paragraph. The base under this clause is
11.4 \$6,125,000 in fiscal year 2026 and thereafter;
11.5 (3) \$4,500,000 the first year and \$4,500,000
11.6 the second year are for grants that enable retail
11.7 petroleum dispensers, fuel storage tanks, and
11.8 other equipment to dispense biofuels to the
11.9 public in accordance with the biofuel
11.10 replacement goals established under
11.11 Minnesota Statutes, section 239.7911. A retail
11.12 petroleum dispenser selling petroleum for use
11.13 in spark ignition engines for vehicle model
11.14 years after 2000 is eligible for grant money
11.15 under this clause if the retail petroleum
11.16 dispenser has no more than 10 retail petroleum
11.17 dispensing sites and each site is located in
11.18 Minnesota. The grant money must be used to
11.19 replace or upgrade equipment that does not
11.20 have the ability to be certified for E25. A grant
11.21 award must not exceed 65 percent of the cost
11.22 of the appropriate technology. A grant award
11.23 must not exceed \$200,000 per station. The
11.24 commissioner must cooperate with biofuel
11.25 stakeholders in the implementation of the grant
11.26 program. The commissioner, in cooperation
11.27 with any economic or community development
11.28 financial institution and any other entity with
11.29 which the commissioner contracts, must
11.30 submit a report on the biofuels infrastructure
11.31 financial assistance program by January 15 of
11.32 each year to the chairs and ranking minority
11.33 members of the legislative committees and
11.34 divisions with jurisdiction over agriculture
11.35 policy and finance. The annual report must
11.36 include but not be limited to a summary of the

12.1 following metrics: (i) the number and types
12.2 of projects financed; (ii) the amount of dollars
12.3 leveraged or matched per project; (iii) the
12.4 geographic distribution of financed projects;
12.5 (iv) any market expansion associated with
12.6 upgraded infrastructure; (v) the demographics
12.7 of the areas served; (vi) the costs of the
12.8 program; and (vii) the number of grants to
12.9 minority-owned or female-owned businesses.
12.10 The base under this clause is \$3,375,000 for
12.11 fiscal year 2026 and thereafter;
12.12 (4) \$1,500,000 the first year and \$1,500,000
12.13 the second year are for grants to facilitate the
12.14 start-up, modernization, or expansion of meat,
12.15 poultry, egg, and milk processing facilities. A
12.16 grant award under this clause must not exceed
12.17 \$200,000. Any unencumbered balance at the
12.18 end of the second year does not cancel until
12.19 June 30, 2026, and may be used for other
12.20 purposes under this paragraph. The base under
12.21 this clause is \$250,000 in fiscal year 2026 and
12.22 thereafter;
12.23 (5) \$1,150,000 the first year and \$1,150,000
12.24 the second year are for providing more fruits,
12.25 vegetables, meat, poultry, grain, and dairy for
12.26 children in school and early childhood
12.27 education centers, including, at the
12.28 commissioner's discretion, providing grants
12.29 to reimburse schools and early childhood
12.30 education centers for purchasing equipment
12.31 and agricultural products. Of the amount
12.32 appropriated, \$150,000 each year is for a
12.33 statewide coordinator of farm-to-institution
12.34 strategy and programming. The coordinator
12.35 must consult with relevant stakeholders and

13.1 provide technical assistance and training for
13.2 participating farmers and eligible grant
13.3 recipients. The base under this clause is
13.4 \$800,000 in fiscal year 2026 and thereafter;
13.5 (6) \$5,500,000 the first year is for Dairy
13.6 Assistance, Investment, Relief Initiative
13.7 (DAIRI) grants to Minnesota dairy farmers
13.8 who enroll in coverage under a federal dairy
13.9 risk protection program and produced no more
13.10 than 25,000,000 pounds of milk in 2022. The
13.11 commissioner must award DAIRI grants based
13.12 on the amount of milk produced in 2022, up
13.13 to 5,000,000 pounds per participating
13.14 producer, at a rate determined by the
13.15 commissioner within the limits of available
13.16 funding. Any unencumbered balance does not
13.17 cancel at the end of the first year and is
13.18 available in the second year. Any
13.19 unencumbered balance at the end of the second
13.20 year does not cancel until June 30, 2026, and
13.21 may be used for other purposes under this
13.22 paragraph. This is a onetime appropriation;
13.23 (7) \$250,000 the first year and \$250,000 the
13.24 second year are for grants to support hemp
13.25 processing. This is a onetime appropriation;
13.26 (8) up to \$600,000 the first year and \$600,000
13.27 the second year are for urban youth
13.28 agricultural education or urban agriculture
13.29 community development;
13.30 (9) up to \$450,000 the first year and \$450,000
13.31 the second year are for the good food access
13.32 program under Minnesota Statutes, section
13.33 17.1017;

- 14.1 (10) \$1,500,000 the first year and \$1,500,000
14.2 the second year are for the livestock
14.3 investment grant program under Minnesota
14.4 Statutes, section 17.118. Any unencumbered
14.5 balance at the end of the second year does not
14.6 cancel until June 30, 2026, and may be used
14.7 for other purposes under this paragraph;
- 14.8 (11) \$1,150,000 the first year and \$1,150,000
14.9 the second year are for value-added grants;
- 14.10 (12) \$340,000 the first year and \$340,000 the
14.11 second year are for the New Markets Program;
14.12 and
- 14.13 (13) \$450,000 the first year and \$450,000 the
14.14 second year are for beginning farmer farm
14.15 business management scholarships.
- 14.16 By January 15 each year, the commissioner
14.17 must submit a report on the grants awarded
14.18 under this paragraph to the chairs and ranking
14.19 minority members of the legislative
14.20 committees and divisions with jurisdiction
14.21 over agriculture policy and finance.
- 14.22 Notwithstanding Minnesota Statutes, section
14.23 16A.28, any unencumbered balance does not
14.24 cancel at the end of the first year and is
14.25 available for the second year, and
14.26 appropriations encumbered under contract on
14.27 or before June 30, 2025, for agricultural
14.28 growth, research, and innovation grants are
14.29 available until June 30, 2028.
- 14.30 The base for the agricultural growth, research,
14.31 and innovation program is \$17,582,000 in
14.32 fiscal year 2026 and thereafter, and includes
14.33 funding for incentive payments under

15.1 Minnesota Statutes, sections 41A.16, 41A.17,
 15.2 41A.18, and 41A.20.

15.3 **Subd. 5. Administration and Financial**
 15.4 **Assistance**

30,243,000

14,957,000

15.5 (a) \$474,000 the first year and \$474,000 the
 15.6 second year are for payments to county and
 15.7 district agricultural societies and associations
 15.8 under Minnesota Statutes, section 38.02,
 15.9 subdivision 1. Aid payments to county and
 15.10 district agricultural societies and associations
 15.11 must be disbursed no later than July 15 of each
 15.12 year. These payments are the amount of aid
 15.13 from the state for an annual fair held in the
 15.14 previous calendar year.

15.15 (b) \$375,000 the first year and \$375,000 the
 15.16 second year are for grants to the Minnesota
 15.17 Agricultural Education and Leadership
 15.18 Council for programs of the council under
 15.19 Minnesota Statutes, chapter 41D.

15.20 (c) \$2,000 the first year is for a grant to the
 15.21 Minnesota State Poultry Association. This is
 15.22 a onetime appropriation. Notwithstanding
 15.23 Minnesota Statutes, section 16A.28, any
 15.24 unencumbered balance does not cancel at the
 15.25 end of the first year and is available for the
 15.26 second year.

15.27 (d) \$18,000 the first year and \$18,000 the
 15.28 second year are for grants to the Minnesota
 15.29 Livestock Breeders Association. This is a
 15.30 onetime appropriation.

15.31 (e) \$60,000 the first year and \$60,000 the
 15.32 second year are for grants to the Northern
 15.33 Crops Institute to purchase equipment.

16.1 (f) \$34,000 the first year and \$34,000 the
16.2 second year are for grants to the Minnesota
16.3 State Horticultural Society. This is a onetime
16.4 appropriation.

16.5 (g) \$75,000 the first year and \$75,000 the
16.6 second year are appropriated from the general
16.7 fund to the commissioner of agriculture for
16.8 grants to the Minnesota Turf Seed Council for
16.9 basic and applied research on: (1) the
16.10 improved production of forage and turf seed
16.11 related to new and improved varieties; and (2)
16.12 native plants, including plant breeding,
16.13 nutrient management, pest management,
16.14 disease management, yield, and viability. The
16.15 Minnesota Turf Seed Council may subcontract
16.16 with a qualified third party for some or all of
16.17 the basic or applied research. Any
16.18 unencumbered balance does not cancel at the
16.19 end of the first year and is available in the
16.20 second year. The Minnesota Turf Seed Council
16.21 must prepare a report outlining the use of the
16.22 grant money and related accomplishments. No
16.23 later than January 15, 2025, the council must
16.24 submit the report to the chairs and ranking
16.25 minority members of the legislative
16.26 committees and divisions with jurisdiction
16.27 over agriculture finance and policy.

16.28 (h) \$200,000 the first year and \$200,000 the
16.29 second year are for grants to GreenSeam for
16.30 assistance to agriculture-related businesses to
16.31 support business retention and development,
16.32 business attraction and creation, talent
16.33 development and attraction, and regional
16.34 branding and promotion. These are onetime
16.35 appropriations. No later than December 1,

17.1 2024, and December 1, 2025, GreenSeam
17.2 must report to the chairs and ranking minority
17.3 members of the legislative committees with
17.4 jurisdiction over agriculture and rural
17.5 development with information on new and
17.6 existing businesses supported, number of new
17.7 jobs created in the region, new educational
17.8 partnerships and programs supported, and
17.9 regional branding and promotional efforts.

17.10 (i) \$1,950,000 the first year and \$1,950,000
17.11 the second year are for grants to Second
17.12 Harvest Heartland on behalf of Minnesota's
17.13 six Feeding America food banks for the
17.14 following purposes:

17.15 (1) at least \$850,000 each year must be
17.16 allocated to purchase milk for distribution to
17.17 Minnesota's food shelves and other charitable
17.18 organizations that are eligible to receive food
17.19 from the food banks. Milk purchased under
17.20 the grants must be acquired from Minnesota
17.21 milk processors and based on low-cost bids.
17.22 The milk must be allocated to each Feeding
17.23 America food bank serving Minnesota
17.24 according to the formula used in the
17.25 distribution of United States Department of
17.26 Agriculture commodities under The
17.27 Emergency Food Assistance Program. Second
17.28 Harvest Heartland may enter into contracts or
17.29 agreements with food banks for shared funding
17.30 or reimbursement of the direct purchase of
17.31 milk. Each food bank that receives funding
17.32 under this clause may use up to two percent
17.33 for administrative expenses. Notwithstanding
17.34 Minnesota Statutes, section 16A.28, any

18.1 unencumbered balance the first year does not
18.2 cancel and is available the second year;
18.3 (2) to compensate agricultural producers and
18.4 processors for costs incurred to harvest and
18.5 package for transfer surplus fruits, vegetables,
18.6 and other agricultural commodities that would
18.7 otherwise go unharvested, be discarded, or be
18.8 sold in a secondary market. Surplus
18.9 commodities must be distributed statewide to
18.10 food shelves and other charitable organizations
18.11 that are eligible to receive food from the food
18.12 banks. Surplus food acquired under this clause
18.13 must be from Minnesota producers and
18.14 processors. Second Harvest Heartland may
18.15 use up to 15 percent of each grant awarded
18.16 under this clause for administrative and
18.17 transportation expenses; and
18.18 (3) to purchase and distribute protein products,
18.19 including but not limited to pork, poultry, beef,
18.20 dry legumes, cheese, and eggs to Minnesota's
18.21 food shelves and other charitable organizations
18.22 that are eligible to receive food from the food
18.23 banks. Second Harvest Heartland may use up
18.24 to two percent of each grant awarded under
18.25 this clause for administrative expenses. Protein
18.26 products purchased under the grants must be
18.27 acquired from Minnesota processors and
18.28 producers.
18.29 Second Harvest Heartland must submit
18.30 quarterly reports to the commissioner and the
18.31 chairs and ranking minority members of the
18.32 legislative committees with jurisdiction over
18.33 agriculture finance in the form prescribed by
18.34 the commissioner. The reports must include
18.35 but are not limited to information on the

19.1 expenditure of funds, the amount of milk or
19.2 other commodities purchased, and the
19.3 organizations to which this food was
19.4 distributed. By January 15 each year, the
19.5 commissioner must submit a report on the
19.6 grants awarded under this paragraph to the
19.7 chairs and ranking minority members of the
19.8 legislative committees and divisions with
19.9 jurisdiction over agriculture policy and
19.10 finance. The base for this appropriation is
19.11 \$1,700,000 for fiscal year 2026 and thereafter.

19.12 (j) \$25,000 the first year and \$25,000 the
19.13 second year are for grants to the Southern
19.14 Minnesota Initiative Foundation to promote
19.15 local foods through an annual event that raises
19.16 public awareness of local foods and connects
19.17 local food producers and processors with
19.18 potential buyers.

19.19 (k) \$300,000 the first year and \$300,000 the
19.20 second year are for grants to The Good Acre
19.21 for the Local Emergency Assistance Farmer
19.22 Fund (LEAFF) program to compensate
19.23 emerging farmers for crops donated to hunger
19.24 relief organizations in Minnesota. This is a
19.25 onetime appropriation.

19.26 (l) \$550,000 the first year and \$550,000 the
19.27 second year are for services to beginning and
19.28 emerging farmers to increase connections
19.29 between farmers and market opportunities
19.30 throughout the state. This appropriation may
19.31 be used for grants, translation services,
19.32 training programs, or other purposes in line
19.33 with the recommendations of the Emerging
19.34 Farmer Working Group established under
19.35 Minnesota Statutes, section 17.055,

20.1 subdivision 1. By January 15 each year, the
20.2 commissioner must submit a report on the
20.3 grants awarded under this paragraph to the
20.4 chairs and ranking minority members of the
20.5 legislative committees and divisions with
20.6 jurisdiction over agriculture policy and
20.7 finance. The base for this appropriation is
20.8 \$350,000 for fiscal year 2026 and thereafter.

20.9 (m) \$337,000 the first year and \$337,000 the
20.10 second year are for farm advocate services.
20.11 Of these amounts, \$50,000 the first year and
20.12 \$50,000 the second year are for the
20.13 continuation of the farmland transition
20.14 programs and may be used for grants to
20.15 farmland access teams to provide technical
20.16 assistance to potential beginning farmers.
20.17 Farmland access teams must assist existing
20.18 farmers and beginning farmers with
20.19 transitioning farm ownership and farm
20.20 operation. Services provided by teams may
20.21 include but are not limited to mediation
20.22 assistance, designing contracts, financial
20.23 planning, tax preparation, estate planning, and
20.24 housing assistance.

20.25 (n) \$260,000 the first year and \$260,000 the
20.26 second year are for a pass-through grant to
20.27 Region Five Development Commission to
20.28 provide, in collaboration with Farm Business
20.29 Management, statewide mental health
20.30 counseling support to Minnesota farm
20.31 operators, families, and employees, and
20.32 individuals who work with Minnesota farmers
20.33 in a professional capacity. Region Five
20.34 Development Commission may use up to 6.5

- 21.1 percent of the grant awarded under this
21.2 paragraph for administration.
- 21.3 (o) \$1,400,000 the first year is for transfer to
21.4 the agricultural emergency account established
21.5 under Minnesota Statutes, section 17.041. This
21.6 is a onetime transfer.
- 21.7 (p) \$1,084,000 the first year and \$1,500,000
21.8 the second year are to support IT
21.9 modernization efforts, including laying the
21.10 technology foundations needed for improving
21.11 customer interactions with the department for
21.12 licensing and payments. This is a onetime
21.13 appropriation.
- 21.14 (q) \$1,425,000 the first year and \$1,425,000
21.15 the second year are transferred to the
21.16 agricultural and environmental revolving loan
21.17 account established under Minnesota Statutes,
21.18 section 17.117, subdivision 5a, for low-interest
21.19 loans to farmers, rural landowners, and
21.20 agricultural businesses through the agriculture
21.21 best management practices loan program in
21.22 Minnesota Statutes, section 17.117.
- 21.23 (r) \$150,000 the first year and \$150,000 the
21.24 second year are for administrative support for
21.25 the Rural Finance Authority.
- 21.26 (s) \$14,000,000 the first year is for transfer to
21.27 the grain indemnity account established in
21.28 Minnesota Statutes, section 223.24. This is a
21.29 onetime transfer.
- 21.30 (t) \$500,000 the first year and \$500,000 the
21.31 second year are to maintain the current level
21.32 of service delivery. The base for this
21.33 appropriation is \$600,000 in fiscal year 2026
21.34 and thereafter.

- 22.1 (u) \$250,000 the first year is for a grant to the
22.2 Board of Regents of the University of
22.3 Minnesota to purchase equipment for the
22.4 Veterinary Diagnostic Laboratory to test for
22.5 chronic wasting disease, African swine fever,
22.6 avian influenza, and other animal diseases.
22.7 This is a onetime appropriation.
- 22.8 (v) \$1,250,000 the first year and \$1,250,000
22.9 the second year are to award down payment
22.10 assistance grants under Minnesota Statutes,
22.11 section 17.133. Of the amount appropriated
22.12 each year, at least \$375,000 is for down
22.13 payment assistance grants to emerging
22.14 farmers. If the commissioner has not awarded
22.15 \$375,000 to emerging farmers by March 1
22.16 each year, the commissioner may award
22.17 remaining funds to any eligible farmer. By
22.18 January 15 each year, the commissioner must
22.19 submit a report on the grants awarded under
22.20 this paragraph to the chairs and ranking
22.21 minority members of the legislative
22.22 committees and divisions with jurisdiction
22.23 over agriculture policy and finance.
- 22.24 Notwithstanding Minnesota Statutes, section
22.25 16A.28, the first year appropriation is
22.26 available until June 30, 2025, and the second
22.27 year appropriation is available until June 30,
22.28 2026. The base for this appropriation is
22.29 \$750,000 for fiscal year 2026 and thereafter.
- 22.30 (w) \$222,000 the first year and \$322,000 the
22.31 second year are appropriated for grants to meat
22.32 and poultry processors to reimburse costs for
22.33 training and retention of employees. A meat
22.34 processor with 100 full-time equivalent
22.35 employees or fewer is eligible for grant money

23.1 under this section. Grants may be used for
23.2 tuition reimbursement at Minnesota State
23.3 Colleges and Universities, child care stipends,
23.4 retention bonuses, and other related expenses.
23.5 A grant award may not exceed \$5,000 per
23.6 employee. By January 15 each year, the
23.7 commissioner must submit a report on the
23.8 grants awarded under this paragraph to the
23.9 chairs and ranking minority members of the
23.10 legislative committees and divisions with
23.11 jurisdiction over agriculture policy and
23.12 finance. The commissioner may use up to 6.5
23.13 percent of the appropriation each year for
23.14 administration. This is a onetime
23.15 appropriation.

23.16 (x) \$250,000 the first year and \$250,000 the
23.17 second year are appropriated from the general
23.18 fund to the commissioner of agriculture to
23.19 award cooperative grants under Minnesota
23.20 Statutes, section 17.1016. The commissioner
23.21 may use up to 6.5 percent of the appropriation
23.22 each year to administer the grant program.
23.23 This is a onetime appropriation.

23.24 (y) \$100,000 the first year is for grants or other
23.25 forms of technical assistance to meat and
23.26 poultry processors to reimburse the cost of
23.27 attending courses or training and receiving
23.28 technical assistance in fiscal year 2024 that
23.29 supports developing sanitation standard
23.30 operating procedures, hazard analysis and
23.31 critical control points plans, or business plans.
23.32 A meat processor with 50 full-time equivalent
23.33 employees or fewer is eligible for grant money
23.34 under this section. This is a onetime
23.35 appropriation.

- 24.1 Sec. 3. **BOARD OF ANIMAL HEALTH** \$ 6,771,000 \$ 6,931,000
- 24.2 (a) \$170,000 the first year and \$170,000 the
 24.3 second year are to cover increased costs
 24.4 associated with importing companion animals
 24.5 from parts of the world with a high prevalence
 24.6 of animal diseases.
- 24.7 (b) \$560,000 the first year and \$560,000 the
 24.8 second year are for agricultural emergency
 24.9 preparedness and response.
- 24.10 Sec. 4. **AGRICULTURAL UTILIZATION**
 24.11 **RESEARCH INSTITUTE** \$ 6,643,000 \$ 4,343,000
- 24.12 (a) \$1,800,000 the first year is for equipment
 24.13 upgrades, equipment replacement, installation
 24.14 expenses, and laboratory infrastructure at the
 24.15 Agricultural Utilization Research Institute's
 24.16 laboratories in the cities of Crookston,
 24.17 Marshall, and Waseca. The is a onetime
 24.18 appropriation and is available until June 30,
 24.19 2026.
- 24.20 (b) \$500,000 the first year is for renewable
 24.21 natural gas and anaerobic digestion projects.
 24.22 The is a onetime appropriation and is available
 24.23 until June 30, 2026.
- 24.24 Sec. 5. Laws 2021, First Special Session chapter 3, article 1, section 2, subdivision 5, as
 24.25 amended by Laws 2022, chapter 95, article 1, section 1, subdivision 5, is amended to read:
- 24.26 Subd. 5. **Administration and Financial**
 24.27 **Assistance** 11,477,000 13,429,000
- 24.28 (a) \$474,000 the first year and \$474,000 the
 24.29 second year are for payments to county and
 24.30 district agricultural societies and associations
 24.31 under Minnesota Statutes, section 38.02,
 24.32 subdivision 1. Aid payments to county and
 24.33 district agricultural societies and associations
 24.34 shall be disbursed no later than July 15 of each

25.1 year. These payments are the amount of aid
25.2 from the state for an annual fair held in the
25.3 previous calendar year.

25.4 (b) \$387,000 the first year and \$337,000 the
25.5 second year are for farm advocate services.
25.6 Of these amounts, \$100,000 the first year and
25.7 \$50,000 the second year are for a pilot
25.8 program creating farmland access teams to
25.9 provide technical assistance to potential
25.10 beginning farmers. The farmland access teams
25.11 must assist existing farmers and beginning
25.12 farmers on transitioning farm ownership and
25.13 operation. Services provided by teams may
25.14 include but are not limited to providing
25.15 mediation assistance, designing contracts,
25.16 financial planning, tax preparation, estate
25.17 planning, and housing assistance. Of this
25.18 amount for farm transitions, up to \$50,000 the
25.19 first year may be used to upgrade the
25.20 Minnesota FarmLink web application that
25.21 connects farmers looking for land with farmers
25.22 looking to transition their land.

25.23 (c) \$47,000 the first year and \$47,000 the
25.24 second year are for grants to the Northern
25.25 Crops Institute that may be used to purchase
25.26 equipment. These are onetime appropriations.

25.27 (d) \$238,000 the first year and \$260,000 the
25.28 second year are for a pass-through grant to
25.29 Region Five Development Commission to
25.30 provide, in collaboration with Farm Business
25.31 Management, statewide mental health
25.32 counseling support to Minnesota farm
25.33 operators, families, and employees, and
25.34 individuals who work with Minnesota farmers
25.35 in a professional capacity. Region Five

26.1 Development Commission may use up to 6.5
26.2 percent of the grant awarded under this
26.3 paragraph for administration. The base for this
26.4 appropriation is \$260,000 in fiscal year 2024
26.5 and later.

26.6 (e) \$1,700,000 the first year and \$1,700,000
26.7 the second year are for grants to Second
26.8 Harvest Heartland on behalf of Minnesota's
26.9 six Feeding America food banks for the
26.10 following:

26.11 (1) to purchase milk for distribution to
26.12 Minnesota's food shelves and other charitable
26.13 organizations that are eligible to receive food
26.14 from the food banks. Milk purchased under
26.15 the grants must be acquired from Minnesota
26.16 milk processors and based on low-cost bids.
26.17 The milk must be allocated to each Feeding
26.18 America food bank serving Minnesota
26.19 according to the formula used in the
26.20 distribution of United States Department of
26.21 Agriculture commodities under The
26.22 Emergency Food Assistance Program. Second
26.23 Harvest Heartland may enter into contracts or
26.24 agreements with food banks for shared funding
26.25 or reimbursement of the direct purchase of
26.26 milk. Each food bank that receives funding
26.27 under this clause may use up to two percent
26.28 for administrative expenses;

26.29 (2) to compensate agricultural producers and
26.30 processors for costs incurred to harvest and
26.31 package for transfer surplus fruits, vegetables,
26.32 and other agricultural commodities that would
26.33 otherwise go unharvested, be discarded, or
26.34 sold in a secondary market. Surplus
26.35 commodities must be distributed statewide to

27.1 food shelves and other charitable organizations
27.2 that are eligible to receive food from the food
27.3 banks. Surplus food acquired under this clause
27.4 must be from Minnesota producers and
27.5 processors. Second Harvest Heartland may
27.6 use up to 15 percent of each grant awarded
27.7 under this clause for administrative and
27.8 transportation expenses; and

27.9 (3) to purchase and distribute protein products,
27.10 including but not limited to pork, poultry, beef,
27.11 dry legumes, cheese, and eggs to Minnesota's
27.12 food shelves and other charitable organizations
27.13 that are eligible to receive food from the food
27.14 banks. Second Harvest Heartland may use up
27.15 to two percent of each grant awarded under
27.16 this clause for administrative expenses. Protein
27.17 products purchased under the grants must be
27.18 acquired from Minnesota processors and
27.19 producers.

27.20 Of the amount appropriated under this
27.21 paragraph, at least \$600,000 each year must
27.22 be allocated under clause (1). Notwithstanding
27.23 Minnesota Statutes, section 16A.28, any
27.24 unencumbered balance the first year does not
27.25 cancel and is available in the second year.
27.26 Second Harvest Heartland must submit
27.27 quarterly reports to the commissioner and the
27.28 chairs and ranking minority members of the
27.29 legislative committees with jurisdiction over
27.30 agriculture finance in the form prescribed by
27.31 the commissioner. The reports must include
27.32 but are not limited to information on the
27.33 expenditure of funds, the amount of milk or
27.34 other commodities purchased, and the

28.1 organizations to which this food was
28.2 distributed.

28.3 (f) \$250,000 the first year and \$250,000 the
28.4 second year are for grants to the Minnesota
28.5 Agricultural Education and Leadership
28.6 Council for programs of the council under
28.7 Minnesota Statutes, chapter 41D.

28.8 (g) \$1,437,000 the first year and \$1,437,000
28.9 the second year are for transfer to the
28.10 agricultural and environmental revolving loan
28.11 account established under Minnesota Statutes,
28.12 section 17.117, subdivision 5a, for low-interest
28.13 loans under Minnesota Statutes, section
28.14 17.117. The base for appropriations under this
28.15 paragraph in fiscal year 2024 and thereafter
28.16 is \$1,425,000. The commissioner must
28.17 examine how the department could use up to
28.18 one-third of the amount transferred to the
28.19 agricultural and environmental revolving loan
28.20 account under this paragraph to award grants
28.21 to rural landowners to replace septic systems
28.22 that inadequately protect groundwater. No
28.23 later than February 1, 2022, the commissioner
28.24 must report to the legislative committees with
28.25 jurisdiction over agriculture finance and
28.26 environment finance on the results of the
28.27 examination required under this paragraph.
28.28 The commissioner's report may include other
28.29 funding sources for septic system replacement
28.30 that are available to rural landowners.

28.31 (h) \$150,000 the first year and \$150,000 the
28.32 second year are for grants to the Center for
28.33 Rural Policy and Development. These are
28.34 onetime appropriations.

29.1 (i) \$150,000 the first year is to provide grants
29.2 to Central Lakes College for the purposes of
29.3 designing, building, and offering credentials
29.4 in the area of meat cutting and butchery that
29.5 align with industry needs as advised by local
29.6 industry advisory councils. Notwithstanding
29.7 Minnesota Statutes, section 16A.28, any
29.8 unencumbered balance does not cancel at the
29.9 end of the first year and is available for the
29.10 second year. The commissioner may only
29.11 award a grant under this paragraph if the grant
29.12 is matched by a like amount from another
29.13 funding source. The commissioner must seek
29.14 matching dollars from Minnesota State
29.15 Colleges and Universities or other entities.
29.16 The appropriation is onetime and is available
29.17 until June 30, 2024. Any money remaining on
29.18 June 30, 2024, must be transferred to the
29.19 agricultural growth, research, and innovation
29.20 program under Minnesota Statutes, section
29.21 41A.12, and is available until June 30, 2025.
29.22 Grants may be used for costs including but
29.23 not limited to:

- 29.24 (1) facility renovation to accommodate meat
29.25 cutting;
- 29.26 (2) curriculum design and approval from the
29.27 Higher Learning Commission;
- 29.28 (3) program operational start-up costs;
- 29.29 (4) equipment required for a meat cutting
29.30 program; and
- 29.31 (5) meat handling start-up costs in regard to
29.32 meat access and market channel building.

29.33 No later than January 15, 2023, Central Lakes
29.34 College must submit a report outlining the use

30.1 of grant money to the chairs and ranking
30.2 minority members of the legislative
30.3 committees and divisions with jurisdiction
30.4 over agriculture and higher education.

30.5 (j) \$2,000 the first year is for grants to the
30.6 Minnesota State Poultry Association. This is
30.7 a onetime appropriation. Notwithstanding
30.8 Minnesota Statutes, section 16A.28, any
30.9 unencumbered balance does not cancel at the
30.10 end of the first year and is available for the
30.11 second year.

30.12 (k) \$17,000 the first year and \$17,000 the
30.13 second year are for grants to the Minnesota
30.14 State Horticultural Society. These are onetime
30.15 appropriations.

30.16 (l) \$18,000 the first year and \$18,000 the
30.17 second year are for grants to the Minnesota
30.18 Livestock Breeders Association. These are
30.19 onetime appropriations.

30.20 (m) The commissioner shall continue to
30.21 increase connections with ethnic minority and
30.22 immigrant farmers to farming opportunities
30.23 and farming programs throughout the state.

30.24 (n) \$25,000 the first year and \$25,000 the
30.25 second year are for grants to the Southern
30.26 Minnesota Initiative Foundation to promote
30.27 local foods through an annual event that raises
30.28 public awareness of local foods and connects
30.29 local food producers and processors with
30.30 potential buyers.

30.31 (o) \$75,000 the first year and \$75,000 the
30.32 second year are for grants to Greater Mankato
30.33 Growth, Inc., for assistance to
30.34 agriculture-related businesses to promote jobs,

31.1 innovation, and synergy development. These
31.2 are onetime appropriations.

31.3 (p) \$75,000 the first year and \$75,000 the
31.4 second year are for grants to the Minnesota
31.5 Turf Seed Council for basic and applied
31.6 research. The Minnesota Turf Seed Council
31.7 may subcontract with a qualified third party
31.8 for some or all of the basic or applied research.
31.9 No later than January 15, 2023, the Minnesota
31.10 Turf Seed Council must submit a report
31.11 outlining the use of the grant money and
31.12 related accomplishments to the chairs and
31.13 ranking minority members of the legislative
31.14 committees with jurisdiction over agriculture.
31.15 These are onetime appropriations. Any
31.16 unencumbered balance does not cancel at the
31.17 end of the first year and is available for the
31.18 second year.

31.19 (q) \$150,000 the first year and \$150,000 the
31.20 second year are to establish an emerging
31.21 farmer office and hire a full-time emerging
31.22 farmer outreach coordinator. The emerging
31.23 farmer outreach coordinator must engage and
31.24 support emerging farmers regarding resources
31.25 and opportunities available throughout the
31.26 Department of Agriculture and the state. For
31.27 purposes of this paragraph, "emerging farmer"
31.28 has the meaning provided in Minnesota
31.29 Statutes, section 17.055, subdivision 1. Of the
31.30 amount appropriated each year, \$25,000 is for
31.31 translation services for farmers and cottage
31.32 food producers.

31.33 (r) \$222,000 the first year and \$286,000 the
31.34 second year are to maintain the current level
31.35 of service delivery.

- 32.1 (s) \$827,000 the second year is to award and
32.2 administer grants to:
- 32.3 (1) organizations to provide technical and
32.4 culturally appropriate services to emerging
32.5 farmers and related businesses;
- 32.6 (2) organizations to help emerging farmers
32.7 pay for up to 65 percent of premium expenses
32.8 each year up to two years under the federal
32.9 micro farm insurance program; and
- 32.10 (3) The Good Acre for the Local Emergency
32.11 Assistance Farmer Fund (LEAFF) program to
32.12 compensate emerging farmers for crops
32.13 donated to hunger relief organizations in
32.14 Minnesota.
- 32.15 This is a onetime appropriation and is
32.16 available until June 30, 2024.
- 32.17 (t) \$750,000 the second year is to support the
32.18 IT modernization efforts, including laying the
32.19 technology foundations needed for improving
32.20 customer interactions with the department for
32.21 licensing and payments. The base for this
32.22 appropriation is \$584,000 in fiscal year 2024
32.23 and \$0 in fiscal year 2025.
- 32.24 (u) \$1,500,000 the first year is for transfer to
32.25 the agricultural emergency account established
32.26 under Minnesota Statutes, section 17.041. This
32.27 is a onetime transfer. This transfer is in
32.28 addition to the appropriations made in Laws
32.29 2022, chapter 47, section 2.
- 32.30 Notwithstanding Minnesota Statutes, section
32.31 17.041, the commissioner may use the amount
32.32 to be transferred for the purposes identified
32.33 under Laws 2022, chapter 47, section 2,

33.1 paragraph (b). This paragraph expires on
33.2 December 31, 2022.

33.3 (v) \$250,000 in the second year is for a grant
33.4 to the Board of Regents of the University of
33.5 Minnesota to purchase equipment for the
33.6 Veterinary Diagnostic Laboratory to test for
33.7 chronic wasting disease, African swine fever,
33.8 avian influenza, and other animal diseases.
33.9 The Veterinary Diagnostic Laboratory must
33.10 report expenditures under this paragraph to
33.11 the legislative committees with jurisdiction
33.12 over agriculture finance and higher education
33.13 with initial reports completed by January 3,
33.14 2023, and January 3, 2024, and a final report
33.15 by ~~September 1, 2025~~ December 31, 2024.
33.16 The reports must include a list of equipment
33.17 purchased, including the cost of each item.
33.18 The base for this appropriation is \$250,000 in
33.19 fiscal year 2024 and \$0 in fiscal year 2025.

33.20 (w) \$141,000 the second year is for additional
33.21 funding to administer the beginning farmer
33.22 tax credit. The base for this appropriation is
33.23 \$56,000 in fiscal year 2024 and later.

33.24 (x) \$750,000 the second year is for a grant to
33.25 the Ag Innovation Campus to continue
33.26 construction of a soybean processing and
33.27 research facility. This is a onetime
33.28 appropriation.

33.29 The commissioner shall submit a report on the
33.30 utilization of the grants to the chairs and
33.31 ranking minority members of the legislative
33.32 committees and divisions with jurisdiction
33.33 over agriculture policy and finance by
33.34 February 1, 2024.

34.1 (y) \$50,000 is added to the base for fiscal year
34.2 2024 and \$0 for fiscal year 2025 to provide
34.3 technical assistance and leadership in the
34.4 development of a comprehensive and
34.5 well-documented state aquaculture plan. The
34.6 commissioner must provide the state
34.7 aquaculture plan to the legislative committees
34.8 with jurisdiction over agriculture finance and
34.9 policy by February 15, 2025.

34.10 (z) \$500,000 the second year is to award and
34.11 administer down payment assistance grants
34.12 under Minnesota Statutes, section 17.133. The
34.13 base for this appropriation is \$750,000 in fiscal
34.14 year 2024 and thereafter.

34.15 (aa) \$350,000 the second year is to provide
34.16 grants to secondary career and technical
34.17 education programs for the purpose of offering
34.18 instruction in meat cutting and butchery. By
34.19 January 15, 2023, the commissioner must
34.20 report to the chairs and ranking minority
34.21 members of the committees with jurisdiction
34.22 over agriculture finance and education finance
34.23 by listing the grants made under this paragraph
34.24 by county and noting the number and amount
34.25 of grant requests not fulfilled. The report may
34.26 include additional information as determined
34.27 by the commissioner, including but not limited
34.28 to information regarding the outcomes
34.29 produced by these grants. If additional grants
34.30 are awarded under this paragraph that were
34.31 not covered in the report due by January 15,
34.32 2023, the commissioner must submit an
34.33 additional report to the chairs and ranking
34.34 minority members of the committees with
34.35 jurisdiction over agriculture finance and

35.1 education finance regarding all grants issued
 35.2 under this paragraph by November 1, 2023.
 35.3 This is a onetime appropriation. Grants may
 35.4 be used for costs, including but not limited to:
 35.5 (1) equipment required for a meat cutting
 35.6 program;
 35.7 (2) facility renovation to accommodate meat
 35.8 cutting; and
 35.9 (3) training faculty to teach the fundamentals
 35.10 of meat processing.
 35.11 A grant recipient may be awarded a grant of
 35.12 up to \$70,000 and may use up to ten percent
 35.13 of the grant for faculty training.
 35.14 Priority may be given to applicants who are
 35.15 coordinating with meat cutting and butchery
 35.16 programs at Minnesota State Colleges and
 35.17 Universities system and local industry
 35.18 partners.

35.19 ARTICLE 2

35.20 AGRICULTURE POLICY

35.21 Section 1. Minnesota Statutes 2022, section 17.1016, subdivision 2, is amended to read:

35.22 Subd. 2. **Grant program.** (a) The commissioner may establish and implement a grant
 35.23 program to help farmers finance new cooperatives that organize for purposes of operating
 35.24 an agricultural product processing facility or marketing an agricultural product or agricultural
 35.25 service.

35.26 (b) To be eligible for this program, a grantee must:

35.27 (1) be a cooperative organized under chapter 308A or 308B;

35.28 (2) certify that all control ~~and equity in~~ of the cooperative is from farmers, family farm
 35.29 partnerships, family farm limited liability companies, or family farm corporations as defined
 35.30 in section 500.24, subdivision 2, who are actively engaged in agricultural commodity
 35.31 production;

36.1 (3) be operated primarily to process agricultural commodities or market agricultural
36.2 products or services produced in Minnesota; ~~and~~

36.3 (4) receive agricultural commodities produced primarily by shareholders or members
36.4 of the cooperative; and

36.5 (5) not allow nonpatron voting rights.

36.6 (c) The commissioner may receive applications and make grants up to \$50,000 to eligible
36.7 grantees for feasibility, marketing analysis, assistance with organizational development,
36.8 financing and managing new cooperatives, product development, development of business
36.9 and marketing plans, and predesign of facilities, including site analysis, the development
36.10 of bid specifications, preliminary blueprints and schematics, and the completion of purchase
36.11 agreements and other necessary legal documents.

36.12 (d) Grants must be matched dollar-for-dollar with other money or in-kind contributions.

36.13 Sec. 2. Minnesota Statutes 2022, section 17.133, subdivision 2, is amended to read:

36.14 Subd. 2. **Grants.** The commissioner ~~must~~ may award farm down payment assistance
36.15 grants of up to \$15,000 per eligible farmer. ~~An eligible farmer must match the grant with~~
36.16 ~~at least an equivalent amount~~ Each award must be matched with at least \$5,000 of other
36.17 funding. The commissioner must accept grant applications for at least 30 days. An eligible
36.18 farmer must commit to own and farm the land purchased with assistance provided under
36.19 this section for at least five years. For each year that a grant recipient does not own and
36.20 farm the land during the five-year period, the grant recipient must pay a penalty to the
36.21 commissioner equal to 20 percent of the grant amount.

36.22 Sec. 3. **[17.134] SOIL HEALTH FINANCIAL ASSISTANCE PROGRAM.**

36.23 Subdivision 1. **Establishment.** The commissioner must establish and administer a
36.24 program to support healthy soil management practices in accordance with this section.

36.25 Subd. 2. **Eligible projects.** The commissioner may award a grant under this section for
36.26 any project on agricultural land in Minnesota that will:

36.27 (1) increase the quantity of organic carbon in soil through practices, including but not
36.28 limited to reduced tillage, cover cropping, manure management, precision agriculture, crop
36.29 rotations, and changes in grazing management;

36.30 (2) integrate perennial vegetation into the management of agricultural lands;

37.1 (3) reduce nitrous oxide and methane emissions through changes to livestock, soil
 37.2 management, or nutrient optimization;

37.3 (4) increase the usage of precision agricultural practices;

37.4 (5) enable the development of site-specific management plans; or

37.5 (6) enable the purchase of equipment, parts and materials, technology, subscriptions,
 37.6 technical assistance, seeds, seedlings, or amendments that will further any of the purposes
 37.7 in clauses (1) to (5).

37.8 Subd. 3. **Grant eligibility.** Any owner or lessee of farmland may apply for a grant under
 37.9 this section. Local government units, including cities, towns, counties, soil and water
 37.10 conservation districts, Tribal Nations, and joint powers boards, are also eligible for a grant.
 37.11 A local government unit that receives a grant for equipment or technology must make those
 37.12 purchases available for use by the public.

37.13 Subd. 4. **Report.** By January 15 each year, the commissioner must submit a report on
 37.14 the grants awarded under this section to the chairs and ranking minority members of the
 37.15 legislative committees and divisions with jurisdiction over agriculture policy and finance.
 37.16 The report must include the number of grants awarded by county and the combined value
 37.17 of those grants.

37.18 Subd. 5. **Administrative costs.** The commissioner may use up to five percent of any
 37.19 funds appropriated for this program for costs incurred to administer the program.

37.20 Sec. 4. Minnesota Statutes 2022, section 28A.152, subdivision 2, is amended to read:

37.21 **Subd. 2. Direct sales to consumers.** (a) An individual qualifying for an exemption under
 37.22 subdivision 1 may sell the exempt food:

37.23 (1) directly to the ultimate consumer, including but not limited to at a community event
 37.24 or farmers' market;

37.25 (2) directly from the individual's home to the ultimate consumer, to the extent allowed
 37.26 by local ordinance; or

37.27 (3) through donation to a community event with the purpose of fundraising for an
 37.28 individual, or fundraising for an educational, charitable, or religious organization.

37.29 (b) If an exempt food product will be delivered to the ultimate consumer upon sale of
 37.30 the food product, the individual who prepared the food product ~~must be the person who~~
 37.31 ~~delivers the food product to the ultimate consumer~~ may deliver the food, and the food product
 37.32 may be delivered by mail or commercial delivery.

38.1 (c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be
38.2 sold outside of Minnesota.

38.3 (d) Food products exempt under subdivision 1 may be sold over the Internet ~~but must~~
38.4 ~~be delivered directly to the ultimate consumer by the individual who prepared the food~~
38.5 ~~product.~~ The statement "These products are homemade and not subject to state inspection."
38.6 must be displayed on the website that offers the exempt foods for purchase.

38.7 Sec. 5. Minnesota Statutes 2022, section 41A.14, subdivision 2, is amended to read:

38.8 Subd. 2. **Advisory panel.** (a) In awarding grants under this section, the commissioner
38.9 and a representative of the College of Food, Agricultural and Natural Resource Sciences at
38.10 the University of Minnesota must consult with an advisory panel consisting of the following
38.11 stakeholders:

38.12 (1) a representative of the Minnesota State Colleges and Universities system;

38.13 (2) a representative of the Minnesota Farm Bureau;

38.14 (3) a representative of the Minnesota Farmers Union;

38.15 (4) a person representing agriculture industry statewide;

38.16 (5) a representative of each of the state commodity councils organized under section
38.17 17.54 and the Minnesota Pork Board;

38.18 (6) a person representing an association of primary manufacturers of forest products;

38.19 (7) a person representing organic or sustainable agriculture; ~~and~~

38.20 (8) a person representing statewide environment and natural resource conservation
38.21 organizations; and

38.22 (9) a person representing the interests of Minnesota Tribal governments as defined in
38.23 section 10.65, subdivision 2, paragraph (a), clause (4).

38.24 (b) Members under paragraph (a), clauses (1) to (3) and (5), shall be chosen by their
38.25 respective organizations. The member under paragraph (a), clause (9), may be appointed
38.26 by the Minnesota Indian Affairs Council at the council's discretion.

38.27 Sec. 6. Minnesota Statutes 2022, section 41A.19, is amended to read:

38.28 **41A.19 REPORT; INCENTIVE PROGRAMS.**

38.29 By January 15 each year, the commissioner shall report on the incentive programs under
38.30 sections 41A.16, 41A.17, 41A.18, and 41A.20, ~~and 41A.21~~ to the legislative committees

39.1 with jurisdiction over environment and agriculture policy and finance. The report shall
 39.2 include information on production and incentive expenditures under the programs.

39.3 Sec. 7. Minnesota Statutes 2022, section 223.16, is amended by adding a subdivision to
 39.4 read:

39.5 Subd. 3c. **Failure.** "Failure" means a determination by the commissioner that a grain
 39.6 buyer or grain warehouse has failed to pay for delivered grain, breached a contract, breached
 39.7 more than one contract, or failed to redeliver stored grain to a producer.

39.8 Sec. 8. Minnesota Statutes 2022, section 223.17, subdivision 6, is amended to read:

39.9 Subd. 6. **Financial statements.** (a) Except as allowed in paragraph (c), a grain buyer
 39.10 licensed under this chapter must annually submit to the commissioner a financial statement
 39.11 prepared in accordance with ~~generally accepted accounting principles~~ national or international
 39.12 accounting standards. The annual financial statement required under this subdivision must
 39.13 also:

39.14 (1) include, but not be limited to the following:

39.15 (i) a balance sheet;

39.16 (ii) a statement of income (profit and loss);

39.17 (iii) a statement of retained earnings;

39.18 (iv) a statement of changes in financial position; and

39.19 (v) a statement of the dollar amount of grain purchased in the previous fiscal year of the
 39.20 grain buyer;

39.21 (2) be accompanied by a ~~compilation~~ report of the financial statement that is prepared
 39.22 by a grain commission firm or a management firm approved by the commissioner or by an
 39.23 independent public accountant, in accordance with standards established by the American
 39.24 Institute of Certified Public Accountants; and

39.25 (3) be accompanied by a certification by the chief executive officer or the chief executive
 39.26 officer's designee of the licensee, and where applicable, all members of the governing board
 39.27 of directors under penalty of perjury, that the financial statement accurately reflects the
 39.28 financial condition of the licensee for the period specified in the statement;

39.29 ~~(4) for grain buyers purchasing under \$7,500,000 of grain annually, be reviewed by a~~
 39.30 ~~certified public accountant in accordance with standards established by the American Institute~~

40.1 ~~of Certified Public Accountants, and must show that the financial statements are free from~~
 40.2 ~~material misstatements; and~~

40.3 ~~(5) for grain buyers purchasing \$7,500,000 or more of grain annually, be audited by a~~
 40.4 ~~certified public accountant in accordance with standards established by the American Institute~~
 40.5 ~~of Certified Public Accountants and must include an opinion statement from the certified~~
 40.6 ~~public accountant.~~

40.7 (b) Only one financial statement must be filed for a chain of warehouses owned or
 40.8 operated as a single business entity, unless otherwise required by the commissioner. All
 40.9 financial statements filed with the commissioner are private or nonpublic data as provided
 40.10 in section 13.02.

40.11 (c) A grain buyer who purchases grain immediately upon delivery solely with cash; a
 40.12 certified check; a cashier's check; or a postal, bank, or express money order is exempt from
 40.13 this subdivision ~~if the grain buyer's gross annual purchases are \$1,000,000 or less.~~

40.14 (d) The commissioner shall annually provide information on a person's fiduciary duties
 40.15 to each licensee. To the extent practicable, the commissioner must direct each licensee to
 40.16 provide this information to all persons required to certify the licensee's financial statement
 40.17 under paragraph (a), clause (3).

40.18 Sec. 9. Minnesota Statutes 2022, section 223.17, subdivision 7, is amended to read:

40.19 Subd. 7. ~~Action on a bond~~ **Breach of contract.** A producer claiming to be damaged
 40.20 by a breach of a contract for the purchase of grain by a licensed grain buyer may file a
 40.21 written claim with the commissioner. The claim must state the facts constituting the claim.
 40.22 ~~The claim must be filed with the commissioner within 180 days of the breach of the contract.~~
 40.23 If a claim is valid, the commissioner may immediately suspend the license, in which case
 40.24 the licensee shall surrender the license to the commissioner. Within 15 days the licensee
 40.25 may request an administrative hearing subject to chapter 14 to determine whether the license
 40.26 should be revoked. If no request is made within 15 days, the commissioner shall revoke the
 40.27 license.

40.28 Sec. 10. Minnesota Statutes 2022, section 223.17, subdivision 7a, is amended to read:

40.29 Subd. 7a. ~~Bond requirements; claims.~~ **Bond requirements; claims.** For entities licensed under this chapter and
 40.30 chapter 232, the bond requirements and ~~claims~~ actions against the bond are governed under
 40.31 section ~~232.22, subdivision 6a~~ 223.28.

41.1 Sec. 11. Minnesota Statutes 2022, section 223.175, is amended to read:

41.2 **223.175 WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS;**
41.3 **FORM.**

41.4 A written confirmation required under section 223.177, subdivision 2, and a written
41.5 voluntary extension of credit contract must include those items prescribed by the
41.6 commissioner by rule. A contract shall include a statement of the legal and financial
41.7 responsibilities of grain buyers and sellers established in this chapter. A contract shall also
41.8 include the following statement in not less than ten point, all capital type, framed in a box
41.9 with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A
41.10 VOLUNTARY EXTENSION OF CREDIT. ~~THIS CONTRACT IS NOT COVERED BY~~
41.11 ~~ANY GRAIN BUYER'S BOND~~ MAY NOT BE COVERED COMPLETELY BY THE
41.12 GRAIN INDEMNITY ACCOUNT." If a written contract is provided at the time the grain
41.13 is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath
41.14 the statement. A transaction that does not meet the provisions of a voluntary extension of
41.15 credit, including the issuance and signing of a voluntary extension of credit contract, is a
41.16 cash sale.

41.17 Sec. 12. Minnesota Statutes 2022, section 223.19, is amended to read:

41.18 **223.19 RULES.**

41.19 The commissioner may make rules pursuant to chapter 14 to carry out the provisions of
41.20 sections 223.15 to ~~223.23~~ 223.28.

41.21 Sec. 13. [223.24] GRAIN INDEMNITY ACCOUNT.

41.22 Subdivision 1. Establishment. The grain indemnity account is established in the
41.23 agricultural fund. The grain indemnity account shall consist of grain indemnity premiums,
41.24 money from any other source, and interest.

41.25 Subd. 2. Account; appropriation. (a) Money in the grain indemnity account, including
41.26 interest, is appropriated to the commissioner to pay valid claims and to administer this
41.27 section.

41.28 (b) The commissioner shall direct payments from the grain indemnity account only for
41.29 the following purposes:

41.30 (1) the payment of valid claims;

41.31 (2) the payment of grain indemnity premium refunds;

42.1 (3) the payment of administrative expenses under paragraph (c);

42.2 (4) the payment of legal fees and legal expenses under subdivision 7; or

42.3 (5) the payment of a trustee appointed under subdivision 6.

42.4 (c) The commissioner shall allocate money from the grain indemnity account to a separate
42.5 administrative expenses account to pay or reimburse the agency for grain indemnity account
42.6 expenses. Administrative expenses under this paragraph include the actual cost of processing
42.7 payments and refunds, enforcement, record keeping, ordinary management and investment
42.8 fees connected with the operation of the grain indemnity account, and legal expenses.

42.9 Subd. 3. **Eligibility.** A producer is eligible to receive a grain indemnity payment from
42.10 the commissioner if the producer sold grain to a grain buyer as defined in this chapter or
42.11 stored grain with a public grain warehouse operator under chapter 232 and the producer is
42.12 damaged by the grain buyer's or public grain warehouse operator's failure to pay for or
42.13 redeliver grain.

42.14 Subd. 4. **Application.** (a) A producer asserting eligibility under subdivision 3 must file
42.15 a completed claim with the commissioner. The producer must state the facts constituting
42.16 the claim and all other information required by the commissioner.

42.17 (b) Upon receiving a claim, the commissioner must promptly determine the validity of
42.18 the claim and notify the claimant of the commissioner's determination.

42.19 (c) An aggrieved party may appeal the commissioner's determination by requesting,
42.20 within 15 days, that the commissioner initiate a contested case proceeding under chapter
42.21 14.

42.22 Subd. 5. **Payment limitation.** (a) For each failure as defined by section 223.16,
42.23 subdivision 3c, the commissioner must pay the eligible producer:

42.24 (1) the amount equal to the value of the grain sold on cash sale, grain assigned to
42.25 warehouse receipt, or grain assigned to open storage less than 180 days from the deposit;

42.26 (2) the amount equal to the value of grain sold up to \$200,000, or the lesser of \$750,000
42.27 or 75 percent of the amount owed to the seller for a contract in excess of \$200,000 for a
42.28 deferred or delayed payment contract for which a price has been established when the
42.29 contract originated within 120 days of the breach of contract;

42.30 (3) the lesser of \$750,000 or 75 percent of the amount owed to the seller for a voluntary
42.31 extension of credit contract for which no price has been established when the contract
42.32 originated within 180 days of the breach of contract;

43.1 (4) the lesser of \$500,000 or 50 percent for an open storage assignment or a voluntary
43.2 extension of credit contract when the open storage assignment or contract originated between
43.3 181 days and 18 months from the failure; or

43.4 (5) the lesser of \$250,000 or 25 percent for an open storage assignment or a voluntary
43.5 extension of credit contract when the open storage assignment or contract originated between
43.6 19 months and 36 months from the failure.

43.7 (b) Claims filed more than 36 months from the failure are not eligible for payment.

43.8 (c) For the purposes of this subdivision, multiple breaches of contract with a single entity
43.9 constitute one failure.

43.10 (d) If a grain buyer holds both a Minnesota grain buyer license, as defined in chapter
43.11 223, and a license with the United States Department of Agriculture (USDA) under the
43.12 United States Warehouse Act, a seller may only file a claim with the grain indemnity account
43.13 if the seller sold grain as a cash sale or under a voluntary extension of credit contract. The
43.14 commissioner must deny any claims for stored grain from a seller that holds both a Minnesota
43.15 grain buyer license and a license with the USDA under the United States Warehouse Act.

43.16 (e) If valid claims exceed the amount of money available in the grain indemnity account,
43.17 the commissioner must pay claims to producers in the order that the claims were received.
43.18 When additional money becomes available, the commissioner must resume issuing grain
43.19 indemnity payments to each eligible producer until each producer receives the maximum
43.20 amount payable under paragraph (a).

43.21 (f) If the grain indemnity account balance is insufficient to pay refunds under section
43.22 223.26 and valid claims exist, once money is deposited into the grain indemnity account,
43.23 the commissioner must issue pending refunds for grain indemnity premium payments before
43.24 issuing payments to claimants.

43.25 Subd. 6. **Court order.** (a) The commissioner may apply to a district court for an order
43.26 appointing a trustee or receiver to manage and supervise the operations of a grain buyer or
43.27 public grain warehouse operator in default. The commissioner may participate in any
43.28 resulting court proceeding as an interested party.

43.29 (b) The commissioner may recover the cost of the appointed trustee using money
43.30 appropriated under subdivision 2.

43.31 Subd. 7. **Debt obligation; subrogated claim.** (a) Money paid by the commissioner to
43.32 satisfy a valid claim constitutes a debt obligation of the grain buyer or public grain warehouse
43.33 operator in default. The commissioner may take action against the grain buyer or public

44.1 grain warehouse operator to recover the amount of any claim payment plus reasonable costs,
44.2 attorney fees, and interest computed at the rate provided in section 270C.40. The
44.3 commissioner must deposit any amount recovered under this subdivision in the grain
44.4 indemnity account.

44.5 (b) As a condition of payment from the commissioner, a producer must subrogate the
44.6 producer's interest in a voluntary extension of credit contract to the commissioner in an
44.7 amount equal to any claim payment or payments that the producer received under this
44.8 section.

44.9 (c) The commissioner may recover any debt to the grain indemnity account from a
44.10 member of the board or management who acted negligently or fraudulently.

44.11 **Sec. 14. [223.25] GRAIN INDEMNITY PREMIUMS.**

44.12 Subdivision 1. **Charges.** (a) Except as provided in subdivision 3, producers of grain
44.13 must be charged a grain indemnity premium as determined and published by the
44.14 commissioner not to exceed 0.2 percent of the price on all marketed grain that is sold to a
44.15 grain buyer as defined in chapter 223.

44.16 (b) The grain indemnity premiums required under this section are in addition to any
44.17 other fees or assessments required by law.

44.18 Subd. 2. **Collection and submission of grain indemnity premiums.** (a) Each producer
44.19 must pay to the commissioner a grain indemnity premium of not more than 0.2 percent of
44.20 the net proceeds from all grain sold by the producer to a grain buyer purchasing grain in
44.21 Minnesota. When a producer sells grain to a grain buyer, the grain buyer must deduct the
44.22 grain indemnity premium from the proceeds of the sale and pay the grain indemnity premium
44.23 to the commissioner on behalf of the producer.

44.24 (b) When purchasing grain from a producer, a grain buyer must deduct the grain
44.25 indemnity premium described in paragraph (a) from the proceeds of the sale and notify the
44.26 producer of the amount of the deduction in writing. The grain buyer must forward the grain
44.27 indemnity premium to the commissioner for deposit into the grain indemnity account on
44.28 behalf of the producer as described in this subdivision.

44.29 (c) A grain buyer must clearly indicate the grain indemnity premiums collected under
44.30 paragraph (b) in the grain buyer's books and records. A grain buyer must retain books and
44.31 records containing the grain indemnity premiums for at least three years. A grain buyer
44.32 must make the grain buyer's books and records available for inspection by the commissioner
44.33 during regular business hours. The department must take steps reasonably necessary to

45.1 verify the accuracy of the grain indemnity premiums as recorded in the grain buyer's books
45.2 and records. Any record or portion thereof seized or copied by the commissioner is private
45.3 or nonpublic data as provided in section 13.02, except that the commissioner may disclose
45.4 data to aid in the law enforcement process.

45.5 (d) A grain buyer must submit grain indemnity premiums collected under paragraph (a)
45.6 to the commissioner for the purpose of financing or contributing to the financing of the
45.7 grain indemnity account by:

45.8 (1) January 31 for grain indemnity premiums collected during the months of July, August,
45.9 September, October, November, and December; and

45.10 (2) July 31 for grain indemnity premiums collected during the months of January,
45.11 February, March, April, May, and June.

45.12 Subd. 3. **Amount in grain indemnity account; basis for suspension and reinstatement**
45.13 **of grain indemnity premium collection.** (a) Except as provided in paragraph (b), the grain
45.14 indemnity premiums required under this section must be collected until the grain indemnity
45.15 account contains more than \$15,000,000 as of June 30 of any given year.

45.16 (b) The commissioner may not require the collection of additional grain indemnity
45.17 premiums until the amount in the grain indemnity account drops below \$9,000,000. In a
45.18 year when the commissioner determines that the grain indemnity account is at or below
45.19 \$9,000,000, the commissioner may reinstate the collection described in this section.

45.20 (c) The commissioner shall announce the intention to collect the premiums described
45.21 in this section by May 1 with collection to begin July 1 until the grain indemnity account
45.22 contains at least \$15,000,000. The commissioner must notify the public of the commissioner's
45.23 intent to reinstate collection of additional grain indemnity premiums through publication
45.24 in the State Register and by notifying each licensee of the licensee's obligation to collect
45.25 premiums.

45.26 Sec. 15. **[223.26] GRAIN INDEMNITY OPT OUT.**

45.27 (a) A producer that has paid a grain indemnity premium under section 223.25 may receive
45.28 a refund of that premium from the grain indemnity account by submitting a written demand
45.29 for a refund to the commissioner, delivered personally or by first-class mail within 12 months
45.30 after the producer paid the grain indemnity premium.

45.31 (b) The commissioner must prepare a poster and a distributable flyer explaining how a
45.32 producer can opt out of the grain indemnity program and must post these documents on the
45.33 Department of Agriculture website. The commissioner must provide printed copies of the

46.1 poster and flyer at no cost to all licensed grain buyers and warehouses. Upon receiving
46.2 printed copies of posters and flyers, the licensed businesses must post the poster in a
46.3 conspicuous location and must make the flyers available for anyone visiting the licensed
46.4 business.

46.5 (c) A producer must submit a demand for a refund of a grain indemnity premium under
46.6 paragraph (a) on a demand for refund form developed by the commissioner. The
46.7 commissioner must make the form available to a licensee, producer, or member of the public
46.8 upon request.

46.9 (d) If a producer is entitled to a refund of a grain indemnity premium under this section,
46.10 the commissioner must pay the refund within 90 days of receiving the demand for a refund.
46.11 If the grain indemnity account balance is insufficient to pay refunds under this subdivision
46.12 and valid claims exist, the commissioner must issue refunds for grain indemnity premium
46.13 payments before issuing payments to claimants once money is deposited into the grain
46.14 indemnity account.

46.15 (e) If the commissioner announces grain indemnity premiums as required under section
46.16 223.25, subdivision 3, by June 30, the commissioner must send a notice to each producer
46.17 who requested a refund of a grain indemnity premium during the previous three fiscal years.
46.18 The notice must inform the producer of the deadline for and method of submitting a demand
46.19 for a refund to the commissioner under paragraphs (a) and (c) and the method for reentering
46.20 the grain indemnity program under paragraph (f).

46.21 (f) A producer that receives a refund of a grain indemnity premium under paragraph (a)
46.22 is not entitled to participate in the grain indemnity program or to receive any payment under
46.23 this section unless the producer reenters the grain indemnity program by meeting all of the
46.24 following conditions:

46.25 (1) the producer must submit a request for reentry into the grain indemnity program to
46.26 the commissioner. The producer must submit the request on the form required by the
46.27 commissioner and must deliver the request to the commissioner;

46.28 (2) the producer's request must be approved by the commissioner; and

46.29 (3) the producer must pay into the grain indemnity account all grain indemnity premiums
46.30 that were refunded to the producer and interest on the refunds as determined by the
46.31 commissioner.

46.32 (g) A producer that reenters the grain indemnity program under paragraph (f) is eligible
46.33 to be reimbursed for claims under the grain indemnity program for any breach of contract

47.1 that occurs at least 90 days after (1) an application for reentry, and (2) all required payments
47.2 have been made.

47.3 (h) A producer is not eligible for a refund of a grain indemnity premium under this
47.4 section if the producer has received payment from the grain indemnity account for a valid
47.5 claim within the preceding 36 months.

47.6 Sec. 16. **[223.27] PENALTIES; ENFORCEMENT ACTION; COSTS AND**
47.7 **EXPENSES.**

47.8 (a) In addition to any other penalty or remedy provided by law, a person who knowingly
47.9 or intentionally commits any of the following is subject to civil penalties under section
47.10 18J.10:

47.11 (1) refusing or failing to collect any grain indemnity premiums as required under section
47.12 223.25;

47.13 (2) refusing or failing to pay to the commissioner any grain indemnity premiums collected
47.14 under section 223.25;

47.15 (3) making a false statement, representation, or certification, or knowingly failing to
47.16 make a required statement, representation, or certification in a record, report, or other
47.17 document required under this chapter or filed with the commissioner; or

47.18 (4) resisting, preventing, impeding, or interfering with the commissioner in the
47.19 performance of the commissioner's duties under this chapter.

47.20 (b) In addition to the civil penalty described in paragraph (a), the commissioner in an
47.21 enforcement action for a violation described in paragraph (a), clause (1) or (2), must order
47.22 the grain buyer to pay into the grain indemnity account any grain indemnity premiums
47.23 collected by the grain buyer that the grain buyer owes to the grain indemnity account and
47.24 may order the grain buyer to pay interest on the amount that the grain buyer owes to the
47.25 grain indemnity account.

47.26 Sec. 17. **[223.28] GRAIN BONDS; NEW LICENSE HOLDERS.**

47.27 (a) Except as provided in paragraph (b), before the commissioner issues a grain buyer
47.28 or public grain warehouse operator license, a person who has not been licensed to buy grain
47.29 or operate a public grain warehouse in the previous licensing period must file with the
47.30 commissioner a grain bond in a penal sum of \$100,000. A grain bond must remain in effect
47.31 for the first three years of the license.

48.1 (b) A grain buyer who purchases grain immediately upon delivery solely with cash; a
48.2 certified check; a cashier's check; or a postal, bank, or express money order is exempt from
48.3 this subdivision if the grain buyer's gross annual purchases are \$1,000,000 or less.

48.4 (c) The commissioner may require a supplemental bond in an amount prescribed by the
48.5 commissioner based on the financial statements required in section 223.17, subdivision 6.

48.6 (d) A grain bond must be on a form provided by the commissioner.

48.7 (e) A grain bond required under paragraphs (a) and (c) must provide for the payment of
48.8 any loss caused by the grain buyer's failure to pay upon the owner's demand, including loss
48.9 caused by the grain buyer's failure to pay within the time required. The grain bond must be
48.10 conditioned upon the grain buyer being duly licensed.

48.11 (f) A grain bond required under paragraphs (a) and (c) that is obtained by a public grain
48.12 warehouse operator must be conditioned that the public grain warehouse operator issuing
48.13 a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade, and
48.14 net quantity of grain called for by the receipt. A grain bond must be conditioned upon the
48.15 operator being duly licensed.

48.16 (g) A grain bond must not be cumulative from one licensing period to the next. The
48.17 maximum liability of the grain bond must be the grain bond's face value for the licensing
48.18 period.

48.19 (h) A grain bond must be continuous until canceled. To cancel a grain bond, a surety
48.20 must provide 90 days' written notice of the grain bond's termination date to the licensee and
48.21 the commissioner.

48.22 (i) Upon the commissioner's determination that a claim is valid, the surety for any claims
48.23 against the grain bond must make payments to the grain indemnity account.

48.24 Sec. 18. Minnesota Statutes 2022, section 232.22, subdivision 5, is amended to read:

48.25 **Subd. 5. Statement of grain in storage; reports.** ~~(a) All public grain warehouse operators~~
48.26 ~~must by February 15 of each year file with the commissioner on a form approved by the~~
48.27 ~~commissioner a report showing the annual average liability of all grain outstanding on grain~~
48.28 ~~warehouse receipts, open storage, and grain stored for feed processing that occurred during~~
48.29 ~~the preceding calendar year. This report shall be used for the purpose of establishing the~~
48.30 ~~penal sum of the bond.~~

48.31 ~~(b) Warehouse operators that are at a maximum bond and want to continue at maximum~~
48.32 ~~bond do not need to file this report.~~

49.1 ~~(e) It is a violation of this chapter for any public grain warehouse operator to fail to file~~
 49.2 ~~the report required in paragraph (a).~~

49.3 ~~(d)~~ (a) Every public grain warehouse operator shall keep in a place of safety complete
 49.4 and accurate records and accounts relating to any grain warehouse operated. The records
 49.5 shall reflect each commodity received and shipped daily, the balance remaining in the grain
 49.6 warehouse at the close of each business day, a listing of all unissued grain warehouse receipts
 49.7 in the operator's possession, a record of all grain warehouse receipts issued which remain
 49.8 outstanding and a record of all grain warehouse receipts which have been returned for
 49.9 cancellation. Copies of grain warehouse receipts or other documents evidencing ownership
 49.10 of grain by a depositor, or other liability of the grain warehouse operator, shall be retained
 49.11 as long as the liability exists but must be kept for a minimum of three years.

49.12 ~~(e)~~ (b) Every public grain warehouse operator must maintain in the grain warehouse at
 49.13 all times grain of proper grade and sufficient quantity to meet delivery obligations on all
 49.14 outstanding grain warehouse receipts.

49.15 Sec. 19. Laws 2022, chapter 95, article 2, section 29, subdivision 6, is amended to read:

49.16 Subd. 6. **Expiration.** This section expires ~~June 30~~ December 31, 2024.

49.17 Sec. 20. **BIOINCENTIVE REPORT.**

49.18 The commissioner of agriculture, in consultation with the commissioners of commerce
 49.19 and employment and economic development, must prepare a report on alternative methods
 49.20 to pay past claims filed under the bioincentive program under Minnesota Statutes, sections
 49.21 41A.16, 41A.17, and 41A.18, and provide for adequate and sustainable funding to pay
 49.22 current and future claims under those sections. The report must be submitted to the chairs
 49.23 and minority members of the legislative committees and divisions with jurisdiction over
 49.24 any proposed funding source and administration of the bioincentive program by January
 49.25 15, 2024.

49.26 Sec. 21. **WOLF-LIVESTOCK CONFLICT-PREVENTION PROGRAM.**

49.27 (a) The commissioner of agriculture may award grants to livestock producers to prevent
 49.28 wolf-livestock conflicts. Livestock producers located in Minnesota are eligible to apply for
 49.29 reimbursement for the cost of practices to prevent wolf-livestock conflicts. The commissioner
 49.30 may establish a cap on the amount of grant money that a recipient is eligible to receive
 49.31 annually.

50.1 (b) To be eligible for a grant under this section, a livestock producer must raise livestock
 50.2 within Minnesota's wolf range or on property determined by the commissioner to be affected
 50.3 by wolf-livestock conflicts.

50.4 (c) A grant applicant must document a cost-share of 20 percent for activities covered
 50.5 by a grant under this program. A grant applicant's cost-share amount may be reduced up to
 50.6 \$2,000 to cover the time and labor costs of wolf-livestock conflict prevention activities.

50.7 (d) Eligible wolf-livestock conflict-prevention activities include but are not limited to:

50.8 (1) the purchase of guard animals;

50.9 (2) payment of veterinary costs for guard animals;

50.10 (3) the installation of wolf barriers, which may include pens, fladry, and fencing necessary
 50.11 to protect livestock;

50.12 (4) the installation of wolf-detering lights and alarms; and

50.13 (5) the installation of calving or lambing shelters.

50.14 (e) Eligible grant recipients must:

50.15 (1) make a good faith effort to avoid wolf-livestock conflicts;

50.16 (2) make a good faith effort to care for guard animals paid for under this section;

50.17 (3) retain proper documentation of expenses;

50.18 (4) report annually to the commissioner on the effectiveness of the nonlethal methods
 50.19 employed; and

50.20 (5) allow follow-up evaluations and monitoring by the commissioner.

50.21 (f) Grant recipients shall continue to be eligible for depredation payments under
 50.22 Minnesota Statutes, section 3.737.

50.23 Sec. 22. **REPEALER.**

50.24 Minnesota Statutes 2022, sections 17.055, subdivision 2; 41A.12, subdivision 4; 41A.21;
 50.25 223.17, subdivisions 4 and 8; and 232.22, subdivisions 4, 6, 6a, and 7, are repealed.

50.26 **ARTICLE 3**

50.27 **BROADBAND**

50.28 Section 1. **BROADBAND DEVELOPMENT APPROPRIATIONS.**

51.1 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 51.2 and for the purposes specified in this article. The appropriations are from the general fund,
 51.3 or another named fund, and are available for the fiscal years indicated for each purpose.
 51.4 The figures "2024" and "2025" used in this article mean that the appropriations listed under
 51.5 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.
 51.6 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"
 51.7 is fiscal years 2024 and 2025.

51.8		<u>APPROPRIATIONS</u>	
51.9		<u>Available for the Year</u>	
51.10		<u>Ending June 30</u>	
51.11		<u>2024</u>	<u>2025</u>

51.12	<u>Sec. 2. DEPARTMENT OF EMPLOYMENT</u>			
51.13	<u>AND ECONOMIC DEVELOPMENT</u>	<u>\$</u>	<u>75,350,000</u>	<u>\$</u>
				<u>50,350,000</u>

51.14 (a) \$350,000 each year is for the Office of
 51.15 Broadband Development.

51.16 (b) \$55,000,000 the first year and \$30,000,000
 51.17 the second year are transferred from the
 51.18 general fund to the border-to-border broadband
 51.19 fund account established in Minnesota
 51.20 Statutes, section 116J.396. These transfers are
 51.21 onetime.

51.22 (c) \$20,000,000 the first year and \$20,000,000
 51.23 the second year are appropriated to the
 51.24 commissioner for the lower population density
 51.25 grant program to award grants to provide
 51.26 broadband service to unserved and
 51.27 underserved areas of the state where a 50
 51.28 percent match formula is not adequate to make
 51.29 a business case for the extension of broadband
 51.30 facilities. Grants awarded under this paragraph
 51.31 may fund up to 75 percent of the total cost of
 51.32 a project and must otherwise adhere to
 51.33 Minnesota Statutes, section 116J.395,
 51.34 subdivisions 1 to 6; subdivision 7, paragraph
 51.35 (b); and subdivision 8. These appropriations
 51.36 are onetime.

52.1 Sec. 3. Minnesota Statutes 2022, section 116J.395, subdivision 7, is amended to read:

52.2 Subd. 7. **Limitation.** (a) No grant awarded under this section may fund more than 50
52.3 percent of the total cost of a project.

52.4 (b) Grants awarded to a single project under this section must not exceed ~~\$5,000,000~~
52.5 \$10,000,000.

52.6 Sec. 4. **[116J.3952] LOWER POPULATION DENSITY GRANT PROGRAM.**

52.7 Subdivision 1. **Establishment.** A lower population density grant program is established
52.8 in the Department of Employment and Economic Development. The purpose of the lower
52.9 population density grant program is to provide broadband service to unserved and
52.10 underserved areas of the state where a 50 percent match formula is not adequate to make a
52.11 business case for the extension of broadband facilities.

52.12 Subd. 2. **Grants.** Grants awarded under this section may fund up to 75 percent of the
52.13 total cost of a project and must otherwise adhere to section 116J.395, subdivisions 1 to 6
52.14 and subdivision 7, paragraph (b).

52.15 Sec. 5. Minnesota Statutes 2022, section 116J.396, subdivision 2, is amended to read:

52.16 Subd. 2. **Expenditures.** Money in the account may be used only:

52.17 (1) for grant awards made under sections 116J.395 ~~and to 116J.3951~~ 116J.3952, including
52.18 costs incurred by the Department of Employment and Economic Development to administer
52.19 that section;

52.20 (2) to supplement revenues raised by bonds sold by local units of government for
52.21 broadband infrastructure development; or

52.22 (3) to contract for the collection of broadband deployment data from providers and the
52.23 creation of maps showing the availability of broadband service.

52.24 Sec. 6. **EFFECTIVE DATE.**

52.25 This act is effective July 1, 2023.

17.055 EMERGING FARMERS.

Subd. 2. **Expiration.** This section expires August 1, 2025.

41A.12 AGRICULTURAL GROWTH, RESEARCH, AND INNOVATION PROGRAM.

Subd. 4. **Sunset.** This section expires on June 30, 2025.

41A.21 ORIENTED STRAND BOARD PRODUCTION INCENTIVE.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

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

(c) "Forest resources" means raw wood logs and material primarily made up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

(d) "Oriented strand board" or "OSB" means a material manufactured into panels using forest resources.

Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent of its forest resources raw materials from Minnesota. The facility must be located in Minnesota; must begin construction activities by December 31, 2023, for a specific location; must have produced at least one OSB square foot on a 3/8-inch nominal basis at a specific location by June 30, 2026; and must not begin operating before January 1, 2022. Eligible facilities must be new OSB construction sites with total capital investment in excess of \$250,000,000. Eligible OSB production facilities must produce at least 50,000,000 OSB square feet on a 3/8-inch nominal basis of OSB each quarter. At least one product produced at the facility should be a wood-based wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay that serves as a water resistive barrier.

(b) No payments shall be made for OSB production that occurs after June 30, 2036, for those eligible producers under paragraph (a).

(c) An eligible producer of OSB shall not transfer the producer's eligibility for payments under this section to a 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.

Subd. 3. **Payment amounts; limits.** (a) The commissioner shall make payments to eligible producers of OSB. The amount of the payment for each eligible producer's annual production is \$7.50 per 1,000 OSB square feet on a 3/8-inch nominal basis of OSB produced at a specific location for ten years starting after the first calendar year in which production begins.

(b) Total payments under this section to an eligible OSB producer in a fiscal year may not exceed the amount necessary for 400,000,000 OSB square feet on a 3/8-inch nominal basis of OSB produced. Total payments under this section to all eligible OSB producers in a fiscal year may not exceed the amount necessary for 400,000,000 OSB square feet on a 3/8-inch nominal basis of OSB produced. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis.

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

Subd. 4. **Forest resources requirements.** Forest resources that are purchased to be used at the facility must be in compliance with one or more of the following: the Sustainable Forestry Initiative Fiber Sourcing Standard, the Forest Stewardship Council Chain of Custody Standard, or the Forest Stewardship Controlled Wood Standard. For forest resources that come from land parcels greater than 160 acres, all efforts must be made to procure from land that is certified by one or more of the following: the Forest Stewardship Council Forest Management Standard, the Sustainable Forestry Initiative Forest Management Standard, or the American Tree Farm System.

Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible OSB producer shall file a claim for payment for OSB production during the preceding three calendar months. An eligible OSB producer that files a claim under this subdivision shall include a statement of the eligible producer's total board feet of OSB produced during the quarter covered by the claim. For each claim and statement of total board feet of OSB filed under this subdivision, the board feet of OSB produced must be examined by a certified public accounting firm with a valid permit to

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practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

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

Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments required by this section, not to exceed \$1,500,000, is appropriated from the general fund to the commissioner. This is a onetime appropriation.

(b) From fiscal year 2026 through fiscal year 2034, a sum sufficient to make the payments required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated from the general fund to the commissioner.

223.17 LICENSES; BONDING; CLAIMS; DISBURSEMENTS.

Subd. 4. **Bond.** (a) Except as provided in paragraphs (c) to (e), before a grain buyer's license is issued, the applicant for the license must file with the commissioner a bond in a penal sum prescribed by the commissioner but not less than the following amounts:

- (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;
- (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but not more than \$750,000;
- (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;
- (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000;
- (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000 but not more than \$6,000,000;
- (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000 but not more than \$12,000,000;
- (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000 but not more than \$24,000,000; and
- (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

(b) The amount of the bond shall be based on the most recent gross annual grain purchase report of the grain buyer.

(c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the commissioner. This bond shall remain in effect for the first year of the license. Thereafter, the licensee shall comply with the applicable bonding requirements contained in paragraph (a), clauses (1) to (8).

(d) In lieu of the bond required by this subdivision the applicant may deposit with the commissioner of management and budget an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

(e) A grain buyer who purchases grain immediately upon delivery solely with cash; a certified check; a cashier's check; or a postal, bank, or express money order is exempt from this subdivision if the grain buyer's gross annual purchases are \$1,000,000 or less.

(f) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

Subd. 8. **Bond disbursement.** (a) The bond required under subdivision 4 shall provide for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand, the purchase price of grain sold to the grain buyer in the manner provided by subdivision 5, including loss caused by failure to pay within the time required. The bond shall be conditioned upon the grain buyer being duly licensed as provided herein.

(b) The commissioner shall promptly determine the validity of all claims filed and notify the claimants of the determination. An aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety

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company shall issue payment promptly to those claimants entitled to payment. The commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain buyer in default. The commissioner may participate in any resulting court proceeding as an interested party.

(c) If a grain buyer has become liable to more than one producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay the entire liability to all producers entitled to the protection of the bond, the proceeds of the bond shall be apportioned among the bona fide claimants.

(d) The bond shall not be cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

(e) The bond disbursement shall occur 200 days from the date the commissioner publishes a public notice of a claim. At the end of this time period, the commissioner shall initiate bond payments on all valid claims received by the commissioner.

232.22 LICENSES, BONDING CLAIMS, DISBURSEMENTS.

Subd. 4. **Bonding.** (a) Before a license is issued, except as provided under paragraph (c), the applicant for a public grain warehouse operator's license shall file with the commissioner a bond in a penal sum prescribed by the commissioner based on the annual average storage liability as stated on the statement of grain in storage report or on the gross annual grain purchase report, whichever is greater, and applying the following amounts:

(1) \$10,000 for storages with annual average storage liability of more than \$0 but not more than \$25,000;

(2) \$20,000 for storages with annual average storage liability of more than \$25,001 but not more than \$50,000;

(3) \$30,000 for storages with annual average storage liability of more than \$50,001 but not more than \$75,000;

(4) \$50,000 for storages with annual average storage liability of more than \$75,001 but not more than \$100,000;

(5) \$75,000 for storages with annual average storage liability of more than \$100,001 but not more than \$200,000;

(6) \$125,000 for storages with annual average storage liability of more than \$200,001 but not more than \$300,000;

(7) \$175,000 for storages with annual average storage liability of more than \$300,001 but not more than \$400,000;

(8) \$225,000 for storages with annual average storage liability of more than \$400,001 but not more than \$500,000;

(9) \$275,000 for storages with annual average storage liability of more than \$500,001 but not more than \$600,000;

(10) \$325,000 for storages with annual average storage liability of more than \$600,001 but not more than \$700,000;

(11) \$375,000 for storages with annual average storage liability of more than \$700,001 but not more than \$800,000;

(12) \$425,000 for storages with annual average storage liability of more than \$800,001 but not more than \$900,000;

(13) \$475,000 for storages with annual average storage liability of more than \$900,001 but not more than \$1,000,000; and

(14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

(b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

(c) In lieu of the bond required by this subdivision, the applicant may deposit with the commissioner of management and budget an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

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Subd. 6. **Bond claims.** A person claiming to be damaged by a breach of the conditions of a bond of a licensed public grain warehouse operator may file a written claim with the commissioner stating the facts constituting the claim. The claim must be filed with the commissioner within 180 days of the breach of the conditions of the bond. If the commissioner has reason to believe that a claim is valid, the commissioner may immediately suspend the license of the public grain warehouse operator and the licensee must surrender the license to the commissioner. Within 15 days the licensee may request an administrative hearing subject to chapter 14 to determine whether the license should be revoked. If no request is made within 15 days the commissioner shall revoke the license.

Subd. 6a. **Bond determinations.** If a public grain warehouse operator is licensed under both this chapter and chapter 223, the warehouse shall have its bond determined by its gross annual grain purchase amount or its annual average grain storage value, whichever is greater. For those entities licensed under this chapter and chapter 223, the entire bond shall be available to any claims against the bond for claims filed under this chapter and chapter 223.

Subd. 7. **Bond disbursement.** (a) The bond of a public grain warehouse operator must be conditioned that the public grain warehouse operator issuing a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade and net quantity of grain called for by the receipt.

(b) Upon notification of default, the commissioner shall determine the validity of all claims and notify all parties having filed claims. Any aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety company shall issue payment to those claimants entitled to payment. If the commissioner determines it is necessary, the commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain warehouse operator in default. The commissioner may participate in any resulting court proceeding as an interested party.

(c) For the purpose of determining the amount of bond disbursement against all valid claims under a condition one bond, all grain owned or stored in the public grain warehouse shall be sold and the combined proceeds deposited in a special fund. Payment shall be made from the special fund satisfying the valid claims of grain warehouse receipt holders.

(d) If a public grain warehouse operator has become liable to more than one depositor or producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid claimants, the proceeds of the bond and special fund shall be apportioned among the valid claimants on a pro rata basis.

(e) A bond is not cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

(f) The bond disbursement shall occur 200 days from the date the commissioner publishes a public notice of a claim. At the end of this time period, the commissioner shall initiate bond payments on all valid claims received by the department.