

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 3536

(SENATE AUTHORS: WEBER)

DATE	D-PG	OFFICIAL STATUS
03/19/2018	6776	Introduction and first reading
		Referred to Agriculture, Rural Development, and Housing Policy
03/26/2018		Comm report: To pass as amended
		Second reading

1.1 A bill for an act

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

1.3 provisions; amending Minnesota Statutes 2016, sections 17.117, subdivision 11a;

1.4 25.33, subdivision 8; 28A.04, subdivision 1; 28A.08, subdivision 3; 29.26; 34A.11,

1.5 subdivision 7; 41A.15, subdivision 10, by adding a subdivision; 41A.16,

1.6 subdivisions 1, 4; 41A.17, subdivisions 1, 2, 3; 41A.18, subdivisions 1, 3; 41B.02,

1.7 subdivision 10a; 41B.047, subdivisions 1, 3; 41B.049, subdivision 5; 41B.055,

1.8 subdivision 3; 41B.057, subdivision 3; Minnesota Statutes 2017 Supplement,

1.9 sections 28A.05; 32D.13, by adding a subdivision; 32D.20, subdivision 2; 32D.22;

1.10 41B.0391, subdivisions 1, 5; repealing Minnesota Statutes 2016, section 41A.15,

1.11 subdivisions 2a, 2b.

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

1.13 Section 1. Minnesota Statutes 2016, section 17.117, subdivision 11a, is amended to read:

1.14 Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse

1.15 environmental impacts are eligible if the project is eligible under an allocation agreement.

1.16 (b) A manure management project is eligible if the project remediates or mitigates

1.17 impacts from facilities with less than 1,000 animal units as defined in Minnesota Rules,

1.18 chapter 7020, and otherwise meets the requirements of this section.

1.19 (c) A drinking water project is eligible if the project:

1.20 (1) remediates the adverse environmental impacts or presence of contaminants in private

1.21 well water;

1.22 (2) implements best management practices to achieve drinking water standards; and

1.23 (3) otherwise meets the requirements of this section.

1.24 (d) A feasibility study for an energy conservation project is an eligible project.

2.1 Sec. 2. Minnesota Statutes 2016, section 25.33, subdivision 8, is amended to read:

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

2.5 Sec. 3. Minnesota Statutes 2016, section 28A.04, subdivision 1, is amended to read:

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

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

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

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

2.22 (c) A custom exempt food handler license shall be issued for the period July 1 to June
2.23 30 following and shall be renewed thereafter by the licensee on or before July 1 each year.
2.24 The custom exempt food handler license is for businesses that only conduct custom exempt
2.25 operations and mark all products as "Not For Sale." Food handlers that conduct retail exempt
2.26 operations or other operations other than custom exempt processing or slaughter are not
2.27 eligible for this license.

2.28 (d) A license for a food broker or for a food processor or manufacturer shall be issued
2.29 for the period January 1 to December 31 following and shall be renewed thereafter by the
2.30 licensee on or before January 1 of each year, except that a license for a wholesale food
2.31 processor or manufacturer operating only at the state fair shall be issued for the period July
2.32 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1

3.1 of each year. A penalty for a late renewal shall be assessed in accordance with section
3.2 28A.08.

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

3.7 Sec. 4. Minnesota Statutes 2017 Supplement, section 28A.05, is amended to read:

3.8 **28A.05 CLASSIFICATION.**

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

3.11 (a) Retail food handlers are persons who sell or process and sell food directly to the
3.12 ultimate consumer or who custom process meat or poultry. The term includes a person who
3.13 sells food directly to the ultimate consumer through the use of vending machines, and a
3.14 person who sells food for consumption on site or off site if the sale is conducted on the
3.15 premises that are part of a grocery or convenience store operation.

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

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

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

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

4.1 Sec. 5. Minnesota Statutes 2016, section 28A.08, subdivision 3, is amended to read:

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

4.3	Penalties	License Fee Effective July 1, 2003	Late Renewal	No License
4.4	Type of food handler			
4.5				
4.6				
4.7	1. <u>Retail food handler or custom exempt food handler</u>			
4.8				
4.9	(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$ 50	\$ 17	\$ 33
4.10				
4.11				
4.12				
4.13				
4.14	(b) Having under \$15,000 gross sales or service including food preparation or having \$15,000 to \$50,000 gross sales or service for the immediately previous license or fiscal year	\$ 77	\$ 25	\$ 51
4.15				
4.16				
4.17				
4.18				
4.19	(c) Having \$50,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$155	\$ 51	\$102
4.20				
4.21				
4.22	(d) Having \$250,001 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year	\$276	\$ 91	\$182
4.23				
4.24				
4.25	(e) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$799	\$264	\$527
4.26				
4.27				
4.28	(f) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,162	\$383	\$767
4.29				
4.30				
4.31	(g) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,376	\$454	\$908
4.32				
4.33				
4.34	(h) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,607	\$530	\$1,061
4.35				
4.36				
4.37	(i) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,847	\$610	\$1,219
4.38				
4.39				
4.40	(j) Having over \$25,000,001 gross sales or service for the immediately previous license or fiscal year	\$2,001	\$660	\$1,321
4.41				
4.42				
4.43	2. Wholesale food handler			
4.44	(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year	\$ 57	\$ 19	\$ 38
4.45				
4.46				

5.1	(b) Having \$25,001 to \$250,000 gross sales			
5.2	or service for the immediately previous			
5.3	license or fiscal year	\$284	\$ 94	\$187
5.4	(c) Having \$250,001 to \$1,000,000 gross			
5.5	sales or service from a mobile unit without			
5.6	a separate food facility for the immediately			
5.7	previous license or fiscal year	\$444	\$147	\$293
5.8	(d) Having \$250,001 to \$1,000,000 gross			
5.9	sales or service not covered under paragraph			
5.10	(c) for the immediately previous license or			
5.11	fiscal year	\$590	\$195	\$389
5.12	(e) Having \$1,000,001 to \$5,000,000 gross			
5.13	sales or service for the immediately previous			
5.14	license or fiscal year	\$769	\$254	\$508
5.15	(f) Having \$5,000,001 to \$10,000,000 gross			
5.16	sales or service for the immediately previous			
5.17	license or fiscal year	\$920	\$304	\$607
5.18	(g) Having \$10,000,001 to \$15,000,000			
5.19	gross sales or service for the immediately			
5.20	previous license or fiscal year	\$990	\$327	\$653
5.21	(h) Having \$15,000,001 to \$20,000,000			
5.22	gross sales or service for the immediately			
5.23	previous license or fiscal year	\$1,156	\$381	\$763
5.24	(i) Having \$20,000,001 to \$25,000,000			
5.25	gross sales or service for the immediately			
5.26	previous license or fiscal year	\$1,329	\$439	\$877
5.27	(j) Having over \$25,000,001 or more gross			
5.28	sales or service for the immediately previous			
5.29	license or fiscal year	\$1,502	\$496	\$991
5.30	3. Food broker	\$150	\$ 50	\$ 99
5.31	4. Wholesale food processor or manufacturer			
5.32	(a) Having gross sales or service of less than			
5.33	\$125,000 for the immediately previous			
5.34	license or fiscal year	\$169	\$ 56	\$112
5.35	(b) Having \$125,001 to \$250,000 gross sales			
5.36	or service for the immediately previous			
5.37	license or fiscal year	\$392	\$129	\$259
5.38	(c) Having \$250,001 to \$1,000,000 gross			
5.39	sales or service for the immediately previous			
5.40	license or fiscal year	\$590	\$195	\$389
5.41	(d) Having \$1,000,001 to \$5,000,000 gross			
5.42	sales or service for the immediately previous			
5.43	license or fiscal year	\$769	\$254	\$508
5.44	(e) Having \$5,000,001 to \$10,000,000 gross			
5.45	sales or service for the immediately previous			
5.46	license or fiscal year	\$920	\$304	\$607
5.47	(f) Having \$10,000,001 to \$15,000,000			
5.48	gross sales or service for the immediately			
5.49	previous license or fiscal year	\$1,377	\$454	\$909

6.1	(g) Having \$15,000,001 to \$20,000,000			
6.2	gross sales or service for the immediately			
6.3	previous license or fiscal year	\$1,608	\$531	\$1,061
6.4	(h) Having \$20,000,001 to \$25,000,000			
6.5	gross sales or service for the immediately			
6.6	previous license or fiscal year	\$1,849	\$610	\$1,220
6.7	(i) Having \$25,000,001 to \$50,000,000			
6.8	gross sales or service for the immediately			
6.9	previous license or fiscal year	\$2,090	\$690	\$1,379
6.10	(j) Having \$50,000,001 to \$100,000,000			
6.11	gross sales or service for the immediately			
6.12	previous license or fiscal year	\$2,330	\$769	\$1,538
6.13	(k) Having \$100,000,000 or more gross			
6.14	sales or service for the immediately previous			
6.15	license or fiscal year	\$2,571	\$848	\$1,697
6.16	5. Wholesale food processor of meat or poultry			
6.17	products under supervision of the U.S.			
6.18	Department of Agriculture			
6.19	(a) Having gross sales or service of less than			
6.20	\$125,000 for the immediately previous			
6.21	license or fiscal year	\$112	\$ 37	\$ 74
6.22	(b) Having \$125,001 to \$250,000 gross sales			
6.23	or service for the immediately previous			
6.24	license or fiscal year	\$214	\$ 71	\$141
6.25	(c) Having \$250,001 to \$1,000,000 gross			
6.26	sales or service for the immediately previous			
6.27	license or fiscal year	\$333	\$110	\$220
6.28	(d) Having \$1,000,001 to \$5,000,000 gross			
6.29	sales or service for the immediately previous			
6.30	license or fiscal year	\$425	\$140	\$281
6.31	(e) Having \$5,000,001 to \$10,000,000 gross			
6.32	sales or service for the immediately previous			
6.33	license or fiscal year	\$521	\$172	\$344
6.34	(f) Having over \$10,000,001 gross sales or			
6.35	service for the immediately previous license			
6.36	or fiscal year	\$765	\$252	\$505
6.37	(g) Having \$15,000,001 to \$20,000,000			
6.38	gross sales or service for the immediately			
6.39	previous license or fiscal year	\$893	\$295	\$589
6.40	(h) Having \$20,000,001 to \$25,000,000			
6.41	gross sales or service for the immediately			
6.42	previous license or fiscal year	\$1,027	\$339	\$678
6.43	(i) Having \$25,000,001 to \$50,000,000			
6.44	gross sales or service for the immediately			
6.45	previous license or fiscal year	\$1,161	\$383	\$766
6.46	(j) Having \$50,000,001 to \$100,000,000			
6.47	gross sales or service for the immediately			
6.48	previous license or fiscal year	\$1,295	\$427	\$855

7.1	(k) Having \$100,000,001 or more gross			
7.2	sales or service for the immediately previous			
7.3	license or fiscal year	\$1,428	\$471	\$942
7.4	6. Wholesale food processor or manufacturer			
7.5	operating only at the State Fair	\$125	\$ 40	\$ 50
7.6	7. Wholesale food manufacturer having the			
7.7	permission of the commissioner to use the			
7.8	name Minnesota Farmstead cheese	\$ 30	\$ 10	\$ 15
7.9	8. Wholesale food manufacturer processing			
7.10	less than 700,000 pounds per year of raw			
7.11	milk	\$ 30	\$ 10	\$ 15
7.12	9. A milk marketing organization without			
7.13	facilities for processing or manufacturing			
7.14	that purchases milk from milk producers for			
7.15	delivery to a licensed wholesale food			
7.16	processor or manufacturer	\$ 50	\$ 15	\$ 25

7.17 Sec. 6. Minnesota Statutes 2016, section 29.26, is amended to read:

7.18 **29.26 EGGS IN POSSESSION OF RETAILER.**

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

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

7.28 Sec. 7. Minnesota Statutes 2017 Supplement, section 32D.13, is amended by adding a
 7.29 subdivision to read:

7.30 Subd. 11. **Milk storage requirement.** (a) A milk hauler may only pick up milk from
 7.31 farms with a bulk tank that is in proper working order.

7.32 (b) Milk must not have been stored for longer than 72 hours when the milk is picked up
 7.33 by a milk hauler at a farm for transport to a plant. The commissioner or an agent of the
 7.34 commissioner may waive the 72-hour time limit in the case of hardship, emergency, or
 7.35 natural disaster.

8.1 Sec. 8. Minnesota Statutes 2017 Supplement, section 32D.20, subdivision 2, is amended
8.2 to read:

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

8.7 (b) Milk and dairy products must be labeled (1) with the plant number where the product
8.8 was produced;2 or (2) if produced in a state where official plant numbers are not assigned,
8.9 with the name and address of the manufacturer and the address of the plant where it was
8.10 manufactured or distributor.

8.11 Sec. 9. Minnesota Statutes 2017 Supplement, section 32D.22, is amended to read:

8.12 **32D.22 MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

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

8.19 (b) Any cheese described in paragraph (a), clause (3), that has been made from
8.20 unpasteurized milk must be labeled with a statement that the cheese is more than 60 days
8.21 of age.

8.22 Sec. 10. Minnesota Statutes 2016, section 34A.11, subdivision 7, is amended to read:

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

9.1 Sec. 11. Minnesota Statutes 2016, section 41A.15, is amended by adding a subdivision to
9.2 read:

9.3 Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable
9.4 or recurring basis, including agricultural crops and trees, wood and wood waste and residues,
9.5 plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic
9.6 portion of solid wastes.

9.7 Sec. 12. Minnesota Statutes 2016, section 41A.15, subdivision 10, is amended to read:

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

9.11 Sec. 13. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

9.12 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
9.13 source at least 80 percent ~~raw materials~~ of biomass from Minnesota, ~~except that~~, if a facility
9.14 is sited 50 miles or less from the state border, ~~raw materials~~ biomass may be sourced from
9.15 outside of Minnesota, but only if it is sourced from within a 100-mile radius of the facility.
9.16 ~~Raw materials must be from agricultural or forestry sources or from solid waste.~~ The facility
9.17 must be located in Minnesota, must begin production at a specific location by June 30, 2025,
9.18 and must not begin operating above 23,750 MMbtu of quarterly biofuel production before
9.19 July 1, 2015. Eligible facilities include existing companies and facilities that are adding
9.20 advanced biofuel production capacity, or retrofitting existing capacity, as well as new
9.21 companies and facilities. Production of conventional corn ethanol and conventional biodiesel
9.22 is not eligible. Eligible advanced biofuel facilities must produce at least 23,750 MMbtu of
9.23 biofuel quarterly.

9.24 (b) No payments shall be made for advanced biofuel production that occurs after June
9.25 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

9.30 (e) Renewable chemical production for which payment has been received under section
9.31 41A.17, and biomass thermal production for which payment has been received under section
9.32 41A.18, are not eligible for payment under this section.

10.1 (f) Biobutanol is eligible under this section.

10.2 Sec. 14. Minnesota Statutes 2016, section 41A.16, subdivision 4, is amended to read:

10.3 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
10.4 biomass must be produced using Minnesota ~~state~~ forest biomass harvesting guidelines or
10.5 the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota
10.6 brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent.
10.7 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
10.8 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
10.9 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and
10.10 federal land must be harvested by a logger who has completed training for biomass harvesting
10.11 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
10.12 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

10.13 Sec. 15. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

10.14 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section
10.15 must source at least 80 percent ~~biobased content~~ of biomass from Minnesota-, ~~except that,~~
10.16 if a facility is sited 50 miles or less from the state border, ~~biobased content must~~ biomass
10.17 may be sourced from outside of Minnesota, but only if it is sourced from within a 100-mile
10.18 radius of the facility. ~~Biobased content must be from agricultural or forestry sources or from~~
10.19 ~~solid waste.~~ The facility must be located in Minnesota, must begin production at a specific
10.20 location by June 30, 2025, and must not begin production of 750,000 pounds of chemicals
10.21 quarterly before January 1, 2015. Eligible facilities include existing companies and facilities
10.22 that are adding production capacity, or retrofitting existing capacity, as well as new
10.23 companies and facilities. Eligible renewable chemical facilities must produce at least 750,000
10.24 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes
10.25 that are fully commercial before January 1, 2000, are not eligible.

10.26 (b) No payments shall be made for renewable chemical production that occurs after June
10.27 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

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

11.1 (e) Advanced biofuel production for which payment has been received under section
 11.2 41A.16, and biomass thermal production for which payment has been received under section
 11.3 41A.18, are not eligible for payment under this section.

11.4 Sec. 16. Minnesota Statutes 2016, section 41A.17, subdivision 2, is amended to read:

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

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

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

11.19 (d) An eligible facility may blend renewable chemicals with other chemicals that are
 11.20 not renewable chemicals, but only the percentage attributable to renewable chemicals in
 11.21 the blended product is eligible to receive payment.

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

11.24 Sec. 17. Minnesota Statutes 2016, section 41A.17, subdivision 3, is amended to read:

11.25 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 11.26 biomass must be produced using Minnesota ~~state~~ forest biomass harvesting guidelines or
 11.27 the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota
 11.28 brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent.

11.29 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
 11.30 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
 11.31 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and
 11.32 federal land must be harvested by a logger who has completed training for biomass harvesting

12.1 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
 12.2 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

12.3 Sec. 18. Minnesota Statutes 2016, section 41A.18, subdivision 1, is amended to read:

12.4 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 12.5 source at least 80 percent ~~raw materials~~ of biomass from Minnesota-, except that, if a facility
 12.6 is sited 50 miles or less from the state border, ~~raw materials should~~ biomass may be sourced
 12.7 from outside of Minnesota, but only if it is sourced from within a 100-mile radius of the
 12.8 facility. ~~Raw materials~~ Biomass must be from agricultural or forestry sources. The facility
 12.9 must be located in Minnesota, must have begun production at a specific location by June
 12.10 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing
 12.11 companies and facilities that are adding production capacity, or retrofitting existing capacity,
 12.12 as well as new companies and facilities. Eligible biomass thermal production facilities must
 12.13 produce at least 250 MMbtu of biomass thermal quarterly.

12.14 (b) No payments shall be made for biomass thermal production that occurs after June
 12.15 30, 2035, for those eligible biomass thermal producers under paragraph (a).

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

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

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

12.24 Sec. 19. Minnesota Statutes 2016, section 41A.18, subdivision 3, is amended to read:

12.25 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 12.26 biomass must be produced using Minnesota ~~state forest~~ forest biomass harvesting guidelines or
 12.27 the equivalent. All cellulosic biomass from ~~brushland~~ brushlands must be produced using
 12.28 Minnesota brushland ~~harvesting~~ biomass harvesting guidelines or the equivalent.
 12.29 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
 12.30 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
 12.31 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and
 12.32 federal land must be harvested by a logger who has completed training for biomass harvesting

13.1 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
 13.2 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

13.3 Sec. 20. Minnesota Statutes 2016, section 41B.02, subdivision 10a, is amended to read:

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

13.9 Sec. 21. Minnesota Statutes 2017 Supplement, section 41B.0391, subdivision 1, is amended
 13.10 to read:

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

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

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

13.16 (1) is a resident of Minnesota;

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

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

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

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

13.24 ~~(6)~~ (4) meets the following eligibility requirements as determined by the authority:

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

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

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

14.1 ~~(iv) demonstrates to the authority a profit potential by submitting projected earnings~~
 14.2 ~~statements;~~

14.3 ~~(v)~~ (iv) asserts to the satisfaction of the authority that farming will be a significant source
 14.4 of income for the beginning farmer;

14.5 ~~(vi)~~ (v) participates in a financial management program approved by the authority or
 14.6 the commissioner of agriculture; The commissioner may waive this requirement for any
 14.7 of the programs administered by the authority if the participant requests a waiver and has
 14.8 a four-year degree in an agricultural program or related field, reasonable agricultural
 14.9 job-related experience, or certification as an adult farm management instructor;

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

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

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

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

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

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

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

14.31 ~~(i)~~ (h) "Share rent agreement" means a rental agreement in which the principal
 14.32 consideration given to the owner of agricultural assets is a predetermined portion of the

15.1 production of farm products produced from the rented agricultural assets and which provides
15.2 for sharing production costs or risk of loss, or both.

15.3 **EFFECTIVE DATE.** This section is effective January 1, 2019.

15.4 Sec. 22. Minnesota Statutes 2017 Supplement, section 41B.0391, subdivision 5, is amended
15.5 to read:

15.6 Subd. 5. **Appeals of authority determinations.** (a) Any decision of the authority under
15.7 this section may be challenged as a contested case under chapter 14. ~~The contested case~~
15.8 ~~proceeding must be initiated within 60 days of the date of written notification by the office.~~
15.9 A party affected by a determination of the authority has 20 days from notice of the decision
15.10 to request an expedited hearing. The hearing must be held within 60 days after a request
15.11 for hearing has been filed with the Office of Administrative Hearings unless both parties
15.12 agree to a later date.

15.13 (b) If a taxpayer challenges a decision of the authority under this subdivision, upon
15.14 perfection of the appeal the authority must notify the commissioner of revenue of the
15.15 challenge within five days.

15.16 (c) Nothing in this subdivision affects the commissioner of revenue's authority to audit,
15.17 review, correct, or adjust returns claiming the credit.

15.18 Sec. 23. Minnesota Statutes 2016, section 41B.047, subdivision 1, is amended to read:

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

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

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

15.26 (3) restore farmland; or

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

16.1 Sec. 24. Minnesota Statutes 2016, section 41B.047, subdivision 3, is amended to read:

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

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

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

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

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

16.11 Sec. 25. Minnesota Statutes 2016, section 41B.049, subdivision 5, is amended to read:

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

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

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

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

16.19 Sec. 26. Minnesota Statutes 2016, section 41B.055, subdivision 3, is amended to read:

16.20 Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal
16.21 to 90 percent of the purchased equipment value with an eligible lender to a farmer who is
16.22 eligible under subdivision 2. Participation is limited to 45 percent of the principal amount
16.23 of the loan or ~~\$40,000~~ \$100,000, whichever is less. The interest rates and repayment terms
16.24 of the authority's participation interest may differ from the interest rates and repayment
16.25 terms of the lender's retained portion of the loan, but the authority's interest rate must not
16.26 exceed three percent. The authority may review the interest annually and make adjustments
16.27 as necessary.

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

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

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

17.4 (e) The authority may impose a reasonable, nonrefundable application fee for a livestock
17.5 equipment loan. The authority may review the fee annually and make adjustments as
17.6 necessary. The initial application fee is \$50. Application fees received by the authority must
17.7 be deposited in the Rural Finance Authority administrative account established in section
17.8 41B.03.

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

17.11 Sec. 27. Minnesota Statutes 2016, section 41B.057, subdivision 3, is amended to read:

17.12 Subd. 3. **Loan participation.** The authority may participate in a farm opportunity loan
17.13 with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a group
17.14 of farmers on joint projects who are eligible under subdivision 2, paragraph (c), and who
17.15 are actively engaged in farming. Participation is limited to 45 percent of the principal amount
17.16 of the loan or ~~\$45,000~~ \$100,000 per individual, whichever is less. For loans to a group made
17.17 up of four or more individuals, participation is limited to 45 percent of the principal amount
17.18 of the loan or ~~\$180,000~~ \$250,000, whichever is less. The interest rate on the loans must not
17.19 exceed six percent.

17.20 Sec. 28. **REPEALER.**

17.21 Minnesota Statutes 2016, section 41A.15, subdivisions 2a and 2b, are repealed.

APPENDIX
Repealed Minnesota Statutes: SF3536-0

41A.15 DEFINITIONS.

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

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