

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

**S.F. No. 4019**

(SENATE AUTHORS: WESTROM)

DATE	D-PG	OFFICIAL STATUS
03/16/2022	5358	Introduction and first reading
03/31/2022		Referred to Agriculture and Rural Development Finance and Policy Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to agriculture; establishing cooperative grants for farmers; establishing

1.3 the grain indemnity fund; making policy and technical changes to agricultural

1.4 provisions; providing criminal penalties; appropriating money; amending Minnesota

1.5 Statutes 2020, sections 17.041, subdivision 1; 17.117, subdivisions 9, 9a, 10, 11,

1.6 11a; 17.118, subdivisions 1, 3, 4; 41B.047, subdivision 3; 223.17, subdivisions 7,

1.7 7a; 223.175; 223.19; 232.22, subdivision 5; Minnesota Statutes 2021 Supplement,

1.8 section 41A.21, subdivisions 2, 6; Laws 2021, First Special Session chapter 3,

1.9 article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters

1.10 17; 103F; 223; repealing Minnesota Statutes 2020, sections 223.17, subdivisions

1.11 4, 8; 232.22, subdivisions 4, 6, 6a, 7.

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

1.13 **ARTICLE 1**

1.14 **AGRICULTURE APPROPRIATIONS**

1.15 Section 1. Laws 2021, First Special Session chapter 3, article 1, section 2, is amended to

1.16 read:

1.17 **Sec. 2. DEPARTMENT OF AGRICULTURE**

1.18			<b>59,410,000</b>
1.19	Subdivision 1. <b>Total Appropriation</b>	<b>\$ 59,303,000</b>	<b>\$ <u>98,460,000</u></b>

1.20	Appropriations by Fund		
1.21		2022	2023
1.22			<del>59,011,000</del>
1.23	General	58,904,000	<u>98,061,000</u>
1.24	Remediation	399,000	399,000

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

2.4 **Subd. 2. Protection Services**

2.5	Appropriations by Fund	
2.6	2022	2023
2.7		<del>19,610,000</del>
2.8	General	<u>38,710,000</u>
2.9	Remediation	399,000

2.10 (a) \$399,000 the first year and \$399,000 the  
 2.11 second year are from the remediation fund for  
 2.12 administrative funding for the voluntary  
 2.13 cleanup program.

2.14 (b) \$175,000 the first year and \$175,000 the  
 2.15 second year are for compensation for  
 2.16 destroyed or crippled livestock under  
 2.17 Minnesota Statutes, section 3.737. The first  
 2.18 year appropriation may be spent to compensate  
 2.19 for livestock that were destroyed or crippled  
 2.20 during fiscal year 2021. If the amount in the  
 2.21 first year is insufficient, the amount in the  
 2.22 second year is available in the first year. The  
 2.23 commissioner may use up to \$5,000 each year  
 2.24 to reimburse expenses incurred by university  
 2.25 extension educators to provide fair market  
 2.26 values of destroyed or crippled livestock. If  
 2.27 the commissioner receives federal dollars to  
 2.28 pay claims for destroyed or crippled livestock,  
 2.29 an equivalent amount of this appropriation  
 2.30 may be used to reimburse nonlethal prevention  
 2.31 methods performed by federal wildlife services  
 2.32 staff.

2.33 (c) \$155,000 the first year and \$155,000 the  
 2.34 second year are for compensation for crop  
 2.35 damage under Minnesota Statutes, section

3.1 3.7371. If the amount in the first year is  
3.2 insufficient, the amount in the second year is  
3.3 available in the first year. The commissioner  
3.4 may use up to \$10,000 of the appropriation  
3.5 each year to reimburse expenses incurred by  
3.6 the commissioner or the commissioner's  
3.7 approved agent to investigate and resolve  
3.8 claims, as well as for costs associated with  
3.9 training for approved agents. The  
3.10 commissioner may use up to \$20,000 of the  
3.11 appropriation each year to make grants to  
3.12 producers for measures to protect stored crops  
3.13 from elk damage.

3.14 If the commissioner determines that claims  
3.15 made under Minnesota Statutes, section 3.737  
3.16 or 3.7371, are unusually high, amounts  
3.17 appropriated for either program may be  
3.18 transferred to the appropriation for the other  
3.19 program.

3.20 (d) \$225,000 the first year and \$225,000 the  
3.21 second year are for additional funding for the  
3.22 noxious weed and invasive plant program.

3.23 (e) \$1,000,000 the second year is for a transfer  
3.24 to the noxious weed and invasive plant species  
3.25 assistance account established under  
3.26 Minnesota Statutes, section 18.89, for grants  
3.27 to local units of government and Tribal  
3.28 Nations for noxious weed detection, control,  
3.29 and management. This is a onetime  
3.30 appropriation.

3.31 ~~(e)~~ (f) \$50,000 the first year is for additional  
3.32 funding for the industrial hemp program for  
3.33 IT development. This is a onetime  
3.34 appropriation and is available until June 30,  
3.35 2023.

4.1 ~~(f)~~ (g) \$110,000 the first year and \$110,000  
4.2 the second year are for additional meat and  
4.3 poultry inspection services. The commissioner  
4.4 is encouraged to seek inspection waivers,  
4.5 matching federal dollars, and offer more online  
4.6 inspections for the purposes under this  
4.7 paragraph.

4.8 ~~(g)~~ (h) \$825,000 the first year and \$825,000  
4.9 the second year are to replace capital  
4.10 equipment in the Department of Agriculture's  
4.11 analytical laboratory.

4.12 ~~(h)~~ (i) \$274,000 the first year and \$550,000  
4.13 the second year are to maintain the current  
4.14 level of service delivery.

4.15 (j) \$5,000,000 the second year is for a transfer  
4.16 to the grain indemnity fund established under  
4.17 Minnesota Statutes, section 223.24. This is a  
4.18 onetime appropriation.

4.19 (k) \$100,000 the second year is to support  
4.20 laboratory testing for the Minnesota meat and  
4.21 poultry inspection program. The base for this  
4.22 appropriation is \$50,000 in fiscal year 2024  
4.23 and thereafter.

4.24 (l) \$3,000,000 the second year is for grants to  
4.25 fund the Forever Green Agriculture Initiative  
4.26 at the University of Minnesota. The purpose  
4.27 of funding is to drive development of  
4.28 decentralized and regionalized supply chains  
4.29 for continuous living crops including a range  
4.30 of pilot supply chain projects which may  
4.31 include risk management, postproduction,  
4.32 processing, distribution, and marketing for  
4.33 continuous living crops. This is a onetime  
4.34 appropriation. Notwithstanding Minnesota

5.1 Statutes, section 16A.28, appropriations  
 5.2 encumbered under contract on or before June  
 5.3 30, 2023, are available until June 30, 2026.

5.4 (m) \$10,000,000 the second year is  
 5.5 appropriated from the general fund to the  
 5.6 commissioner of agriculture for the soil health  
 5.7 financial assistance program. This amount is  
 5.8 available until expended. The base  
 5.9 appropriation under this section in fiscal year  
 5.10 2024 and thereafter is \$1,000,000.

5.11	<b>Subd. 3. Agricultural Marketing and</b>		<b>4,205,000</b>
5.12	<b>Development</b>	4,200,000	<u>5,855,000</u>

5.13 (a) \$186,000 the first year and \$186,000 the  
 5.14 second year are for transfer to the Minnesota  
 5.15 grown account and may be used as grants for  
 5.16 Minnesota grown promotion under Minnesota  
 5.17 Statutes, section 17.102. Grants may be made  
 5.18 for one year. Notwithstanding Minnesota  
 5.19 Statutes, section 16A.28, the appropriations  
 5.20 encumbered under contract on or before June  
 5.21 30, 2023, for Minnesota grown grants in this  
 5.22 paragraph are available until June 30, 2025.

5.23 (b) \$50,000 the first year is to expand  
 5.24 international marketing opportunities for  
 5.25 farmers and value-added processors, including  
 5.26 in-market representation in Taiwan. This is a  
 5.27 onetime appropriation and is available until  
 5.28 June 30, 2023.

5.29 (c) \$634,000 the first year and \$634,000 the  
 5.30 second year are for continuation of the dairy  
 5.31 development and profitability enhancement  
 5.32 programs including dairy profitability teams  
 5.33 and dairy business planning grants under  
 5.34 Minnesota Statutes, section 32D.30.

6.1 (d) \$50,000 the first year and \$50,000 the  
6.2 second year are for additional funding for  
6.3 mental health outreach and support to farmers  
6.4 and others in the agricultural community,  
6.5 including a 24-hour hotline, stigma reduction,  
6.6 and educational offerings. These are onetime  
6.7 appropriations.

6.8 (e) The commissioner may use funds  
6.9 appropriated in this subdivision for annual  
6.10 cost-share payments to resident farmers or  
6.11 entities that sell, process, or package  
6.12 agricultural products in this state for the costs  
6.13 of organic certification. The commissioner  
6.14 may allocate these funds for assistance to  
6.15 persons transitioning from conventional to  
6.16 organic agriculture.

6.17 (f) \$100,000 the first year and \$100,000 the  
6.18 second year are for the farm safety grant and  
6.19 outreach programs under Minnesota Statutes,  
6.20 section 17.1195. Notwithstanding Minnesota  
6.21 Statutes, section 16A.28, any unencumbered  
6.22 balance does not cancel at the end of the first  
6.23 year and is available in the second year. These  
6.24 are onetime appropriations.

6.25 (g) \$54,000 the first year and \$109,000 the  
6.26 second year are to maintain the current level  
6.27 of service delivery.

6.28 (h) \$1,500,000 the second year is available to  
6.29 create and implement a program to support  
6.30 farmers markets and direct marketing  
6.31 producers. Of this amount, \$1,000,000 is for  
6.32 a grant to the Minnesota Farmers' Market  
6.33 Association for awards to farmers' markets  
6.34 not exceeding \$5,000 per market location for  
6.35 equipment and infrastructure. The Minnesota

7.1 Farmers' Market Association may use up to  
 7.2 6.5 percent of the grant awarded under this  
 7.3 paragraph for administrative expenses. This  
 7.4 is a onetime appropriation and is available  
 7.5 until June 30, 2024.

7.6 (i) \$150,000 the second year is to create and  
 7.7 implement a program, including grants and  
 7.8 other forms of financial assistance for  
 7.9 specialty crop growers and value-added  
 7.10 businesses transitioning to sustainable  
 7.11 packaging solutions. The commissioner may  
 7.12 give preference to producers that must comply  
 7.13 with Food Safety Modernization Act  
 7.14 requirements. This is a onetime appropriation  
 7.15 and is available until June 30, 2024.

7.16	<b>Subd. 4. Agriculture, Bioenergy, and Bioproduct</b>		<u>25,357,000</u>
7.17	<b>Advancement</b>	25,343,000	<u>32,157,000</u>

7.18 (a) \$9,300,000 the first year and \$9,300,000  
 7.19 the second year are for transfer to the  
 7.20 agriculture research, education, extension, and  
 7.21 technology transfer account under Minnesota  
 7.22 Statutes, section 41A.14, subdivision 3. Of  
 7.23 these amounts: at least \$600,000 the first year  
 7.24 and \$600,000 the second year are for the  
 7.25 Minnesota Agricultural Experiment Station's  
 7.26 agriculture rapid response fund under  
 7.27 Minnesota Statutes, section 41A.14,  
 7.28 subdivision 1, clause (2); \$2,000,000 the first  
 7.29 year and \$2,000,000 the second year are for  
 7.30 grants to the Minnesota Agriculture Education  
 7.31 Leadership Council to enhance agricultural  
 7.32 education with priority given to Farm Business  
 7.33 Management challenge grants; \$350,000 the  
 7.34 first year and \$350,000 the second year are  
 7.35 for potato breeding; and \$450,000 the first

8.1 year and \$450,000 the second year are for the  
8.2 cultivated wild rice breeding project at the  
8.3 North Central Research and Outreach Center  
8.4 to include a tenure track/research associate  
8.5 plant breeder. The commissioner shall transfer  
8.6 the remaining funds in this appropriation each  
8.7 year to the Board of Regents of the University  
8.8 of Minnesota for purposes of Minnesota  
8.9 Statutes, section 41A.14. Of the amount  
8.10 transferred to the Board of Regents, up to  
8.11 \$1,000,000 each year is for research on avian  
8.12 influenza, salmonella, and other turkey-related  
8.13 diseases. By January 15, 2023, entities  
8.14 receiving grants for potato breeding and wild  
8.15 rice breeding are requested to report to the  
8.16 chairs and ranking minority members of the  
8.17 legislative committees with jurisdiction over  
8.18 agriculture and higher education regarding the  
8.19 use of the grant money and to provide an  
8.20 update on the status of research and related  
8.21 accomplishments.

8.22 To the extent practicable, money expended  
8.23 under Minnesota Statutes, section 41A.14,  
8.24 subdivision 1, clauses (1) and (2), must  
8.25 supplement and not supplant existing sources  
8.26 and levels of funding. The commissioner may  
8.27 use up to one percent of this appropriation for  
8.28 costs incurred to administer the program.

8.29 (b) ~~\$16,028,000~~ the first year and ~~\$16,028,000~~  
8.30 \$22,828,000 the second year are for the  
8.31 agricultural growth, research, and innovation  
8.32 program under Minnesota Statutes, section  
8.33 41A.12. Except as provided below, the  
8.34 commissioner may allocate the appropriation  
8.35 each year among the following areas:



9.1 facilitating the start-up, modernization,  
9.2 improvement, or expansion of livestock  
9.3 operations including beginning and  
9.4 transitioning livestock operations with  
9.5 preference given to robotic dairy-milking  
9.6 equipment; providing funding not to exceed  
9.7 \$800,000 each year to develop and enhance  
9.8 farm-to-school markets for Minnesota farmers  
9.9 by providing more fruits, vegetables, meat,  
9.10 grain, and dairy for Minnesota children in  
9.11 school and child care settings including, at the  
9.12 commissioner's discretion, reimbursing  
9.13 schools for purchases from local farmers;  
9.14 assisting value-added agricultural businesses  
9.15 to begin or expand, to access new markets, or  
9.16 to diversify, including aquaponics systems;  
9.17 providing funding not to exceed \$600,000  
9.18 each year for urban youth agricultural  
9.19 education or urban agriculture community  
9.20 development of which \$10,000 each year is  
9.21 for transfer to the emerging farmer account  
9.22 under Minnesota Statutes, section 17.055,  
9.23 subdivision 1a; providing funding not to  
9.24 exceed \$450,000 each year for the good food  
9.25 access program under Minnesota Statutes,  
9.26 section 17.1017; facilitating the start-up,  
9.27 modernization, or expansion of other  
9.28 beginning and transitioning farms including  
9.29 by providing loans under Minnesota Statutes,  
9.30 section 41B.056; sustainable agriculture  
9.31 on-farm research and demonstration;  
9.32 development or expansion of food hubs and  
9.33 other alternative community-based food  
9.34 distribution systems; enhancing renewable  
9.35 energy infrastructure and use; crop research;  
9.36 Farm Business Management tuition assistance;

10.1 and good agricultural practices and good  
10.2 handling practices certification assistance. The  
10.3 commissioner may use up to 6.5 percent of  
10.4 this appropriation for costs incurred to  
10.5 administer the program.

10.6 Of the amount appropriated for the agricultural  
10.7 growth, research, and innovation program  
10.8 under Minnesota Statutes, section 41A.12:

10.9 (1) \$1,000,000 the first year and \$1,000,000  
10.10 the second year are for distribution in equal  
10.11 amounts to each of the state's county fairs to  
10.12 preserve and promote Minnesota agriculture;

10.13 (2) \$4,500,000 the first year and \$4,500,000  
10.14 the second year are for incentive payments  
10.15 under Minnesota Statutes, sections 41A.16,  
10.16 41A.17, 41A.18, and 41A.20. Notwithstanding  
10.17 Minnesota Statutes, section 16A.28, the first  
10.18 year appropriation is available until June 30,  
10.19 2023, and the second year appropriation is  
10.20 available until June 30, 2024. If this  
10.21 appropriation exceeds the total amount for  
10.22 which all producers are eligible in a fiscal  
10.23 year, the balance of the appropriation is  
10.24 available for other purposes under this  
10.25 paragraph;

10.26 (3) \$3,000,000 the first year and \$3,000,000  
10.27 the second year are for grants that enable retail  
10.28 petroleum dispensers, fuel storage tanks, and  
10.29 other equipment to dispense biofuels to the  
10.30 public in accordance with the biofuel  
10.31 replacement goals established under  
10.32 Minnesota Statutes, section 239.7911. A retail  
10.33 petroleum dispenser selling petroleum for use  
10.34 in spark ignition engines for vehicle model  
10.35 years after 2000 is eligible for grant money

11.1 under this clause if the retail petroleum  
11.2 dispenser has no more than 10 retail petroleum  
11.3 dispensing sites and each site is located in  
11.4 Minnesota. The grant money must be used to  
11.5 replace or upgrade equipment that does not  
11.6 have the ability to be certified for E25. A grant  
11.7 award must not exceed 65 percent of the cost  
11.8 of the appropriate technology. A grant award  
11.9 must not exceed \$200,000 per station. The  
11.10 commissioner must cooperate with biofuel  
11.11 stakeholders in the implementation of the grant  
11.12 program. The commissioner, in cooperation  
11.13 with any economic or community development  
11.14 financial institution and any other entity with  
11.15 which it contracts, must submit a report on the  
11.16 biofuels infrastructure financial assistance  
11.17 program by January 15 of each year to the  
11.18 chairs and ranking minority members of the  
11.19 legislative committees and divisions with  
11.20 jurisdiction over agriculture policy and  
11.21 finance. The annual report must include but  
11.22 not be limited to a summary of the following  
11.23 metrics: (i) the number and types of projects  
11.24 financed; (ii) the amount of dollars leveraged  
11.25 or matched per project; (iii) the geographic  
11.26 distribution of financed projects; (iv) any  
11.27 market expansion associated with upgraded  
11.28 infrastructure; (v) the demographics of the  
11.29 areas served; (vi) the costs of the program;  
11.30 and (vii) the number of grants to  
11.31 minority-owned or female-owned businesses;  
11.32 (4) \$750,000 the first year and ~~\$750,000~~  
11.33 \$3,750,000 the second year are for grants to  
11.34 facilitate the start-up, modernization, or  
11.35 expansion of meat, poultry, egg, and milk  
11.36 processing facilities. A grant award under this

12.1 clause must not exceed \$200,000. Any  
12.2 unencumbered balance at the end of the second  
12.3 year does not cancel until June 30, 2024, and  
12.4 may be used for other purposes under this  
12.5 paragraph. The appropriations under this  
12.6 clause are onetime; ~~and~~

12.7 (5) \$1,400,000 the first year and \$1,400,000  
12.8 the second year are for livestock investment  
12.9 grants under Minnesota Statutes, section  
12.10 17.118. Any unencumbered balance at the end  
12.11 of the second year does not cancel until June  
12.12 30, 2024, and may be used for other purposes  
12.13 under this paragraph. The appropriations under  
12.14 this clause are onetime;

12.15 (6) \$250,000 the second year is to expand the  
12.16 new markets cost-share program, including  
12.17 developing food safety plans, such as HACCP,  
12.18 and assisting with businesses moving from  
12.19 cottage food exemptions to food handling  
12.20 licenses. Any unencumbered balance at the  
12.21 end of the second year does not cancel and is  
12.22 available until June 30, 2024. The base  
12.23 appropriation under this paragraph in fiscal  
12.24 year 2024 and thereafter is \$125,000;

12.25 (7) \$1,500,000 the second year is for grants  
12.26 to federally recognized economic development  
12.27 districts to assist small- to medium-sized meat  
12.28 and poultry processors hiring new employees.  
12.29 New employees at eligible meat and poultry  
12.30 processing plants may receive up to \$10,000  
12.31 in the form of sign-on bonuses, relocation  
12.32 assistance, retention incentives, child care  
12.33 stipends, training reimbursement, and other  
12.34 related expenses. To be eligible, meat and  
12.35 poultry processors must be licensed by the

13.1 state of Minnesota and have fewer than 150  
13.2 employees. No individual processor may  
13.3 receive more than \$50,000 under this  
13.4 paragraph. The base appropriation under this  
13.5 paragraph in fiscal year 2024 and thereafter  
13.6 is \$750,000;

13.7 (8) \$1,000,000 the second year is for grants  
13.8 that facilitate the start-up, modernization, or  
13.9 expansion of grocery stores, corner stores,  
13.10 farmers' markets, and related food retailers.  
13.11 Eligible activities include purchasing  
13.12 equipment or upgrading infrastructure to  
13.13 respond to community needs, maintain or  
13.14 create service in a community, or improve  
13.15 energy efficiency. Any unencumbered balance  
13.16 at the end of the second year does not cancel  
13.17 until June 30, 2024, and may be used for other  
13.18 purposes under this paragraph. The base  
13.19 appropriation under this paragraph in fiscal  
13.20 year 2024 and thereafter is \$250,000;

13.21 (9) \$250,000 the second year is to expand  
13.22 co-packing and shared cold storage capacity  
13.23 through grants to co-packers, commercial  
13.24 kitchens, restaurants, community entities with  
13.25 the capacity to provide commercial production  
13.26 space, and cold storage facilities. The base  
13.27 appropriation under this paragraph in fiscal  
13.28 year 2024 and thereafter is \$125,000;

13.29 (10) \$300,000 the second year is for farm  
13.30 business management tuition assistance with  
13.31 priority to specialty crop farmers, urban  
13.32 farmers, and farmers facing mediation, and  
13.33 support for new urban and specialty crop  
13.34 instructor positions, including translation and  
13.35 outreach. Any unencumbered balance at the

14.1 end of the second year does not cancel and is  
14.2 available until June 30, 2024. The base  
14.3 appropriation under this paragraph in fiscal  
14.4 year 2024 and thereafter is \$100,000; and  
14.5 (11) \$500,000 the second year is for grants to  
14.6 local governments, regional planning and  
14.7 economic development organizations, and  
14.8 Tribal governments for planning and plan  
14.9 implementation activities for value-added food  
14.10 and agricultural economic development.  
14.11 Eligible activities include economic  
14.12 development planning, reviewing and  
14.13 modifying zoning ordinances, assessing and  
14.14 addressing infrastructure and capital  
14.15 improvement needs such as co-packing and  
14.16 community kitchens, increasing access for  
14.17 emerging farmers, and similar efforts focused  
14.18 on helping communities take advantage of  
14.19 local and regional food and agricultural  
14.20 resources to revitalize their economies. Any  
14.21 unencumbered balance at the end of the second  
14.22 year does not cancel and is available until June  
14.23 30, 2024. The base appropriation under this  
14.24 paragraph in fiscal year 2024 and thereafter  
14.25 is \$250,000.

14.26 Notwithstanding Minnesota Statutes, section  
14.27 16A.28, any unencumbered balance does not  
14.28 cancel at the end of the first year and is  
14.29 available for the second year, and  
14.30 appropriations encumbered under contract on  
14.31 or before June 30, 2023, for agricultural  
14.32 growth, research, and innovation grants are  
14.33 available until June 30, 2026.

14.34 The base amount for the agricultural growth,  
14.35 research, and innovation program is

15.1 ~~\$16,053,000~~ \$17,653,000 in fiscal year 2024  
 15.2 and ~~\$16,053,000~~ \$17,653,000 in fiscal year  
 15.3 2025, and includes funding for incentive  
 15.4 payments under Minnesota Statutes, sections  
 15.5 41A.16, 41A.17, 41A.18, and 41A.20.

15.6 (c) \$15,000 the first year and \$29,000 the  
 15.7 second year are to maintain the current level  
 15.8 of service delivery.

15.9	<b>Subd. 5. Administration and Financial</b>		<del>9,839,000</del>
15.10	<b>Assistance</b>	9,977,000	<u>21,339,000</u>

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

15.21 (b) \$387,000 the first year and \$337,000 the  
 15.22 second year are for farm advocate services.  
 15.23 Of these amounts, \$100,000 the first year and  
 15.24 \$50,000 the second year are for a pilot  
 15.25 program creating farmland access teams to  
 15.26 provide technical assistance to potential  
 15.27 beginning farmers. The farmland access teams  
 15.28 must assist existing farmers and beginning  
 15.29 farmers on transitioning farm ownership and  
 15.30 operation. Services provided by teams may  
 15.31 include but are not limited to providing  
 15.32 mediation assistance, designing contracts,  
 15.33 financial planning, tax preparation, estate  
 15.34 planning, and housing assistance. Of this  
 15.35 amount for farm transitions, up to \$50,000 the

16.1 first year may be used to upgrade the  
16.2 Minnesota FarmLink web application that  
16.3 connects farmers looking for land with farmers  
16.4 looking to transition their land.

16.5 (c) \$47,000 the first year and \$47,000 the  
16.6 second year are for grants to the Northern  
16.7 Crops Institute that may be used to purchase  
16.8 equipment. These are onetime appropriations.

16.9 (d) \$238,000 the first year and \$238,000 the  
16.10 second year are for transfer to the Board of  
16.11 Trustees of the Minnesota State Colleges and  
16.12 Universities for statewide mental health  
16.13 counseling support to farm families and  
16.14 business operators through the Minnesota State  
16.15 Agricultural Centers of Excellence. South  
16.16 Central College and Central Lakes College  
16.17 shall serve as the fiscal agents.

16.18 (e) \$1,700,000 the first year and \$1,700,000  
16.19 the second year are for grants to Second  
16.20 Harvest Heartland on behalf of Minnesota's  
16.21 six Feeding America food banks for the  
16.22 following:

16.23 (1) to purchase milk for distribution to  
16.24 Minnesota's food shelves and other charitable  
16.25 organizations that are eligible to receive food  
16.26 from the food banks. Milk purchased under  
16.27 the grants must be acquired from Minnesota  
16.28 milk processors and based on low-cost bids.  
16.29 The milk must be allocated to each Feeding  
16.30 America food bank serving Minnesota  
16.31 according to the formula used in the  
16.32 distribution of United States Department of  
16.33 Agriculture commodities under The  
16.34 Emergency Food Assistance Program. Second  
16.35 Harvest Heartland may enter into contracts or



17.1 agreements with food banks for shared funding  
17.2 or reimbursement of the direct purchase of  
17.3 milk. Each food bank that receives funding  
17.4 under this clause may use up to two percent  
17.5 for administrative expenses;

17.6 (2) to compensate agricultural producers and  
17.7 processors for costs incurred to harvest and  
17.8 package for transfer surplus fruits, vegetables,  
17.9 and other agricultural commodities that would  
17.10 otherwise go unharvested, be discarded, or  
17.11 sold in a secondary market. Surplus  
17.12 commodities must be distributed statewide to  
17.13 food shelves and other charitable organizations  
17.14 that are eligible to receive food from the food  
17.15 banks. Surplus food acquired under this clause  
17.16 must be from Minnesota producers and  
17.17 processors. Second Harvest Heartland may  
17.18 use up to 15 percent of each grant awarded  
17.19 under this clause for administrative and  
17.20 transportation expenses; and

17.21 (3) to purchase and distribute protein products,  
17.22 including but not limited to pork, poultry, beef,  
17.23 dry legumes, cheese, and eggs to Minnesota's  
17.24 food shelves and other charitable organizations  
17.25 that are eligible to receive food from the food  
17.26 banks. Second Harvest Heartland may use up  
17.27 to two percent of each grant awarded under  
17.28 this clause for administrative expenses. Protein  
17.29 products purchased under the grants must be  
17.30 acquired from Minnesota processors and  
17.31 producers.

17.32 Of the amount appropriated under this  
17.33 paragraph, at least \$600,000 each year must  
17.34 be allocated under clause (1). Notwithstanding  
17.35 Minnesota Statutes, section 16A.28, any

18.1 unencumbered balance the first year does not  
18.2 cancel and is available in the second year.

18.3 Second Harvest Heartland must submit  
18.4 quarterly reports to the commissioner and the  
18.5 chairs and ranking minority members of the  
18.6 legislative committees with jurisdiction over  
18.7 agriculture finance in the form prescribed by  
18.8 the commissioner. The reports must include  
18.9 but are not limited to information on the  
18.10 expenditure of funds, the amount of milk or  
18.11 other commodities purchased, and the  
18.12 organizations to which this food was  
18.13 distributed.

18.14 (f) \$250,000 the first year and \$250,000 the  
18.15 second year are for grants to the Minnesota  
18.16 Agricultural Education and Leadership  
18.17 Council for programs of the council under  
18.18 Minnesota Statutes, chapter 41D.

18.19 (g) \$1,437,000 the first year and \$1,437,000  
18.20 the second year are for transfer to the  
18.21 agricultural and environmental revolving loan  
18.22 account established under Minnesota Statutes,  
18.23 section 17.117, subdivision 5a, for low-interest  
18.24 loans under Minnesota Statutes, section  
18.25 17.117. The base for appropriations under this  
18.26 paragraph in fiscal year 2024 and thereafter  
18.27 is \$1,425,000. The commissioner must  
18.28 examine how the department could use up to  
18.29 one-third of the amount transferred to the  
18.30 agricultural and environmental revolving loan  
18.31 account under this paragraph to award grants  
18.32 to rural landowners to replace septic systems  
18.33 that inadequately protect groundwater. No  
18.34 later than February 1, 2022, the commissioner  
18.35 must report to the legislative committees with

19.1 jurisdiction over agriculture finance and  
19.2 environment finance on the results of the  
19.3 examination required under this paragraph.  
19.4 The commissioner's report may include other  
19.5 funding sources for septic system replacement  
19.6 that are available to rural landowners.

19.7 (h) \$150,000 the first year and \$150,000 the  
19.8 second year are for grants to the Center for  
19.9 Rural Policy and Development. These are  
19.10 onetime appropriations.

19.11 (i) \$150,000 the first year is to provide grants  
19.12 to Central Lakes College for the purposes of  
19.13 designing, building, and offering credentials  
19.14 in the area of meat cutting and butchery that  
19.15 align with industry needs as advised by local  
19.16 industry advisory councils. Notwithstanding  
19.17 Minnesota Statutes, section 16A.28, any  
19.18 unencumbered balance does not cancel at the  
19.19 end of the first year and is available for the  
19.20 second year. The commissioner may only  
19.21 award a grant under this paragraph if the grant  
19.22 is matched by a like amount from another  
19.23 funding source. The commissioner must seek  
19.24 matching dollars from Minnesota State  
19.25 Colleges and Universities or other entities.  
19.26 The appropriation is onetime and is available  
19.27 until June 30, 2024. Any money remaining on  
19.28 June 30, 2024, must be transferred to the  
19.29 agricultural growth, research, and innovation  
19.30 program under Minnesota Statutes, section  
19.31 41A.12, and is available until June 30, 2025.  
19.32 Grants may be used for costs including but  
19.33 not limited to:

19.34 (1) facility renovation to accommodate meat  
19.35 cutting;

- 20.1 (2) curriculum design and approval from the  
20.2 Higher Learning Commission;
- 20.3 (3) program operational start-up costs;
- 20.4 (4) equipment required for a meat cutting  
20.5 program; and
- 20.6 (5) meat handling start-up costs in regard to  
20.7 meat access and market channel building.
- 20.8 No later than January 15, 2023, Central Lakes  
20.9 College must submit a report outlining the use  
20.10 of grant money to the chairs and ranking  
20.11 minority members of the legislative  
20.12 committees and divisions with jurisdiction  
20.13 over agriculture and higher education.
- 20.14 (j) \$2,000 the first year is for grants to the  
20.15 Minnesota State Poultry Association. This is  
20.16 a onetime appropriation. Notwithstanding  
20.17 Minnesota Statutes, section 16A.28, any  
20.18 unencumbered balance does not cancel at the  
20.19 end of the first year and is available for the  
20.20 second year.
- 20.21 (k) \$17,000 the first year and \$17,000 the  
20.22 second year are for grants to the Minnesota  
20.23 State Horticultural Society. These are onetime  
20.24 appropriations.
- 20.25 (l) \$18,000 the first year and \$18,000 the  
20.26 second year are for grants to the Minnesota  
20.27 Livestock Breeders Association. These are  
20.28 onetime appropriations.
- 20.29 (m) The commissioner shall continue to  
20.30 increase connections with ethnic minority and  
20.31 immigrant farmers to farming opportunities  
20.32 and farming programs throughout the state.

21.1 (n) \$25,000 the first year and \$25,000 the  
21.2 second year are for grants to the Southern  
21.3 Minnesota Initiative Foundation to promote  
21.4 local foods through an annual event that raises  
21.5 public awareness of local foods and connects  
21.6 local food producers and processors with  
21.7 potential buyers.

21.8 (o) \$75,000 the first year and \$75,000 the  
21.9 second year are for grants to Greater Mankato  
21.10 Growth, Inc., for assistance to  
21.11 agriculture-related businesses to promote jobs,  
21.12 innovation, and synergy development. These  
21.13 are onetime appropriations.

21.14 (p) \$75,000 the first year and \$75,000 the  
21.15 second year are for grants to the Minnesota  
21.16 Turf Seed Council for basic and applied  
21.17 research. The Minnesota Turf Seed Council  
21.18 may subcontract with a qualified third party  
21.19 for some or all of the basic or applied research.  
21.20 No later than January 15, 2023, the Minnesota  
21.21 Turf Seed Council must submit a report  
21.22 outlining the use of the grant money and  
21.23 related accomplishments to the chairs and  
21.24 ranking minority members of the legislative  
21.25 committees with jurisdiction over agriculture.  
21.26 These are onetime appropriations. Any  
21.27 unencumbered balance does not cancel at the  
21.28 end of the first year and is available for the  
21.29 second year.

21.30 (q) \$150,000 the first year and \$150,000 the  
21.31 second year are to establish an emerging  
21.32 farmer office and hire a full-time emerging  
21.33 farmer outreach coordinator. The emerging  
21.34 farmer outreach coordinator must engage and  
21.35 support emerging farmers regarding resources

22.1 and opportunities available throughout the  
22.2 Department of Agriculture and the state. For  
22.3 purposes of this paragraph, "emerging farmer"  
22.4 has the meaning provided in Minnesota  
22.5 Statutes, section 17.055, subdivision 1. Of the  
22.6 amount appropriated each year, \$25,000 is for  
22.7 translation services for farmers and cottage  
22.8 food producers.

22.9 (r) \$222,000 the first year and \$286,000 the  
22.10 second year are to maintain the current level  
22.11 of service delivery.

22.12 (s) \$2,000,000 the second year is to provide  
22.13 culturally appropriate services to emerging  
22.14 farmers and food-system-related businesses.  
22.15 This is a onetime appropriation and is  
22.16 available through June 30, 2024.

22.17 (t) \$2,000,000 the second year is to support  
22.18 the IT modernization efforts, including laying  
22.19 the technology foundations needed for  
22.20 improving customer interactions with the  
22.21 department for licensing and payments. This  
22.22 is a onetime appropriation and is available  
22.23 through June 30, 2025.

22.24 (u) \$1,500,000 the second year is for transfer  
22.25 to the agricultural emergency account  
22.26 established under Minnesota Statutes, section  
22.27 17.041, for emergency preparedness and  
22.28 response activities, including for the  
22.29 University of Minnesota Veterinary Diagnostic  
22.30 Laboratory. This is a onetime appropriation.

22.31 (v) \$3,000,000 the second year is available to  
22.32 create and implement a hunger relief program  
22.33 with grants to Second Harvest Heartland, on  
22.34 behalf of the Feeding America food banks that

23.1 serve Minnesota, and to The Food Group.  
23.2 Grants must be allocated using the same  
23.3 formula that is used in the distribution of  
23.4 United States Department of Agriculture  
23.5 commodities under the Emergency Food  
23.6 Assistance Program. At least 50 percent of the  
23.7 money must be used to purchase food from  
23.8 Minnesota producers and processors and  
23.9 priority must be given to purchases from  
23.10 emerging farmers. Each food bank receiving  
23.11 funding under this paragraph may use up to  
23.12 ten percent for administrative expenses. The  
23.13 base appropriation under this paragraph in  
23.14 fiscal year 2024 and thereafter is \$1,000,000.  
23.15 (w) \$2,000,000 the second year is for transfer  
23.16 to the Board of Trustees of the Minnesota  
23.17 State Colleges and Universities to support  
23.18 livestock processing technical education at  
23.19 Central Lakes College and Ridgewater  
23.20 College. Money may be used for the purposes  
23.21 included in paragraph (i) and for student  
23.22 financial assistance and outreach to  
23.23 prospective students and employers. This  
23.24 appropriation is available until June 30, 2024.  
23.25 The base appropriation under this paragraph  
23.26 in fiscal year 2024 and thereafter is \$250,000.  
23.27 (x) \$1,000,000 the second year is for a grant  
23.28 to The Good Acre for the Local Emergency  
23.29 Assistance Farmer Fund (LEAFF) program to  
23.30 compensate emerging farmers for crops  
23.31 donated to hunger relief organizations in  
23.32 Minnesota. The base appropriation under this  
23.33 paragraph in fiscal year 2024 and thereafter  
23.34 is \$250,000.

24.1 **ARTICLE 2**24.2 **BROADBAND APPROPRIATIONS**24.3 Section 1. **BROADBAND; APPROPRIATION.**

24.4 \$170,000,000 in fiscal year 2023 is appropriated from the general fund to the  
24.5 commissioner of employment and economic development for deposit in the border-to-border  
24.6 broadband fund account under Minnesota Statutes, section 116J.396. The appropriation is  
24.7 onetime and must be used for grants and the purposes specified under Minnesota Statutes,  
24.8 section 116J.395. Up to three percent of this appropriation may be used for administrative  
24.9 costs.

24.10 **ARTICLE 3**24.11 **BOARD OF WATER AND SOIL RESOURCES APPROPRIATION**24.12 Section 1. **[103F.49] SOIL HEALTH COST-SHARE PROGRAM.**

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

24.15 (b) "Board" means the Board of Water and Soil Resources.

24.16 (c) "Local units of government" has the meaning given under section 103B.305,  
24.17 subdivision 5.

24.18 (d) "Soil health" has the meaning given under section 103C.101, subdivision 10a.

24.19 Subd. 2. **Establishment.** The board must administer a cost-share program consistent  
24.20 with section 103C.501 to establish soil health practices that mitigate climate change impacts,  
24.21 improve water quality, and provide related public benefits.

24.22 Subd. 3. **Financial assistance.** (a) The board may provide financial assistance to local  
24.23 units of government, private sector providers, and farmers for the costs of soil health and  
24.24 related water-quality practices consistent with a plan approved according to chapter 103B,  
24.25 103C, or 103D. The board must establish costs eligible for financial and technical assistance  
24.26 under this section.

24.27 (b) The board may enter into agreements with local units of government receiving  
24.28 financial assistance under this subdivision.

24.29 (c) Financial assistance under this subdivision must give priority to multiyear contracts  
24.30 and to leveraging contributions from nonstate sources.



25.1 Subd. 4. **Technical assistance; review.** (a) The board may employ or contract with  
 25.2 experts to implement the soil health program under this section.

25.3 (b) When implementing the soil health program, the board must:

25.4 (1) assist local units of government in achieving the objectives of the program;

25.5 (2) review and assess practice standards; and

25.6 (3) evaluate the effectiveness of completed practices.

25.7 Subd. 5. **Federal aid availability.** The board must regularly complete an analysis of the  
 25.8 availability of federal funds and programs to supplement or complement state and local  
 25.9 efforts consistent with the purposes of this section.

25.10 Subd. 6. **Soil health practices.** The board must work with the University of Minnesota's  
 25.11 Office for Soil Health, the United States Department of Agriculture's Natural Resources  
 25.12 Conservation Service, and other state and federal agencies, academic institutions, local  
 25.13 governments, and practitioners to foster mutual understanding and provide recommendations  
 25.14 for standardized specifications for soil health and related conservation and climate protection  
 25.15 practices, projects, and goals. The board may convene working groups to develop  
 25.16 information, education, and recommendations.

25.17 Subd. 7. **Carbon market applicability.** The board and the commissioner of agriculture  
 25.18 may cooperate with the United States Department of Agriculture, other federal and state  
 25.19 agencies, and private sector organizations to align or incorporate soil health practices with  
 25.20 carbon trading, mitigation, or offset markets and related tracking or recognition efforts.

25.21 Sec. 2. **BOARD OF WATER AND SOIL RESOURCES; APPROPRIATION.**

25.22 \$17,000,000 in fiscal year 2023 is appropriated from the general fund to the Board of  
 25.23 Water and Soil Resources to accelerate the adoption of soil health practices consistent with  
 25.24 Minnesota Statutes, sections 103C.101, subdivision 10a, and 103F.49. This appropriation  
 25.25 is available until expended. The base appropriation under this section in fiscal year 2024  
 25.26 and thereafter is \$4,500,000.

## 25.27 **ARTICLE 4**

### 25.28 **AGRICULTURE STATUTORY CHANGES**

25.29 Section 1. Minnesota Statutes 2020, section 17.041, subdivision 1, is amended to read:

25.30 Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is  
 25.31 established in the agricultural fund. Money in the account, including interest, is appropriated

26.1 to the commissioner for emergency preparedness and response activities for agricultural  
26.2 emergencies affecting producers of livestock, poultry, crops, or other agricultural products.  
26.3 Eligible uses include agency costs directly attributed to preparing for and responding to  
26.4 agricultural emergencies and purchasing necessary equipment and reimbursing costs incurred  
26.5 by local units of government that are not eligible for reimbursement from other sources.

26.6 Sec. 2. [17.1016] COOPERATIVE GRANTS.

26.7 Subdivision 1. Definitions. For purposes of this section:

26.8 (1) "agricultural commodity" and "agricultural product processing facility" have the  
26.9 meanings given in section 17.101, subdivision 5; and

26.10 (2) "agricultural service" means an action made under the direction of a farmer that  
26.11 provides value to another entity. Agricultural service includes grazing to manage vegetation.

26.12 Subd. 2. Grant program. (a) The commissioner may establish and implement a grant  
26.13 program to help farmers finance new cooperatives that organize for purposes of operating  
26.14 an agricultural product processing facility or marketing an agricultural product or agricultural  
26.15 service.

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

26.17 (1) be a cooperative organized under chapter 308A;

26.18 (2) certify that all control and equity in the cooperative is from farmers, family farm  
26.19 partnerships, family farm limited liability companies, or family farm corporations as defined  
26.20 in section 500.24, subdivision 2, who are actively engaged in agricultural commodity  
26.21 production;

26.22 (3) be operated primarily to process agricultural commodities or market agricultural  
26.23 products or services produced in Minnesota; and

26.24 (4) receive agricultural commodities produced primarily by shareholders or members  
26.25 of the cooperative.

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

27.1 Sec. 3. Minnesota Statutes 2020, section 17.117, subdivision 9, is amended to read:

27.2 Subd. 9. **Allocation rescission.** (a) Continued availability of allocations granted to a  
27.3 local government unit is contingent upon the commissioner's approval of the local  
27.4 government unit's annual report. The commissioner shall review this annual report to ensure  
27.5 that the past and future uses of the funds are consistent with the comprehensive water  
27.6 management plan, other local planning documents, the requirements of the funding source,  
27.7 and compliance to program requirements. If the commissioner concludes the past or intended  
27.8 uses of the money are not consistent with these requirements, the commissioner shall rescind  
27.9 all or part of the allocation awarded to a local government unit.

27.10 (b) The commissioner may rescind funds allocated to the local government unit that are  
27.11 not designated to committed projects or disbursed within one year from the date of the  
27.12 allocation agreement.

27.13 (c) ~~An additional year to use the undisbursed portion of an allocation may be granted~~  
27.14 ~~by the commissioner under extenuating circumstances~~ The commissioner may rescind  
27.15 uncommitted allocations.

27.16 Sec. 4. Minnesota Statutes 2020, section 17.117, subdivision 9a, is amended to read:

27.17 Subd. 9a. **Authority and responsibilities of local government units.** (a) A local  
27.18 government unit that enters into an allocation agreement with the commissioner:

27.19 (1) is responsible for the local administration and implementation of the program in  
27.20 accordance with this section;

27.21 (2) may submit applications for allocations to the commissioner;

27.22 (3) shall identify, develop, determine eligibility, define and approve projects, designate  
27.23 maximum loan amounts for projects, and certify completion of projects implemented under  
27.24 this program. In areas where no local government unit has applied for funds under this  
27.25 program, the commissioner may appoint a local government unit to review and certify  
27.26 projects or the commissioner may assume the authority and responsibility of the local  
27.27 government unit;

27.28 (4) shall certify as eligible only projects that are within its geographic jurisdiction or  
27.29 within the geographic area identified in its local comprehensive water management plans  
27.30 or other local planning documents;

27.31 (5) may require withholding by the local lender of all or a portion of the loan to the  
27.32 borrower until satisfactory completion of all required components of a certified project;

28.1 ~~(6) must identify which account is used to finance an approved project if the local~~  
 28.2 ~~government unit has allocations from multiple accounts in the agricultural and environmental~~  
 28.3 ~~revolving accounts;~~

28.4 ~~(7)~~ (6) shall report to the commissioner annually the past and intended uses of allocations  
 28.5 awarded; and

28.6 ~~(8)~~ (7) may request additional funds in excess of their allocation when funds are available  
 28.7 in the agricultural and environmental revolving accounts, as long as all other allocation  
 28.8 awards to the local government unit have been used or committed.

28.9 (b) If a local government unit withdraws from participation in this program, the local  
 28.10 government unit, or the commissioner in accordance with the priorities established under  
 28.11 subdivision 6a, may designate another local government unit that is eligible under subdivision  
 28.12 6 as the new local government unit responsible for local administration of this program.  
 28.13 This designated local government unit may accept responsibility and administration of  
 28.14 allocations awarded to the former responsible local government unit.

28.15 Sec. 5. Minnesota Statutes 2020, section 17.117, subdivision 10, is amended to read:

28.16 Subd. 10. **Authority and responsibilities of local lenders.** (a) Local lenders may enter  
 28.17 into lender agreements with the commissioner.

28.18 (b) Local lenders may enter into loan agreements with borrowers to finance eligible  
 28.19 projects under this section.

28.20 ~~(e) The local lender shall notify the local government unit of the loan amount issued to~~  
 28.21 ~~the borrower after the closing of each loan.~~

28.22 ~~(d)~~ (c) Local lenders with local revolving loan accounts created before July 1, 2001,  
 28.23 may continue to retain and use those accounts in accordance with their lending agreements  
 28.24 for the full term of those agreements.

28.25 ~~(e)~~ (d) Local lenders, including local government units designating themselves as the  
 28.26 local lender, may enter into participation agreements with other lenders.

28.27 ~~(f)~~ (e) Local lenders may enter into contracts with other lenders for the limited purposes  
 28.28 of loan review, processing and servicing, or to enter into loan agreements with borrowers  
 28.29 to finance projects under this section. Other lenders entering into contracts with local lenders  
 28.30 under this section must meet the definition of local lender in subdivision 4, must comply  
 28.31 with all provisions of the lender agreement and this section, and must guarantee repayment  
 28.32 of the loan funds to the local lender.

29.1 ~~(g)~~ (f) When required by the local government unit, a local lender must withhold all or  
 29.2 a portion of the loan disbursement for a project until notified by the local government unit  
 29.3 that the project has been satisfactorily completed.

29.4 ~~(h)~~ (g) The local lender is responsible for repaying all funds provided by the commissioner  
 29.5 to the local lender.

29.6 ~~(i)~~ (h) The local lender is responsible for collecting repayments from borrowers. If a  
 29.7 borrower defaults on a loan issued by the local lender, it is the responsibility of the local  
 29.8 lender to obtain repayment from the borrower. Default on the part of borrowers shall have  
 29.9 no effect on the local lender's responsibility to repay its obligations to the commissioner  
 29.10 whether or not the local lender fully recovers defaulted amounts from borrowers.

29.11 ~~(j)~~ (i) The local lender shall provide sufficient collateral or protection to the commissioner  
 29.12 for the funds provided to the local lender. The commissioner must approve the collateral  
 29.13 or protection provided.

29.14 Sec. 6. Minnesota Statutes 2020, section 17.117, subdivision 11, is amended to read:

29.15 Subd. 11. **Loans issued to borrower.** (a) Local lenders may issue loans only for projects  
 29.16 that are approved and certified by the local government unit as meeting priority needs  
 29.17 identified in a comprehensive water management plan or other local planning documents,  
 29.18 are in compliance with accepted practices, standards, specifications, or criteria, and are  
 29.19 eligible for financing under Environmental Protection Agency or other applicable guidelines.

29.20 (b) The local lender may use any additional criteria considered necessary to determine  
 29.21 the eligibility of borrowers for loans.

29.22 (c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

29.23 ~~(1) no loan to a borrower may exceed \$200,000; and~~

29.24 ~~(2) no borrower shall, at any time, have multiple loans from this program with a total~~  
 29.25 ~~outstanding loan balance of more than \$200,000.~~

29.26 (d) The maximum term length for projects in this paragraph is ten years.

29.27 (e) Fees charged at the time of closing must:

29.28 (1) be in compliance with normal and customary practices of the local lender;

29.29 (2) be in accordance with published fee schedules issued by the local lender;

29.30 (3) not be based on participation program; and

30.1 (4) be consistent with fees charged other similar types of loans offered by the local  
30.2 lender.

30.3 (f) The interest rate assessed to an outstanding loan balance by the local lender must not  
30.4 exceed three percent per year.

30.5 Sec. 7. Minnesota Statutes 2020, section 17.117, subdivision 11a, is amended to read:

30.6 Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse  
30.7 environmental impacts are eligible if the project is eligible under an allocation agreement.

30.8 (b) A manure management project is eligible if the project remediates or mitigates  
30.9 impacts from facilities with less than 1,000 animal units as defined in Minnesota Rules,  
30.10 chapter 7020, and otherwise meets the requirements of this section.

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

30.12 (1) remediates ~~the~~ or mitigates the inadequate flow, adverse environmental impacts or  
30.13 presence of contaminants in ~~private well~~ privately owned water supplies that are used for  
30.14 drinking water by people or livestock, privately owned water service lines, or privately  
30.15 owned plumbing and fixtures;

30.16 (2) implements best management practices that are intended to achieve drinking water  
30.17 standards or adequate flow; and

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

30.19 Sec. 8. Minnesota Statutes 2020, section 17.118, subdivision 1, is amended to read:

30.20 Subdivision 1. **Establishment.** The commissioner may award a livestock investment  
30.21 grant to a person who raises livestock in this state equal to ten percent of the first ~~\$500,000~~  
30.22 \$250,000 of qualifying expenditures, provided the person makes qualifying expenditures  
30.23 of at least \$4,000. The commissioner may award multiple livestock investment grants to a  
30.24 person over the life of the program ~~as long as the cumulative amount does not exceed~~  
30.25 \$50,000.

30.26 Sec. 9. Minnesota Statutes 2020, section 17.118, subdivision 3, is amended to read:

30.27 Subd. 3. **Eligibility.** ~~(a)~~ To be eligible for a livestock investment grant, a person must:

30.28 (1) be a resident of Minnesota or an entity specifically defined in section 500.24,  
30.29 subdivision 2, that is eligible to own farmland and operate a farm in this state under section  
30.30 500.24;

31.1 (2) be the principal operator of the farm;

31.2 (3) hold a feedlot registration, if required; and

31.3 (4) apply to the commissioner on forms prescribed by the commissioner including a  
31.4 statement of the qualifying expenditures made during the qualifying period along with any  
31.5 proof or other documentation the commissioner may require.

31.6 ~~(b) The \$50,000 maximum grant applies at the entity level for partnerships, S~~  
31.7 ~~corporations, C corporations, trusts, and estates as well as at the individual level. In the case~~  
31.8 ~~of married individuals, the grant is limited to \$50,000 for a married couple.~~

31.9 Sec. 10. Minnesota Statutes 2020, section 17.118, subdivision 4, is amended to read:

31.10 Subd. 4. **Process.** The commissioner, in consultation with the chairs and ranking minority  
31.11 members of the house of representatives and senate committees with jurisdiction over  
31.12 agriculture finance, shall develop competitive eligibility criteria and may allocate grants on  
31.13 a needs basis. ~~The commissioner shall place any eligible unfunded applications on a waiting~~  
31.14 ~~list and, notwithstanding subdivision 2, paragraph (d), give them consideration during the~~  
31.15 ~~next fiscal year in which program funding is available.~~ The commissioner shall notify in  
31.16 writing any applicant who applies for a grant and is ineligible under the provisions of this  
31.17 section as well as any applicant whose application is received or reviewed after the fiscal  
31.18 year funding limit has been reached.

31.19 Sec. 11. **[17.994] SOIL HEALTH FINANCIAL ASSISTANCE PROGRAM.**

31.20 Subdivision 1. **Establishment.** The soil health financial assistance program is established  
31.21 to promote soil health practices that mitigate climate change impacts, improve water quality,  
31.22 and provide related public benefits.

31.23 Subd. 2. **Financial assistance.** (a) The commissioner may provide financial assistance  
31.24 to local governments, private sector providers, or farmers to cover the costs of specialized  
31.25 equipment and technology necessary to implement and sustain soil health practices, including  
31.26 conservation tillage and seeding equipment, purchases or subscriptions of equipment  
31.27 technology, services to landowners, and other equipment purchases or financial assistance  
31.28 that the commissioner considers appropriate to promote healthy soil.

31.29 (b) The commissioner must establish costs eligible for financial assistance under this  
31.30 section.

31.31 (c) The commissioner must prioritize or weigh program implementation elements based  
31.32 on considerations including:

- 32.1 (1) support for soil health principles;
- 32.2 (2) supporting participants or participation in the Minnesota agricultural water quality
- 32.3 certification program established under Minnesota Statutes, sections 17.9891 to 17.993;
- 32.4 (3) reducing or avoiding greenhouse gas emissions; and
- 32.5 (4) other beneficial public or private programs or initiatives to achieve program results.

32.6 Sec. 12. Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 2, is amended

32.7 to read:

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

32.9 at least 80 percent of its forest resources raw materials from Minnesota. The facility must

32.10 be located in Minnesota; must begin construction activities by December 31, 2022, for a

32.11 specific location; ~~must begin production~~ have produced at least one OSB square foot on a

32.12 3/8-inch nominal basis at a specific location by June 30, 2025; and must not begin operating

32.13 before January 1, 2022. Eligible facilities must be new OSB construction sites with total

32.14 capital investment in excess of \$250,000,000. Eligible OSB production facilities must

32.15 produce at least ~~200,000,000~~ 50,000,000 OSB square feet on a 3/8-inch nominal basis of

32.16 OSB each ~~year~~ quarter. At least one product produced at the facility should be a wood-based

32.17 wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay

32.18 that serves as a water resistive barrier.

32.19 (b) No payments shall be made for OSB production that occurs after June 30, 2036, for

32.20 those eligible producers under paragraph (a).

32.21 (c) An eligible producer of OSB shall not transfer the producer's eligibility for payments

32.22 under this section to a facility at a different location.

32.23 (d) A producer that ceases production for any reason is ineligible to receive payments

32.24 under this section until the producer resumes production.

32.25 Sec. 13. Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 6, is amended

32.26 to read:

32.27 Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments

32.28 required by this section, not to exceed \$1,500,000, is appropriated from the general fund to

32.29 the commissioner. This is a onetime appropriation.



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

33.4 (c) The commissioner may use up to 6.5 percent of this appropriation for costs incurred  
 33.5 to administer the program.

33.6 Sec. 14. Minnesota Statutes 2020, section 41B.047, subdivision 3, is amended to read:

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

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

33.9 (2) certify that the damage or loss was (i) sustained within a county that was the subject  
 33.10 of a state or federal disaster declaration; (ii) due to the confirmed presence of a highly  
 33.11 contagious animal disease in Minnesota; (iii) due to an infectious human disease for which  
 33.12 the governor has declared a peacetime emergency; or (iv) due to an emergency as determined  
 33.13 by the authority;

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

33.15 (4) have received at least ~~50~~ 20 percent of average annual gross income from farming  
 33.16 for the past ~~three years~~ year.

33.17 Sec. 15. Minnesota Statutes 2020, section 223.17, subdivision 7, is amended to read:

33.18 Subd. 7. ~~Action on a bond~~ **Breach of contract.** A producer claiming to be damaged  
 33.19 by a breach of a contract for the purchase of grain by a licensed grain buyer may file a  
 33.20 written claim with the commissioner. The claim must state the facts constituting the claim.  
 33.21 ~~The claim must be filed with the commissioner within 180 days of the breach of the contract.~~  
 33.22 If a claim is valid, the commissioner may immediately suspend the license, in which case  
 33.23 the licensee shall surrender the license to the commissioner. Within 15 days the licensee  
 33.24 may request an administrative hearing subject to chapter 14 to determine whether the license  
 33.25 should be revoked. If no request is made within 15 days, the commissioner shall revoke the  
 33.26 license.

33.27 Sec. 16. Minnesota Statutes 2020, section 223.17, subdivision 7a, is amended to read:

33.28 Subd. 7a. **Bond requirements; claims.** For entities licensed under this chapter and  
 33.29 chapter 232, the bond requirements and claims against the bond are governed under section  
 33.30 ~~232.22, subdivision 6a~~ 223.24, subdivision 13.

34.1 Sec. 17. Minnesota Statutes 2020, section 223.175, is amended to read:

34.2 **223.175 WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS;**  
 34.3 **FORM.**

34.4 A written confirmation required under section 223.177, subdivision 2, and a written  
 34.5 voluntary extension of credit contract must include those items prescribed by the  
 34.6 commissioner by rule. A contract shall include a statement of the legal and financial  
 34.7 responsibilities of grain buyers and sellers established in this chapter. A contract shall also  
 34.8 include the following statement in not less than ten point, all capital type, framed in a box  
 34.9 with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A  
 34.10 VOLUNTARY EXTENSION OF CREDIT. THIS CONTRACT IS NOT COVERED BY  
 34.11 ANY GRAIN BUYER'S BOND MAY NOT BE COVERED COMPLETELY BY THE  
 34.12 GRAIN INDEMNITY ACCOUNT." If a written contract is provided at the time the grain  
 34.13 is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath  
 34.14 the statement. A transaction that does not meet the provisions of a voluntary extension of  
 34.15 credit, including the issuance and signing of a voluntary extension of credit contract, is a  
 34.16 cash sale.

34.17 Sec. 18. Minnesota Statutes 2020, section 223.19, is amended to read:

34.18 **223.19 RULES.**

34.19 The commissioner may make rules pursuant to chapter 14 to carry out the provisions of  
 34.20 sections 223.15 to ~~223.23~~ 223.24.

34.21 Sec. 19. **[223.24] GRAIN INDEMNITY ACCOUNT.**

34.22 Subdivision 1. Establishment. (a) The grain indemnity account is established under the  
 34.23 direction and control of the commissioner of agriculture. The account shall consist of grain  
 34.24 indemnity account premiums, money from any other source, and interest.

34.25 Subd. 2. Account; appropriation. (a) A grain indemnity account is established in the  
 34.26 agricultural fund. Money in the account, including interest, is appropriated to the  
 34.27 commissioner to pay valid claims and to administer this section.

34.28 (b) The commissioner shall direct payments from the account only for the following  
 34.29 purposes:

34.30 (1) the payment of valid claims;

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

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

35.2 (4) the payment of legal fees and legal expenses under subdivision 6; and

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

35.4 (c) The commissioner shall allocate money from the account to a separate administrative  
35.5 expenses account to pay administrative expenses and to reimburse the agency for producer  
35.6 indemnity account expenses. Administrative expenses under this paragraph include the  
35.7 actual cost of processing refunds of administrative premiums and producer premiums,  
35.8 enforcement, record keeping, ordinary management and investment fees connected with  
35.9 the operation of the account, and legal expenses.

35.10 Subd. 3. **Eligibility.** A producer is eligible to receive an indemnity payment from the  
35.11 commissioner if the producer sold grain to a licensed grain buyer as defined in chapter 223  
35.12 or stored grain with a licensed public grain warehouse operator under chapter 232 and the  
35.13 producer is damaged by the licensee's failure to pay for or redeliver grain.

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

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

35.19 (c) An aggrieved party may appeal the commissioner's determination by requesting,  
35.20 within 15 days, that the commissioner initiate a contested case proceeding under chapter  
35.21 14.

35.22 Subd. 5. **Payment limitation.** (a) For each failure, the commissioner must pay the eligible  
35.23 producer:

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

35.26 (2) the lesser of \$750,000 or 75 percent of the amount owed to the seller for voluntary  
35.27 extension of credit contracts originating within 180 days of the breach of contract;

35.28 (3) the lesser of \$500,000 or 50 percent for open storage and the voluntary extension of  
35.29 credit contracts originating between 181 days and 18 months from the breach of contract;  
35.30 or

35.31 (4) the lesser of \$250,000 or 25 percent for open storage and the voluntary extension of  
35.32 credit contracts originating between 19 months and 36 months from the breach of contract.

36.1 (b) Claims filed more than 36 months from the breach of contract are not eligible for  
36.2 payment.

36.3 (c) In the event that a licensee holds both a Minnesota grain buyer license, as defined  
36.4 in chapter 223, and a license with the United States Department of Agriculture (USDA)  
36.5 under the United States Warehouse Act, the seller may only file a claim with the grain  
36.6 indemnity account if the seller sold grain as a cash sale or under a voluntary extension of  
36.7 credit contract. The commissioner must deny any claims for stored grain from a seller that  
36.8 holds both a Minnesota grain buyer license and a license with the USDA under the United  
36.9 States Warehouse Act.

36.10 (d) If valid claims exceed the amount of money available in the grain indemnity account,  
36.11 the commissioner must pay claims to producers in the order that the claims were received.  
36.12 When additional money becomes available, the commissioner must resume issuing indemnity  
36.13 payments to each eligible producer until each producer receives the maximum amount  
36.14 payable under paragraph (a).

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

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

36.21 Subd. 7. **Debt obligation; subrogated claim.** (a) Money paid by the commissioner to  
36.22 satisfy a valid claim constitutes a debt obligation of the grain buyer or public grain warehouse  
36.23 operator in default. The commissioner may take action against the grain buyer or public  
36.24 grain warehouse operator to recover the amount of any claim payment plus reasonable costs,  
36.25 attorney fees, and interest computed at the rate provided in section 270C.40. The  
36.26 commissioner must deposit any amount recovered under this subdivision in the grain  
36.27 indemnity account.

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

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

37.1 Subd. 8. Grain indemnity premiums. (a) Except as provided in subdivision 10,  
37.2 beginning on July 1, 2022, sellers of grain must be charged a grain indemnity premium as  
37.3 determined and published by the commissioner not to exceed 0.2 percent of the price on all  
37.4 marketed grain that is sold to a grain buyer as defined in chapter 223.

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

37.7 Subd. 9. Collection and submission of grain indemnity premiums. (a) When  
37.8 purchasing grain, a grain buyer, grain buyer's agent, or grain buyer's representative must:

37.9 (1) deduct the grain indemnity premium described in subdivision 8 from the payment;  
37.10 and

37.11 (2) document the grain indemnity premium paid by the seller.

37.12 (b) A grain buyer must submit grain indemnity premiums collected under paragraph (a)  
37.13 to the commissioner for the purpose of financing or contributing to the financing of the  
37.14 account by:

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

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

37.19 (c) The records of each grain buyer must clearly indicate the grain indemnity premiums  
37.20 collected by the grain buyer. The portion of the records reflecting the premiums collected  
37.21 must be open for inspection by the commissioner during regular business hours.

37.22 (d) All financial statements filed with the commissioner are private or nonpublic data  
37.23 as provided in section 13.02.

37.24 Subd. 10. Amount of account; basis for suspension and reinstatement of grain  
37.25 indemnity premium collection. (a) The producer premiums required under subdivision 8  
37.26 must be collected until the account contains more than \$15,000,000, as of June 30 of any  
37.27 given year.

37.28 (b) Except as provided in paragraph (c), after the account reaches \$15,000,000, the  
37.29 commissioner may not require the collection of additional grain indemnity premiums until  
37.30 the amount in the fund drops below \$9,000,000, as determined under subdivision 8. In a  
37.31 year when the commissioner determines that the account is at or below \$9,000,000, the  
37.32 commissioner may reinstate the collection described in this section.

38.1 (c) The commissioner shall announce the intention to collect the premiums described  
38.2 in this section by May 1 with collection to begin July 1 until the account contains at least  
38.3 \$15,000,000. The commissioner must notify the public of the commissioner's intent to  
38.4 reinstate collection of additional grain indemnity premiums through publication in the State  
38.5 Register and notifying each producer of the producer's obligation to collect premiums.

38.6 Subd. 11. Grain indemnity refund; opt out. (a) Subject to subdivision 9, a producer  
38.7 that has paid a grain indemnity premium, either directly or collected by a licensee, may  
38.8 receive a refund of that premium from the account by submitting a written demand for a  
38.9 refund to the commissioner, delivered personally or by first-class mail within 12 months  
38.10 after the producer paid the premium.

38.11 (b) A producer must submit a demand for a refund of a grain indemnity premium under  
38.12 paragraph (a) on a demand for refund form developed by the commissioner. The  
38.13 commissioner must make the form available to a licensee, producer, or member of the public  
38.14 upon request.

38.15 (c) If a producer is entitled to a refund of a grain indemnity premium under this section,  
38.16 the commissioner must pay the refund within 90 days of receiving the demand for a refund.

38.17 (d) If the commissioner announces grain indemnity premiums as required under  
38.18 subdivision 10 by June 30, the commissioner must send a notice to each producer who  
38.19 requested a refund of a grain indemnity premium during the previous three fiscal years. The  
38.20 notice must inform the producer of the deadline for and method of submitting a demand for  
38.21 a refund to the commissioner under paragraphs (a) and (b) and the method for reentering  
38.22 the program under paragraph (e).

38.23 (e) A producer that receives a refund of a grain indemnity premium under paragraph (a)  
38.24 is not entitled to participate in the program or to receive any payment under this section  
38.25 unless the producer reenters the grain indemnity account by meeting all of the following  
38.26 conditions:

38.27 (1) the producer must submit a request for reentry into the grain indemnity account to  
38.28 the commissioner. The producer must submit the request on the form required by the  
38.29 commissioner and must deliver the request to the commissioner;

38.30 (2) the commissioner must review the producer's request for reentry and approve or deny  
38.31 the request; and

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

39.1 (f) A producer that reenters the grain indemnity program under paragraph (e) is eligible  
39.2 to be reimbursed for claims under the program for any breach of contract that occurs at least  
39.3 90 days after reentry.

39.4 (g) A producer is not eligible for a refund of a grain indemnity premium under this  
39.5 section if the producer has received reimbursement from the account for a valid claim within  
39.6 the preceding 36 months.

39.7 **Subd. 12. Penalties; enforcement action; costs and expenses.** (a) In addition to any  
39.8 other penalty or remedy provided by law, a person who knowingly or intentionally commits  
39.9 any of the following is guilty of a misdemeanor punishable by a fine as determined by the  
39.10 commissioner:

39.11 (1) refusing or failing to collect any grain indemnity premiums as required under this  
39.12 section;

39.13 (2) refusing or failing to pay to the commissioner any grain indemnity premiums collected  
39.14 under this section;

39.15 (3) making a false statement, representation, or certification, or knowingly failing to  
39.16 make a required statement, representation, or certification in a record, report, or other  
39.17 document that the person files with the department; and

39.18 (4) resisting, preventing, impeding, or interfering with the commissioner in the  
39.19 performance of the commissioner's duties defined in this section.

39.20 (b) In addition to the criminal penalty described in paragraph (a), the commissioner in  
39.21 an enforcement action for a violation described in paragraph (a), clause (1) or (2), must  
39.22 order the grain buyer to pay into the account any grain indemnity premiums collected by  
39.23 the grain dealer that the grain buyer owes to the account and may order the grain buyer to  
39.24 pay interest on the amount that the grain buyer owes to the account.

39.25 **Subd. 13. Additional bonds; new license holders.** (a) Except as provided in clause (2),  
39.26 before a grain buyer's license is issued, a person who has not been licensed to buy grain in  
39.27 the previous licensing period must file with the commissioner a bond in a penal sum of  
39.28 \$100,000.

39.29 (1) This bond must remain in effect for the first three years of the grain buyer's license.

39.30 (2) A grain buyer who purchases grain immediately upon delivery solely with cash; a  
39.31 certified check; a cashier's check; or a postal, bank, or express money order is exempt from  
39.32 this subdivision if the grain buyer's gross annual purchases are \$100,000 or less.

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

40.3 (c) The grain bond must be conditioned on a form provided by the commissioner.

40.4 (d) The bond required under paragraphs (a) and (b) must provide for the payment of any  
 40.5 loss caused by the grain buyer's failure to pay upon the owner's demand, including loss  
 40.6 caused by the grain buyer's failure to pay within the time required. The bond must be  
 40.7 conditioned upon the grain buyer being duly licensed.

40.8 (e) The bond must not be cumulative from one licensing period to the next. The maximum  
 40.9 liability of the bond must be the bond's face value for the licensing period.

40.10 (f) The bond must be continuous until canceled. To cancel a bond, a surety must provide  
 40.11 90 days' written notice of the bond's termination date to the licensee and the commissioner.

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

40.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

40.15 Sec. 20. Minnesota Statutes 2020, section 232.22, subdivision 5, is amended to read:

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

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

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

40.26 ~~(d)~~ (a) Every public grain warehouse operator shall keep in a place of safety complete  
 40.27 and accurate records and accounts relating to any grain warehouse operated. The records  
 40.28 shall reflect each commodity received and shipped daily, the balance remaining in the grain  
 40.29 warehouse at the close of each business day, a listing of all unissued grain warehouse receipts  
 40.30 in the operator's possession, a record of all grain warehouse receipts issued which remain  
 40.31 outstanding and a record of all grain warehouse receipts which have been returned for  
 40.32 cancellation. Copies of grain warehouse receipts or other documents evidencing ownership



41.1 of grain by a depositor, or other liability of the grain warehouse operator, shall be retained  
41.2 as long as the liability exists but must be kept for a minimum of three years.

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

41.6 Sec. 21. **REPEALER.**

41.7 Minnesota Statutes 2020, sections 223.17, subdivisions 4 and 8; and 232.22, subdivisions  
41.8 4, 6, 6a, and 7, are repealed.

**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 \$100,000 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 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.

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

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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.