

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 4395

(SENATE AUTHORS: WESTROM)

DATE	D-PG	OFFICIAL STATUS
03/16/2020	5516	Introduction and first reading
05/04/2020	6094a	Referred to Agriculture, Rural Development, and Housing Finance Comm report: To pass as amended and re-refer to Finance Joint rule 2.03, referred to Rules and Administration
05/06/2020	6361	Comm report: Adopt previous comm report Jt. rule 2.03 suspended
05/12/2020		Comm report: To pass as amended Second reading

1.1

A bill for an act

1.2

relating to agriculture; making changes to seed fee permit law; making changes

1.3

to perishable food products provisions; making technical and policy changes;

1.4

providing agriculture-related grants; appropriating money; amending Minnesota

1.5

Statutes 2018, sections 21.891, subdivision 2; 27.001; 27.01; 27.03, subdivisions

1.6

3, 4; 27.0405, subdivision 1; 27.06; 27.07; 27.08; 27.09; 27.10; 27.11; 27.13;

1.7

27.131; 27.133; 27.137, subdivisions 5, 7, 9, 10; 27.138; 27.19, subdivision 1;

1.8

31.175; Laws 2019, First Special Session chapter 1, article 1, section 2, subdivision

1.9

4; repealing Minnesota Statutes 2018, sections 13.6435, subdivision 5; 27.03,

1.10

subdivision 1; 27.04; 27.041.

1.11

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

1.12

ARTICLE 1

1.13

PERISHABLE FARM PRODUCTS

1.14

Section 1. Minnesota Statutes 2018, section 21.891, subdivision 2, is amended to read:

1.15

Subd. 2. **Seed fee permits.** (a) ~~An initial~~ A labeler who wishes to sell seed in Minnesota

1.16

must comply with section 21.89, subdivisions 1 and 2, and the procedures in this subdivision.

1.17

Each ~~initial~~ labeler who wishes to sell seed in Minnesota must apply to the commissioner

1.18

to obtain a permit. The application must contain the name and address of the applicant, the

1.19

application date, and the name and title of the applicant's contact person. Permit fees are

1.20

based on the initial sale of seed in Minnesota.

1.21

(b) The application for a seed permit covered by section 21.89, subdivision 2, clause

1.22

(1), must be accompanied by an application fee of \$75.

1.23

(c) The application for a seed permit covered by section 21.89, subdivision 2, clause

1.24

(2), must be accompanied by an application fee based on the level of annual gross sales as

1.25

follows:

(1) for gross sales of \$0 to \$25,000, the annual permit fee is \$75;

(2) for gross sales of \$25,001 to \$50,000, the annual permit fee is \$150;

(3) for gross sales of \$50,001 to \$100,000, the annual permit fee is \$300;

(4) for gross sales of \$100,001 to \$250,000, the annual permit fee is \$750;

(5) for gross sales of \$250,001 to \$500,000, the annual permit fee is \$1,500;

(6) for gross sales of \$500,001 to \$1,000,000, the annual permit fee is \$3,000; and

(7) for gross sales of \$1,000,001 and above, the annual permit fee is \$4,500.

(d) The application for a seed permit covered by section 21.89, subdivision 2, clause (3), must be accompanied by an application fee of \$75. ~~Initial~~ Labelers holding seed fee permits covered under this paragraph need not apply for a new permit or pay the application fee. Under this permit category, the fees for the following kinds of agricultural seed sold either in bulk or containers are:

(1) oats, wheat, and barley, 9 cents per hundredweight;

(2) rye, field beans, buckwheat, and flax, 12 cents per hundredweight;

(3) field corn, 17 cents per 80,000 seed unit;

(4) forage, hemp, lawn and turf grasses, and legumes, 69 cents per hundredweight;

(5) sunflower, \$1.96 per hundredweight;

(6) sugar beet, 12 cents per 100,000 seed unit;

(7) soybeans, 7.5 cents per 140,000 seed unit; ~~and~~

(8) for any agricultural seed not listed in clauses (1) to (7), the fee for the crop most closely resembling it in normal planting rate applies; and

(9) for native grasses and wildflower seed, \$1 per hundredweight.

(e) If, for reasons beyond the control and knowledge of the ~~initial~~ labeler, seed is shipped into Minnesota by a person other than the ~~initial~~ labeler, the responsibility for the seed fees are transferred to the shipper. An application for a transfer of this responsibility must be made to the commissioner. Upon approval by the commissioner of the transfer, the shipper is responsible for payment of the seed permit fees.

(f) Seed permit fees may be included in the cost of the seed either as a hidden cost or as a line item cost on each invoice for seed sold. To identify the fee on an invoice, the words "Minnesota seed permit fees" must be used.

(g) All seed fee permit holders must file semiannual reports with the commissioner, even if no seed was sold during the reporting period. Each semiannual report must be submitted within 30 days of the end of each reporting period. The reporting periods are October 1 to March 31 and April 1 to September 30 of each year or July 1 to December 31 and January 1 to June 30 of each year. Permit holders may change their reporting periods with the approval of the commissioner.

(h) The holder of a seed fee permit must pay fees on all seed for which the permit holder is the ~~initial~~ labeler and which are covered by sections 21.80 to 21.92 and sold during the reporting period.

(i) If a seed fee permit holder fails to submit a semiannual report and pay the seed fee within 30 days after the end of each reporting period, the commissioner shall assess a penalty of \$100 or eight percent, calculated on an annual basis, of the fee due, whichever is greater, but no more than \$500 for each late semiannual report. A \$15 penalty must be charged when the semiannual report is late, even if no fee is due for the reporting period. Seed fee permits may be revoked for failure to comply with the applicable provisions of this paragraph or the Minnesota seed law.

Sec. 2. Minnesota Statutes 2018, section 27.001, is amended to read:

27.001 PUBLIC POLICY.

The legislature recognizes that perishable ~~agricultural~~ farm products are important sources of revenue to a large number of citizens of this state engaged in producing, processing, manufacturing, or selling such products and that such products cannot be repossessed in case of default. It is therefore declared to be the policy of the legislature that certain financial protection be afforded those who are producers on the farm; ~~farmer cooperatives which are not wholesale produce dealers as described in section 27.01, subdivision 8; and licensed wholesale produce dealers, including the retail merchant purchasing produce directly from farmers~~ and suppliers of perishable farm products. The provisions of this chapter which relate to perishable agricultural commodities shall be liberally construed to achieve these ends and shall be administered and enforced with a view to carrying out the above declaration of policy. A person who handles perishable farm products in a manner described under this chapter is required to comply with all applicable rules adopted by the commissioner.

Sec. 3. Minnesota Statutes 2018, section 27.01, is amended to read:

27.01 DEFINITIONS.

Subd. 2. ~~Produce~~ Perishable farm products. "Produce" "Perishable farm products" means:

(1) ~~perishable produce, including fresh fruits and, vegetables, and mushrooms;~~

(2) milk and cream and products manufactured from milk and cream; and

(3) poultry and poultry products, including eggs.

Subd. 4. **Voluntary extension of credit.** The term "voluntary extension of credit" means a written agreement between ~~the~~ a seller and ~~the licensee~~ a buyer wherein the time of payment for the purchase price of ~~produce~~ perishable farm products is extended beyond ~~the~~ a due date.

Subd. 5. **Due date.** (a) "Due date" means ~~ten~~ 30 days from the date of delivery of ~~produce~~ perishable farm products by ~~the~~ a seller to ~~the licensee~~ a buyer if the due date is not specified in the contract. For purposes of this definition a signed invoice with a due date is a contract.

(b) If ~~produce is~~ perishable farm products are consigned, "due date" means ~~ten~~ 30 days from the date the sale is made by the broker or handler, except as to milk processing plants, where the due date means 15 days following the monthly day of accounting subsequent to deliveries following the date fixed by each milk processing plant for that accounting.

Subd. 7. **Commissioner.** "Commissioner" means the commissioner of ~~the Department~~ of agriculture.

Subd. 8. ~~Wholesale produce~~ Farm products dealer. (a) ~~"Wholesale produce dealer" or "dealer at wholesale"~~ "Farm products dealer," "dealer of farm products," or "dealer" means:

~~(1) a any person operating as a retail food handler, wholesale food handler, wholesale food processor or manufacturer, or food broker who buys from or contracts with a seller for production or sale of produce in wholesale lots~~ perishable farm products for resale;

~~(2) a person engaging in the business of a broker or agent, who handles or deals in produce for a commission or fee;~~

~~(3) a truck owner or operator who buys produce in wholesale lots for resale; and~~

~~(4) a person engaged in the business of a cannery, food manufacturer, or food processor, who purchases produce in wholesale lots as a part of that business.~~

~~(b) For purposes of paragraph (a), "wholesale lots" means purchases from Minnesota sellers must total more than \$12,000 annually.~~

~~(c) "Wholesale produce dealer" or "dealer at wholesale"~~ (b) "Farm products dealer," "dealer of farm products," or "dealer" does not include:

(1) a truck owner and operator who regularly engages in the business of transporting freight, including ~~produce~~ perishable farm products, for a transportation fee only, and who does not purchase, contract to purchase, or sell produce;

(2) a marketing cooperative association in which substantially all of the voting stock is held by patrons who patronize the association and in which at least 75 percent of the business of the association is transacted with member or stockholder patrons;

(3) a person who purchases ~~Minnesota seasonally grown perishable fresh fruits and vegetables,~~ perishable farm products and pays in cash, including lawful money of the United States, a cashier's check, a certified check, or a bank draft; or

(4) a person who handles and deals in only canned, packaged, or processed ~~produce or packaged dairy~~ perishable farm products that are no longer perishable as determined by the commissioner by rule; or.

~~(5) retail merchants who purchase produce, defined in subdivision 2, directly from farmers, which in the aggregate does not exceed \$500 per month.~~

Subd. 10. **Seller.** "Seller" means a farmer or ~~wholesale produce dealer~~ perishable farm products supplier, whether the person is the owner of the ~~produce~~ perishable farm products or produces it for another person who holds title to it.

Subd. 11. **Person.** "Person" has the meaning given in section 34A.01, subdivision 10.

Subd. 12. **Miscellaneous terms.** "Retail food handler," "wholesale food handler," "wholesale food processor or manufacturer," and "food broker" have the meanings given in section 28A.05.

Sec. 4. Minnesota Statutes 2018, section 27.03, subdivision 3, is amended to read:

Subd. 3. **Brokers.** (a) A ~~wholesale produce~~ farm products dealer operating as a broker, upon negotiating the sale of perishable farm products, ~~shall~~ must issue to both buyer and seller a written memorandum of sale before the close of the next business day showing the price, date of delivery, quality, and other details of the transaction.

(b) The memorandum required in paragraph (a) must have an individual identifying number printed upon it. Numbers must be organized and printed on the memoranda so that

each memorandum can be identified and accounted for sequentially. Unused or damaged memoranda must be retained by the broker for accounting purposes.

(c) A ~~wholesale-produce~~ dealer operating as a broker may not alter the terms of a transaction specified on the original memorandum of sale required in paragraph (a) without the consent of both parties to the transaction. Upon making a change, the broker is required to issue a clearly marked corrected memorandum of sale indicating the date and time when the adjustment or change was made. The broker shall transmit the corrected memorandum to both the buyer and seller before the close of the next business day.

Sec. 5. Minnesota Statutes 2018, section 27.03, subdivision 4, is amended to read:

Subd. 4. **Payments for ~~produce~~ perishable farm products.** If there is a contract between a seller and a ~~wholesale-produce~~ farm products dealer to buy ~~produce~~ perishable farm products, the ~~wholesale-produce~~ farm products dealer must pay for the ~~produce that is~~ perishable farm products delivered to the ~~wholesale-produce~~ farm products dealer at the time and in the manner specified in the contract with the seller. If the due date is not set by the contract, the ~~wholesale-produce~~ farm products dealer ~~shall~~ must pay for the ~~produce by~~ perishable farm products within 30 days after delivery or taking possession of the ~~produce~~ perishable farm products. A payment received after the due date must include payment of 12 percent annual interest prorated for the number of days past the due date.

Sec. 6. Minnesota Statutes 2018, section 27.0405, subdivision 1, is amended to read:

Subdivision 1. **Production and review of information.** (a) Upon special order, the commissioner may require ~~persons engaged in the business of a~~ farm products dealer at ~~wholesale~~ to file at the time and in the manner the commissioner directs, sworn or unsworn reports or answers in writing to specific questions on any matter which the commissioner may investigate.

(b) For the purposes of this section, the commissioner or the commissioner's authorized agents may audit and review any records relating to the financial condition of any farm products dealer at ~~wholesale~~ and any transactions between the dealer and persons entitled to the protections of this chapter, if the records are in the possession of or under the case, custody, or control of the dealer or the dealer's authorized agent.

Sec. 7. Minnesota Statutes 2018, section 27.06, is amended to read:

27.06 COMPLAINTS TO COMMISSIONER, HEARING; ACTION ON BOND.

A person claiming to be damaged by a breach of the conditions of a ~~bond given by a licensee~~ sales contract may submit a complaint to the commissioner within 40 days after the due date. The complaint must be a written statement of the facts constituting the complaint. After receiving a filed complaint, the commissioner ~~shall~~ must investigate the charges made and may have the matter heard as a contested case pursuant to chapter 14 if an affected party requests a hearing.

Sec. 8. Minnesota Statutes 2018, section 27.07, is amended to read:

27.07 GRADES ESTABLISHED; INSPECTION.

Subdivision 1. **Commissioner's power.** The commissioner shall have power to establish grades on all ~~produce~~ perishable farm products and when ~~deemed~~ necessary shall provide for inspecting and grading ~~produce~~ perishable farm products subject to sale at ~~such~~ marketing points within the state as the commissioner may designate.

Subd. 2. **Certificates.** The commissioner shall ~~provide for the issuing of~~ issue certificates of inspection showing the grade, quality, and conditions of ~~the produce~~ perishable farm products, and may charge and collect a reasonable fee ~~therefor, a schedule thereof to be adopted and published from time to time. Such certificates~~ for the issuance of a certificate of inspection. A certificate of inspection ~~shall be~~ is prima facie evidence in all courts of this state as to the grade, quality, and condition of ~~the produce~~ perishable farm products at the time the inspection was made.

Subd. 3. **Application for inspector's services.** Any person who wants ~~produce~~ perishable farm products or a perishable farm products sales transaction to be inspected may apply to the commissioner for the service of an inspector and, if it appears to the commissioner that the perishable farm products volume ~~of the produce~~ is sufficient to justify the request, the commissioner may grant the service upon terms and conditions fixed by the commissioner and this section.

Subd. 4. **Deposit agreement.** The commissioner may require an agreement, prior to the establishment of the inspection service, requiring the user of the inspection service to at all times have on deposit with the department a sufficient amount of money to pay the estimated costs of such inspection service for a period of not less than 15 days in advance. When any such agreement shall terminate by action of either party thereto, the commissioner shall pay

to the depositor any money remaining to the depositor's credit after the deduction of the costs at the time such agreement terminates.

Subd. 5. **Fees.** Fees for inspection shall be determined by the commissioner and shall be reviewed and adjusted every six months. In determining the fees to be charged, the commissioner shall take into consideration fees charged in other states offering similar inspection services to the end that the fees charged will provide a competitive marketing position for Minnesota ~~produce~~ perishable farm products.

Subd. 6. **Cooperative agreements; fees; account.** The commissioner may collect fees as provided for in cooperative agreements between the commissioner and the United States Department of Agriculture for the inspection of ~~fresh fruits, vegetables, and other~~ perishable farm products. The fees and interest attributable to money in the account must be deposited in the agricultural fund and credited to a fruit and vegetables inspection account. Money in the account, including interest earned, is appropriated to the commissioner to administer the cooperative agreements.

Sec. 9. Minnesota Statutes 2018, section 27.08, is amended to read:

27.08 FILING BRAND OR LABEL; PERMIT.

Any person producing, manufacturing, or handling, perishable farm products in this state, ~~any of the products mentioned in section 27.01,~~ except cheese and butter, and preparing, packing, and offering ~~the same~~ perishable farm products for sale, may file with the commissioner a brand or label, ~~and~~. The applicant may place upon this brand or label ~~such~~ a descriptive or locative matter, ~~as shall be~~ approved by the commissioner. The commissioner may issue to ~~such~~ an applicant for brands and labels a permit to use the same, subject to ~~such~~ the rules and restrictions as to quality of product so branded as the commissioner may determine. The brand or label shall be recorded in the office of the commissioner and any person who shall, without authority of the commissioner, brand and label therewith products or commodities of a quality below the standard permitted under the brand or label, shall be subject to the penal provisions of section 27.19.

Sec. 10. Minnesota Statutes 2018, section 27.09, is amended to read:

27.09 INSPECTION CERTIFICATE.

When ~~produce is~~ perishable farm products are ready for sale, or ~~is on its~~ are on the way to market, the owner thereof, ~~or the~~ conveyor, ~~or the~~ prospective buyer, or any other ~~interested party,~~ person with an interest in the perishable farm products may ~~call for and shall be~~

9.1 ~~entitled to request an inspection of such produce and to an inspection certificate, as provided~~
9.2 ~~for in the perishable farm products under section 27.07.~~

9.3 Sec. 11. Minnesota Statutes 2018, section 27.10, is amended to read:

9.4 **27.10 PRODUCE EXAMINED, WHEN PERISHABLE FARM PRODUCTS**
9.5 **EXAMINATION.**

9.6 (a) When produce is perishable farm products are shipped to or received by a farm
9.7 products dealer at wholesale for handling, purchase, or sale in this state at any market point
9.8 ~~therein giving inspection service, as provided for in section 27.07,~~ and the farm products
9.9 ~~dealer at wholesale finds the same~~ perishable farm products to be in a spoiled, damaged,
9.10 unmarketable, or unsatisfactory condition, ~~unless both parties shall waive inspection before~~
9.11 ~~sale or other disposition thereof, the dealer shall cause the same to be~~ must have the
9.12 perishable farm products examined by an inspector assigned by the commissioner for that
9.13 purpose, ~~and~~. The inspector ~~shall~~ must execute and deliver a certificate to the ~~applicant~~
9.14 ~~thereof~~ farm products dealer stating the day, the time and place of the inspection, and the
9.15 condition of the produce and mail or deliver a copy of the certificate to the shipper ~~thereof~~
9.16 of the perishable farm products.

9.17 (b) This section does not apply when the parties to the perishable farm products sales
9.18 contract waive the inspection requirement.

9.19 Sec. 12. Minnesota Statutes 2018, section 27.11, is amended to read:

9.20 **27.11 SHIPMENTS ON CONSIGNMENT.**

9.21 When any farm products dealer at wholesale to whom produce has perishable farm
9.22 products have been shipped or consigned for sale on a commission basis or on consignment
9.23 or under any circumstances ~~wherein~~ where the title to the ~~produce~~ perishable farm products
9.24 remains with the shipper, ~~has received the same,~~ the dealer ~~shall~~ must, within a reasonable
9.25 time ~~thereafter, make a written,~~ report to the shipper, ~~which report shall include~~ the exact
9.26 time of arrival, and the quantity, quality, and price per unit of the ~~produce and at the same~~
9.27 ~~time shall~~ perishable farm products. The dealer must pay the shipper the net amount due at
9.28 the time the report required under this section is made.

Sec. 13. Minnesota Statutes 2018, section 27.13, is amended to read:

**27.13 INVESTIGATION OF COMPLAINTS; ~~SUSPENSION OR REVOCATION~~
~~OF LICENSE.~~**

(a) The commissioner is authorized to: (1) receive complaints against any persons person dealing in, shipping, transporting, storing, or selling ~~produce, and shall have authority to~~ perishable farm products; (2) make any and all necessary investigations relative to the handling of, or storing, shipping, or dealing in ~~produce at wholesale and shall, at all times,~~ perishable farm products; and (3) enter with reasonable notice all buildings, yards, warehouses, storage and transportation facilities in which ~~any produce is~~ perishable farm products are kept, stored, handled or transacted. ~~For the purpose of enforcing the provisions of sections 27.01 to 27.14 and 27.19, the commissioner shall have the authority, upon complaint being filed for any alleged violation of the provisions thereof, or the rules issued thereunder, or upon information furnished by an inspector of the Department of Agriculture, to suspend while violation continues or revoke any license issued by the commissioner upon ten days notice to the licensee and an opportunity to be heard. Where the public interest requires it the commissioner may suspend a license after such notice pending hearing and decision.~~

(b) The commissioner ~~shall have, and is hereby granted, full authority to~~ may: (1) issue subpoenas requiring the attendance of witnesses before the commissioner, with books, papers, and other documents, articles, or instruments, ~~and to~~; (2) compel the disclosure by such witnesses of all facts known to them relative to ~~the~~ a matter under investigation, ~~and shall have full authority to~~; and (3) administer oaths and to take testimony; and.

(c) The commissioner ~~shall thereafter give the~~ must provide a complainant a written report of the investigation conducted under this section. ~~Such report shall be~~ The report is prima facie evidence of the matters ~~therein contained~~ in the report. ~~All parties disobeying the orders or subpoenas of the commissioner shall be~~ A party violating a commissioner's order or subpoena is guilty of contempt as in proceedings in district courts of the state and may be punished in like manner.

Sec. 14. Minnesota Statutes 2018, section 27.131, is amended to read:

27.131 MEDIATION AND ARBITRATION.

A contract for ~~produce~~ perishable farm products between a buyer and a seller must contain language providing for resolution of contract disputes by either mediation or arbitration. If there is a contract dispute, either party may make a written request to the

11.1 ~~department commissioner~~ for mediation or arbitration, as specified in the contract to facilitate
11.2 resolution of the dispute.

11.3 Sec. 15. Minnesota Statutes 2018, section 27.133, is amended to read:

11.4 **27.133 PARENT COMPANY LIABILITY.**

11.5 If a ~~wholesale produce~~ farm products dealer is a subsidiary of another corporation,
11.6 partnership, or association, the parent corporation, partnership, or association is liable to a
11.7 seller for the amount of any unpaid claim or contract performance claim if the ~~wholesale~~
11.8 ~~produce~~ farm products dealer fails to pay or perform according to the terms of the contract
11.9 and this chapter.

11.10 Sec. 16. Minnesota Statutes 2018, section 27.137, subdivision 5, is amended to read:

11.11 Subd. 5. **Proceeds.** "Proceeds" means whatever is received upon the sale, exchange,
11.12 collection, or transfer of ~~produce, products of produce, or proceeds from the produce or~~
11.13 ~~products of produce~~ perishable farm products or manufactured farm products.

11.14 Sec. 17. Minnesota Statutes 2018, section 27.137, subdivision 7, is amended to read:

11.15 Subd. 7. ~~Products of produce~~ **Manufactured farm products.** ~~"Products of produce"~~
11.16 "Manufactured farm products" means products derived from ~~produce~~ perishable farm
11.17 products through manufacturing, processing, or packaging.

11.18 Sec. 18. Minnesota Statutes 2018, section 27.137, subdivision 9, is amended to read:

11.19 Subd. 9. **Trust assets.** "Trust assets" means ~~produce, products of produce, and proceeds~~
11.20 ~~from the produce or products of produce~~ perishable farm products or manufactured farm
11.21 products and proceeds from the perishable or manufactured farm products.

11.22 Sec. 19. Minnesota Statutes 2018, section 27.137, subdivision 10, is amended to read:

11.23 Subd. 10. ~~Wholesale produce~~ **Farm products dealer.** ~~"Wholesale produce Farm~~
11.24 products dealer" has the meaning given in section 27.01, subdivision 8, ~~and includes the~~
11.25 ~~person whether or not the person is licensed.~~

11.26 Sec. 20. Minnesota Statutes 2018, section 27.138, is amended to read:

11.27 **27.138 ~~WHOLESALE PRODUCE~~ FARM PRODUCTS DEALERS' TRUST.**

11.28 Subdivision 1. **Trust establishment and maintenance.** (a) ~~The produce and products~~
11.29 ~~of produce of a wholesale produce dealer~~ A farm products dealer's perishable farm products

12.1 and manufactured farm products and proceeds related to the sale of a farm products dealer's
12.2 perishable farm products or manufactured farm products are held in trust for the benefit of
12.3 unpaid sellers.

12.4 (b) The trust assets are to be maintained as a nonsegregated floating trust. Commingling
12.5 of the trust assets is contemplated.

12.6 (c) The ~~wholesale produce~~ farm products dealer must maintain the trust assets in a
12.7 manner that makes the trust assets freely available to satisfy the amounts owed to unpaid
12.8 sellers and may not divert trust assets in a manner that impairs the ability of unpaid sellers
12.9 to recover amounts due.

12.10 (d) A ~~wholesale produce~~ farm products dealer must maintain the trust assets in trust until
12.11 payment has been made in full to unpaid sellers. Payment is not made if a seller receives a
12.12 payment instrument that is dishonored.

12.13 (e) A ~~wholesale produce~~ farm products dealer holds trust assets in trust for the seller,
12.14 except that the ~~wholesale produce~~ farm products dealer may transfer title to trust assets if
12.15 the proceeds of the transfer are maintained as trust assets. Until a seller is paid, a ~~wholesale~~
12.16 ~~produce~~ farm products dealer ~~does~~ must not transfer title to trust assets:

12.17 (1) in a transaction made to another ~~wholesale produce~~ farm products dealer;

12.18 (2) in a transaction intended to impair the ability of unpaid sellers to recover amounts
12.19 due; or

12.20 (3) for which the value is inadequate to satisfy filed beneficiaries notices.

12.21 Subd. 2. **Sellers' rights to trust assets.** (a) An unpaid seller may recover trust assets for
12.22 the net amount unpaid after the due date after allowing deductions of contemplated expenses
12.23 or advances made in connection with the transaction. An amount is considered unpaid if a
12.24 seller receives a payment instrument that is dishonored.

12.25 (b) An unpaid seller may recover trust assets after filing a beneficiaries notice with the
12.26 ~~wholesale produce~~ farm products dealer to whom the ~~produce was~~ perishable farm products
12.27 were transferred and the commissioner, and after filing in the central filing system under
12.28 section 336.9-501 as if the trust were a security interest in the trust assets by 40 days after
12.29 the due date for the payment to the seller or 40 days after a payment instrument to the seller
12.30 for the ~~produce~~ perishable farm products is dishonored, whichever is later.

12.31 Subd. 3. **Beneficiaries notice.** (a) A beneficiaries notice must be in writing and in a
12.32 form prescribed by the commissioner.

13.1 (b) The beneficiaries notice must contain:

13.2 (1) the name and address of the seller;

13.3 (2) the name and address of the ~~wholesale-produce~~ farm products dealer maintaining
13.4 the trust assets;

13.5 (3) the ~~produce~~ perishable farm products, amount of ~~produce~~ product, amount to be paid
13.6 the seller, and the due date of transactions that are unpaid or, if appropriate, the date a
13.7 payment instrument was dishonored; and

13.8 (4) a description of the trust assets.

13.9 (c) The filing officer ~~shall~~ must enter on the initial financing statement filed pursuant
13.10 to this section the time of day and date of filing. The filing officer ~~shall~~ must accept filings,
13.11 amendments, and terminations of an initial financing statement filed pursuant to this section
13.12 and charge the same filing fees as provided in section 336.9-525. An initial financing
13.13 statement filed pursuant to this section is void and may be removed from the filing system
13.14 18 months after the date of filing. The beneficiaries notice may be physically destroyed 30
13.15 months after the date of filing.

13.16 Subd. 4. **Priority of unpaid sellers' interests in trust assets.** (a) The unpaid seller's
13.17 interest in trust assets is paramount to all other liens, security interests, and encumbrances
13.18 in the trust assets. An unpaid seller who recovers trust assets recovers them free of any liens,
13.19 security interests, or encumbrances.

13.20 (b) If the trust assets are inadequate to pay unpaid sellers the amount due, the unpaid
13.21 sellers shall share proportionately in the trust assets.

13.22 Subd. 5. **Recovery actions.** An action to recover trust assets may be brought in district
13.23 court in a county where trust assets are located after the beneficiaries notice is filed. The
13.24 beneficiaries notice may be amended, except the amount due, by leave of the court in
13.25 furtherance of justice. An action to recover trust assets is barred if it is not brought by 18
13.26 months after the date the beneficiaries notice is filed.

13.27 Subd. 6. **Terminations of beneficiaries notice.** A seller must terminate a beneficiaries
13.28 notice by ten days after the amount due for the ~~wholesale-produce~~ farm products dealer is
13.29 paid. The commissioner may terminate a beneficiaries notice upon request and demonstration
13.30 by the ~~wholesale-produce~~ farm products dealer that the amounts due under the beneficiaries
13.31 notice have been paid.

14.1 Sec. 21. Minnesota Statutes 2018, section 27.19, subdivision 1, is amended to read:

14.2 Subdivision 1. **Prohibited acts.** (a) A person subject to the provisions of this section
14.3 and sections 27.01 to 27.14 ~~may~~ must not:

14.4 ~~(1) operate or advertise to operate as a dealer at wholesale without a license;~~

14.5 ~~(2)~~ (1) make any false statement or report as to the grade, condition, markings, quality,
14.6 or quantity of produce, as defined in section 27.069, received or delivered, or act in any
14.7 manner to deceive a consignor or purchaser;

14.8 ~~(3)~~ (2) refuse to accept a shipment contracted for by the person, unless the refusal is
14.9 based upon the showing of a state inspection certificate secured with reasonable promptness
14.10 after the receipt of the shipment showing that the kind and quality of produce, as defined
14.11 in section 27.069, is other than that purchased or ordered by the person;

14.12 ~~(4)~~ (3) fail to account or make a settlement for produce perishable farm products within
14.13 the required time;

14.14 ~~(5)~~ (4) violate or fail to comply with the terms or conditions of a contract entered into
14.15 by the person for the purchase, production, or sale of produce perishable farm products;

14.16 ~~(6)~~ (5) purchase for a person's own account any produce received on consignment, either
14.17 directly or indirectly, without the consent of the consignor;

14.18 ~~(7)~~ (6) issue a false or misleading market quotation, or cancel a quotation during the
14.19 period advertised by the person;

14.20 ~~(8)~~ (7) increase the sales charges on produce perishable farm products shipped to the
14.21 person by means of "dummy" or fictitious sales;

14.22 ~~(9)~~ (8) receive decorative forest products and the products of farms and waters from
14.23 foreign states or countries for sale or resale, either within or outside of the state, and give
14.24 the purchaser the impression, through any method of advertising or description, that the
14.25 produce is perishable farm products are of Minnesota origin;

14.26 ~~(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers~~
14.27 ~~by the person's licensee bond, including: availability of a bond, notice requirements, and~~
14.28 ~~any other conditions of the bond;~~

14.29 ~~(11) make a false statement to the commissioner on an application for license or bond~~
14.30 ~~or in response to written questions from the commissioner regarding the license or bond;~~

14.31 ~~(12)~~ (9) commit to pay and not pay in full for all produce perishable farm products
14.32 committed for. A processor may not pay an amount less than the full contract price if the

crop produced is satisfactory for processing and is not harvested for reasons within the processor's control. If the processor sets the date for planting, then bunching, unusual yields, and a processor's inability or unwillingness to harvest must be considered to be within the processor's control. Under this clause growers must be compensated for passed acreage at the same rate for grade and yield as they would have received had the crop been harvested in a timely manner minus any contractual provision for green manure or feed value. Both parties are excused from payment or performance for crop conditions that are beyond the control of the parties; or

~~(13)~~ (10) discriminate between different sections, localities, communities, or cities, or between persons in the same community, by purchasing ~~produce~~ perishable farm products from farmers of the same grade, quality, and kind, at different prices, except that price differentials are allowed if directly related to the costs of transportation, shipping, and handling of the ~~produce~~ perishable farm products and a person is allowed to meet the prices of a competitor in good faith, in the same locality for the same grade, quality, and kind of ~~produce~~ perishable farm products. A showing of different prices by the commissioner is prima facie evidence of discrimination.

(b) Any person violating any provision of this chapter, or any rule adopted under this chapter, is guilty of a misdemeanor.

~~(b)~~ (c) A separate violation occurs with respect to each different person involved, each purchase or transaction involved, and each false statement.

(d) Any prosecuting officer to whom the commissioner reports a violation of this chapter, or a violation of any rule adopted under this chapter, must bring appropriate proceedings in a proper court without delay for the enforcement of the penalties under this chapter.

Sec. 22. Minnesota Statutes 2018, section 31.175, is amended to read:

31.175 WATER, PLUMBING, AND SEWAGE.

A person who is required by statutes administered by the Department of Agriculture, or by rules adopted pursuant to those statutes, to provide a suitable water supply, or plumbing or sewage disposal system shall not engage in the business of manufacturing, processing, selling, handling, or storing food at wholesale or retail unless the person's water supply is satisfactory pursuant to rules adopted by the Department of Health, the person's plumbing is satisfactory pursuant to rules adopted by the Department of Labor and Industry, and the person's sewage disposal system satisfies the rules of the Pollution Control Agency. This section does not limit the commissioner's ability to issue a food handler's license when an

investigation completed pursuant to section 28A.07 has determined the requirements of this
section are not relevant and the applicant is considered fit to engage in business as described
in the license application.

Sec. 23. **REPEALER.**

Minnesota Statutes 2018, sections 13.6435, subdivision 5; 27.03, subdivision 1; 27.04;
and 27.041, are repealed.

ARTICLE 2
AGRICULTURE APPROPRIATIONS

Section 1. Laws 2019, First Special Session chapter 1, article 1, section 2, subdivision 4,
is amended to read:

Subd. 4. Agriculture, Bioenergy, and Bioproduct		23,654,000
Advancement	23,653,000	<u>23,354,000</u>

(a) \$9,300,000 the first year and ~~\$9,300,000~~
\$9,000,000 the second year are for transfer to
the agriculture research, education, extension,
and technology transfer account under
Minnesota Statutes, section 41A.14,
subdivision 3. Of these amounts: at least
\$600,000 the first year and \$600,000 the
second year are for the Minnesota Agricultural
Experiment Station's agriculture rapid
response fund under Minnesota Statutes,
section 41A.14, subdivision 1, clause (2);
\$2,000,000 the first year and \$2,000,000 the
second year are for grants to the Minnesota
Agriculture Education Leadership Council to
enhance agricultural education with priority
given to Farm Business Management
challenge grants; \$350,000 the first year and
\$350,000 the second year are for potato
breeding; and \$450,000 the first year and
\$450,000 the second year are for the cultivated
wild rice breeding project at the North Central

17.1 Research and Outreach Center to include a
17.2 tenure track/research associate plant breeder.
17.3 The commissioner shall transfer the remaining
17.4 funds in this appropriation each year to the
17.5 Board of Regents of the University of
17.6 Minnesota for purposes of Minnesota Statutes,
17.7 section 41A.14. Of the amount transferred to
17.8 the Board of Regents, up to \$1,000,000 ~~each~~
17.9 the first year and \$700,000 the second year is
17.10 are for research on avian influenza.

17.11 To the extent practicable, money expended
17.12 under Minnesota Statutes, section 41A.14,
17.13 subdivision 1, clauses (1) and (2), must
17.14 supplement and not supplant existing sources
17.15 and levels of funding. The commissioner may
17.16 use up to one percent of this appropriation for
17.17 costs incurred to administer the program. The
17.18 base amount for agriculture research,
17.19 education, extension, and technology transfer
17.20 for fiscal year 2022 and later is \$9,300,000.

17.21 (b) \$14,353,000 the first year and \$14,354,000
17.22 the second year are for the agricultural growth,
17.23 research, and innovation program in
17.24 Minnesota Statutes, section 41A.12. Except
17.25 as provided below, the commissioner may
17.26 allocate the appropriation each year among
17.27 the following areas: facilitating the start-up,
17.28 modernization, improvement, or expansion of
17.29 livestock operations including beginning and
17.30 transitioning livestock operations with
17.31 preference given to robotic dairy-milking
17.32 equipment; providing funding not to exceed
17.33 \$400,000 each year to develop and enhance
17.34 farm-to-school markets for Minnesota farmers
17.35 by providing more fruits, vegetables, meat,

18.1 grain, and dairy for Minnesota children in
18.2 school and child care settings including, at the
18.3 commissioner's discretion, reimbursing
18.4 schools for purchases from local farmers;
18.5 assisting value-added agricultural businesses
18.6 to begin or expand, to access new markets, or
18.7 to diversify, including aquaponics systems;
18.8 providing funding not to exceed \$300,000
18.9 each year for urban youth agricultural
18.10 education or urban agriculture community
18.11 development; providing funding not to exceed
18.12 \$300,000 each year for the good food access
18.13 program under Minnesota Statutes, section
18.14 17.1017; facilitating the start-up,
18.15 modernization, or expansion of other
18.16 beginning and transitioning farms including
18.17 by providing loans under Minnesota Statutes,
18.18 section 41B.056; sustainable agriculture
18.19 on-farm research and demonstration;
18.20 development or expansion of food hubs and
18.21 other alternative community-based food
18.22 distribution systems; enhancing renewable
18.23 energy infrastructure and use; crop research
18.24 including basic and applied turf seed research;
18.25 Farm Business Management tuition assistance;
18.26 and good agricultural practices/good handling
18.27 practices certification assistance. The
18.28 commissioner may use up to 6.5 percent of
18.29 this appropriation for costs incurred to
18.30 administer the program.

18.31 Of the amount appropriated for the agricultural
18.32 growth, research, and innovation program in
18.33 Minnesota Statutes, section 41A.12:

18.34 (1) \$1,000,000 the first year and \$1,000,000
18.35 the second year are for distribution in equal

19.1 amounts to each of the state's county fairs to
19.2 preserve and promote Minnesota agriculture;
19.3 (2) \$2,500,000 the first year and \$2,500,000
19.4 the second year are for incentive payments
19.5 under Minnesota Statutes, sections 41A.16,
19.6 41A.17, and 41A.18. Notwithstanding
19.7 Minnesota Statutes, section 16A.28, the first
19.8 year appropriation is available until June 30,
19.9 2021, and the second year appropriation is
19.10 available until June 30, 2022. Payments for
19.11 each quarter of the fiscal year may not exceed
19.12 \$625,000, unless money is carried forward
19.13 from a previous quarter. No entity may receive
19.14 more than \$2,500,000 in payments in a fiscal
19.15 year from one of the programs. If this
19.16 appropriation exceeds the total amount for
19.17 which all producers are eligible in a fiscal
19.18 year, the balance of the appropriation is
19.19 available for the agricultural growth, research,
19.20 and innovation program. The base amount for
19.21 the allocation under this clause is \$3,000,000
19.22 in fiscal year 2022 and later;
19.23 (3) up to \$5,000,000 the first year is for Dairy
19.24 Assistance, Investment, Relief Initiative
19.25 (DAIRI) grants to Minnesota dairy farmers
19.26 who enroll for five years of coverage under
19.27 the federal dairy margin coverage program
19.28 and produced no more than 16,000,000 pounds
19.29 of milk in 2018. The commissioner must
19.30 award DAIRI grants based on participating
19.31 producers' amount of 2018 milk, up to
19.32 5,000,000 pounds per participating producer,
19.33 at a rate determined by the commissioner
19.34 within the limits of available funding;

20.1 (4) up to \$5,000,000 the second year is for
20.2 innovative soybean processing and research;

20.3 (5) \$75,000 the first year is for a grant to
20.4 Greater Mankato Growth, Inc. for assistance
20.5 to agricultural-related businesses to promote
20.6 jobs, innovation, and synergy development;
20.7 ~~and~~

20.8 (6) \$75,000 the first year and \$75,000 the
20.9 second year are for grants to the Minnesota
20.10 Turf Seed Council for basic and applied
20.11 research; and

20.12 (7) \$200,000 the second year is for grants to
20.13 independently owned or employee-owned
20.14 meat processors that may also operate as a
20.15 retail seller, to expand their meat processing
20.16 operations.

20.17 The amounts in clauses (3) to ~~(6)~~ (7) are
20.18 onetime.

20.19 Notwithstanding Minnesota Statutes, section
20.20 16A.28, any unencumbered balance does not
20.21 cancel at the end of the first year and is
20.22 available for the second year and
20.23 appropriations encumbered under contract on
20.24 or before June 30, 2021, for agricultural
20.25 growth, research, and innovation grants are
20.26 available until June 30, 2024.

20.27 The base amount for the agricultural growth,
20.28 research, and innovation program is
20.29 \$14,693,000 in fiscal year 2022 and
20.30 \$14,693,000 in fiscal year 2023, and includes
20.31 funding for incentive payments under
20.32 Minnesota Statutes, sections 41A.16, 41A.17,
20.33 41A.18, and 41A.20.

21.1 The commissioner must consult with the
21.2 commissioner of transportation, the
21.3 commissioner of administration, and local
21.4 units of government to identify at least ten
21.5 parcels of publicly owned land that are suitable
21.6 for urban agriculture.

21.7 Sec. 2. **GRAIN STORAGE FACILITY SAFETY GRANT PILOT PROGRAM.**

21.8 **Subdivision 1. Protection equipment grants; eligibility.** (a) The commissioner must
21.9 award cost-share grants to Minnesota farmers who purchase grain storage facility safety
21.10 protection equipment. Grants are limited to 50 percent of the farmer's documented cost to
21.11 purchase, ship, and install grain storage facility safety protection equipment or \$300,
21.12 whichever is less.

21.13 **(b) Eligible grain storage facility safety protection equipment includes:**

21.14 **(1) fall protection systems;**

21.15 **(2) personal protective equipment to increase survivability in the event of a grain bin**
21.16 **related emergency;**

21.17 **(3) engineering controls to prevent contact with an auger or other moving parts; and**

21.18 **(4) other grain storage facility safety protection equipment approved by the commissioner.**

21.19 **Subd. 2. Grain silo air quality monitoring equipment.** The commissioner must award
21.20 cost-share grants to Minnesota farmers who purchase grain silo air quality monitoring
21.21 equipment. Grants are limited to 50 percent of the farmer's documented cost to purchase,
21.22 ship, and install grain silo air quality monitoring equipment or \$300, whichever is less.

21.23 **Subd. 3. Promotion; administration.** The commissioner may spend up to five percent
21.24 of total program dollars each fiscal year to promote and administer the program to Minnesota
21.25 farmers.

21.26 **Subd. 4. Nonstate sources; appropriation.** The commissioner must accept contributions
21.27 from nonstate sources, including but not limited to nonprofits, foundations, and corporations
21.28 to supplement state appropriations for this program. Contributions received under this
21.29 subdivision are appropriated to the commissioner for purposes of this section.

22.1 Sec. 3. **APPROPRIATION; GRAIN STORAGE FACILITY SAFETY GRANT**
22.2 **PILOT PROGRAM.**

22.3 (a) \$100,000 is appropriated from the general fund in fiscal year 2021 to the commissioner
22.4 of agriculture for the grain storage facility safety grant program. By January 1, 2022, the
22.5 commissioner shall report on the number of applications for grants received, the number of
22.6 grants awarded, the total amount of donations received, the total dollar amount requested
22.7 by applicants, and the total dollar amount awarded under this program by county, in addition
22.8 to statewide. The commissioner shall also include the average dollar amounts requested by
22.9 applicants and awarded under this program. This is a onetime appropriation.

22.10 (b) \$25,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
22.11 of agriculture for a grant to the Board of Regents of the University of Minnesota for
22.12 University of Minnesota Extension to create and present curriculum regarding grain storage
22.13 facility safety. The University of Minnesota Extension is encouraged to collaborate with
22.14 stakeholders, including 4-H, FFA, and agriculture education programs through the schools
22.15 to ensure these resources are available to current and future farmers. By January 11, 2022,
22.16 the University of Minnesota Extension is requested to report on the results of the grant
22.17 issued under this appropriation to the members of the legislative committees with jurisdiction
22.18 over agriculture finance and higher education finance. This is a onetime appropriation.

22.19 (c) \$25,000 in fiscal year 2021 is appropriated to the commissioner of agriculture for
22.20 grants to the Board of Regents of the University of Minnesota or the Board of Trustees of
22.21 the Minnesota State Colleges and Universities to design digital applications that allow a
22.22 user to remotely power off a grain storage facility via cell phone or electronic device. Any
22.23 digital applications created as a result of this grant must be made available to the public at
22.24 no cost. By January 15, 2021, the commissioner shall report on the grants issued under this
22.25 appropriation to the members of the legislative committees with jurisdiction over agriculture
22.26 finance and higher education finance. By February 1, 2022, a recipient of a grant for this
22.27 purpose is requested to report to the commissioner of agriculture and the members of the
22.28 legislative committees with jurisdiction over agriculture finance and higher education finance
22.29 regarding the digital application produced as a result of the grant.

22.30 Sec. 4. **FARM CRISIS LOAN ORIGATION FEE GRANT PROGRAM.**

22.31 (a) \$250,000 in fiscal year 2020 is appropriated from the general fund to the commissioner
22.32 of agriculture for grants to eligible farmers who have been approved for farm debt
22.33 restructuring loans guaranteed by the United States Department of Agriculture (USDA),
22.34 Farm Service Agency or issued under a loan program administered by the Rural Finance

23.1 Authority. The commissioner must award an eligible farmer a grant in an amount equal to
23.2 the loan origination fee amount required for the farmer to obtain the USDA, Farm Service
23.3 Agency guaranteed loan or Rural Finance Authority program loan.

23.4 (b) For purposes of this section, "eligible farmer" means an individual who regularly
23.5 participates in physical labor or operations management in the individual's farming operation
23.6 and files "Schedule F" as part of the person's annual Form 1040 filing with the United States
23.7 Internal Revenue Service or a family farm organized under Minnesota Statutes, section
23.8 500.24, if the individual or family farm:

23.9 (1) has a total net worth of less than \$800,000 in calendar year 2020; and

23.10 (2) is either in mediation proceedings under Minnesota Statutes, chapter 583, or has
23.11 received a mediation notice under Minnesota Statutes, section 583.26, subdivision 1,
23.12 paragraph (a).

23.13 (c) The commissioner must give first priority to grant applicants who are currently in
23.14 mediation under Minnesota Statutes, chapter 583, and must give second priority to grant
23.15 applicants who have received a mediation notice under Minnesota Statutes, section 583.26,
23.16 subdivision 1, paragraph (a).

23.17 (d) The amount appropriated under this section is onetime and is available until June
23.18 30, 2023.

23.19 (e) The commissioner may use up to ten percent of the amount appropriated under this
23.20 section to administer the grant program.

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

23.22 Sec. 5. **APPROPRIATION; FARM ADVOCATE SERVICES.**

23.23 \$100,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
23.24 of agriculture for farm advocate services. This appropriation is in addition to the amount
23.25 appropriated under Laws 2019, First Special Session chapter 1, article 1, section 2,
23.26 subdivision 5, paragraph (e). This is a onetime appropriation.

23.27 Sec. 6. **APPROPRIATION; VETERINARY DIAGNOSTIC LAB SAFETY**
23.28 **EQUIPMENT.**

23.29 \$675,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
23.30 of agriculture for a grant to the Board of Regents of the University of Minnesota to purchase
23.31 testing equipment for the Veterinary Diagnostic Laboratory, including but not limited to

24.1 equipment and supplies needed to respond to incidents of African swine fever. This is a
24.2 onetime appropriation.

24.3 **Sec. 7. APPROPRIATION; RETAIL FOOD HANDLER SAFETY.**

24.4 (a) \$125,000 in fiscal year 2020 is appropriated from the general fund to the commissioner
24.5 of agriculture for grants to retail food handlers, as described in Minnesota Statutes, section
24.6 28A.05, paragraph (a). The commissioner must establish a minimum and maximum amount
24.7 for grants awarded under this section based on the total amount of money requested in the
24.8 applications, and the availability of federal money for a similar purpose. The commissioner
24.9 may award grants for recipients to execute requirements, guidance, and recommendations
24.10 related to the infectious disease known as COVID-19 provided by the Centers for Disease
24.11 Control and Prevention and the Minnesota Department of Health, and to develop safety
24.12 procedures, update and retrofit retail locations, purchase personal protective equipment for
24.13 employees, and educate the public on the need to follow safety procedures. This is a onetime
24.14 appropriation and is available until June 30, 2021.

24.15 (b) Grants under this section equal \$500 for stores that qualify as retail food handlers.
24.16 The commissioner must not award a business with multiple eligible locations more than
24.17 \$5,000 in total grants. Applicants must provide information to the commissioner on how
24.18 grant money will be used to ensure safety of Minnesotans from COVID-19.

24.19 (c) If the commissioner of management and budget determines that any money spent
24.20 from the appropriation made in this section is an eligible expenditure from the coronavirus
24.21 relief account in the federal fund, the amount of the expenditure is appropriated from the
24.22 coronavirus relief account and the corresponding amount is canceled from the general fund.

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

13.6435 AGRICULTURAL DATA CODED ELSEWHERE.

Subd. 5. **Wholesale produce dealers.** Financial data submitted by a license applicant are classified under section 27.04, subdivision 2.

27.03 DEALER REGULATION.

Subdivision 1. **License.** A person may not engage in, or purport to be engaged in, or hold out as being engaged in, the business of a dealer at wholesale, or as being a dealer at wholesale, unless licensed and bonded by the commissioner.

27.04 APPLICATION FOR LICENSE.

Subdivision 1. **Issuance.** The commissioner shall issue a wholesale produce dealer's license to engage in the business of a dealer at wholesale to persons submitting an application, paying the prescribed fee, and complying with the conditions in this section.

Subd. 2. **Application contents.** (a) The application must be in writing, accompanied by the prescribed fee, and state:

(1) the place or places where the applicant intends to carry on the business for which the license is desired;

(2) the estimated amount of business to be done monthly;

(3) the amount of business done during the preceding year, if any;

(4) the full names of the persons constituting the firm for a partnership, and for a corporation the names of the officers of the corporation and where incorporated; and

(5) any other information relevant to the conduct of its business as a wholesale produce dealer in the previous five years, as the commissioner may require.

(b) If a contract is used in a transaction, a copy of the contract must also be filed with the commissioner.

(c) Financial data required of an applicant under this section is classified as private data with regard to data on individuals and as nonpublic data with regard to data not on individuals under section 13.02.

Subd. 3. **Filing.** Applications shall be filed annually.

27.041 BONDS; LICENSES.

Subdivision 1. **Bonds.** (a) The applicant required to be bonded shall execute and file with the commissioner a surety bond to the state of Minnesota to be approved by the commissioner, the amount, form, and effective date to be determined by the commissioner with the maximum not to exceed \$1,000,000. In lieu of the surety bond, the commissioner may accept a duly executed letter of credit. The bond or letter of credit shall be conditioned on the faithful performance of the applicant's duties as a dealer at wholesale, including:

(1) the observance of all laws relating to the carrying on of the business of a dealer at wholesale;

(2) payment when due, unless it appears to the commissioner that a voluntary extension of credit has been given on the produce by the seller to the licensee beyond the due date;

(3) the prompt settlement and payment of all claims and charges due the state for services rendered or otherwise;

(4) the prompt reporting of sales as required by law to all persons consigning produce to the licensee for sale on commission; and

(5) the prompt payment to the persons entitled thereto of the proceeds of the sales, less lawful charges, disbursements, and commissions.

(b) The bond shall cover all wholesale produce business subject to the protection outlined in section 27.001 which is:

(1) transacted within this state; or

(2) transacted in part within this state and in part within the states and provinces contiguous with this state and sold by Minnesota sellers.

APPENDIX
Repealed Minnesota Statutes: S4395-1

Subd. 1a. **Additional bonds.** (a) The commissioner, after determining a bond given by a licensee is inadequate for the proper protection of the public, may require the licensee to give additional bonds in amounts as determined by the commissioner, with sureties to be approved by the commissioner, and conditioned as provided in this section.

(b) To set or change the amount of a bond, the commissioner may require a licensee to provide verified statements of the licensee's business.

(c) Failure of the licensee to furnish the information or to give a new or additional bond is cause for:

(1) suspension of the licensee's license for as long as the failure continues; or

(2) revocation of the license, on ten days' notice to the licensee and opportunity to be heard.

(d) If the commissioner determines it is in the public's interest, the commissioner may suspend the license after giving notice and holding a hearing.

Subd. 2. **Licenses.** (a) The license, or a certified copy of the license, must be kept posted in the office of the licensee at each place within the state where the licensee transacts business. A wholesale produce dealer may not appoint, delegate, or authorize a person, firm, or company to purchase produce unless a certified copy, identification card, or truck decal has been issued at the request of the wholesale produce dealer to that person, firm, or company acting as the buyer or agent.

(b) A license expires June 30 following its issuance and must be renewed July 1 of each year.

(c) A license issued under this subdivision is automatically void upon the termination of the surety bond covering the licensed operation.

(d) The fee for each license must include a \$75 registration fee and an additional fee of .045 percent of the total annual dollar amount of produce purchased the previous year from sellers within the state of Minnesota subject to this chapter. Fees may not exceed \$2,000 per license. In addition, a fee of \$20 shall be charged for each certified copy of a license, \$5 for each license identification card, and \$10 for each license identification truck decal.

(e) A penalty amounting to ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

(f) A licensee who sells, disposes of, or discontinues the licensee's business during the lifetime of a license shall, at the time the action is taken, notify the commissioner in writing, and upon demand produce before the commissioner a full statement of all assets and liabilities as of the date of transfer or discontinuance of the business.

Subd. 3. **Account; appropriation.** A wholesale produce dealers account is created in the agricultural fund. All fees, charges, and penalties collected under sections 27.01 to 27.069 and 27.11 to 27.19, including interest attributable to that money, must be deposited in the wholesale produce dealers account. Money in the account is appropriated to the commissioner for the purposes of sections 27.01 to 27.069 and 27.11 to 27.19.