

**SENATE
STATE OF MINNESOTA
SPECIAL SESSION**

S.F. No. 45

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DATE
06/17/2021

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28 Introduction and first reading
Referred to Rules and Administration

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to economic development; establishing an oriented strand board production
1.3 incentive program; appropriating money; proposing coding for new law in
1.4 Minnesota Statutes, chapter 41A.

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

1.6 Section 1. 41A.21 ORIENTED STRAND BOARD PRODUCTION INCENTIVE.

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

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

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

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

1.14 Subd. 2. Eligibility. (a) A facility eligible for payment under this section must source
1.15 at least 80 percent of its forest resources raw materials from Minnesota. The facility must
1.16 be located in Minnesota, must begin construction activities by June 30, 2022, for a specific
1.17 location, must begin production at a specific location by June 30, 2024, and must not begin
1.18 operating before January 1, 2022. Eligible facilities must be new OSB construction sites
1.19 with total capital investment in excess of \$250,000,000. Eligible OSB production facilities
1.20 must produce at least 200,000,000 board square feet of OSB each year. At least one product
1.21 produced at the facility should be a wood-based wall or roof structural sheathing panel that
1.22 has an integrated, cellulose-based paper overlay that serves as a water resistive barrier.

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

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

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

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

2.11 (b) Total payments under this section to an eligible OSB producer in a fiscal year may
2.12 not exceed the amount necessary for 400,000,000 board square feet of OSB produced. Total
2.13 payments under this section to all eligible OSB producers in a fiscal year may not exceed
2.14 the amount necessary for 400,000,000 board square feet of OSB produced. The commissioner
2.15 shall award payments on a first-come, first-served basis within the limits of available funding.

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

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

2.26 Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible
2.27 OSB producer shall file a claim for payment for OSB production during the preceding three
2.28 calendar months. An eligible OSB producer that files a claim under this subdivision shall
2.29 include a statement of the eligible producer's total board square feet of OSB produced during
2.30 the quarter covered by the claim. For each claim and statement of total board square feet
2.31 of OSB filed under this subdivision, the board square feet of OSB produced must be
2.32 examined by a certified public accounting firm with a valid permit to practice under chapter
2.33 326A, in accordance with Statements on Standards for Attestation Engagements established
2.34 by the American Institute of Certified Public Accountants.

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

3.3 Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments
3.4 required by this section, not to exceed \$1,500,000, is appropriated from the forest
3.5 management investment account in the natural resources fund to the commissioner. This is
3.6 a onetime appropriation.

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

3.10 **EFFECTIVE DATE.** This section is effective July 1, 2021.