

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 780

(SENATE AUTHORS: WESTROM)

DATE	D-PG	OFFICIAL STATUS
02/09/2017	549	Introduction and first reading
		Referred to Agriculture, Rural Development, and Housing Finance
03/23/2017	1645a	Comm report: To pass as amended and re-refer to Finance
03/27/2017		Comm report: To pass as amended Second reading

1.1 A bill for an act

1.2 relating to state government; appropriating money for agriculture and housing

1.3 programs; making changes to programs and policy; establishing a shrimp production

1.4 incentive program; establishing a wolf-livestock conflict prevention pilot program;

1.5 requiring reports; amending Minnesota Statutes 2016, sections 17.119, subdivisions

1.6 1, 2; 18.79, subdivision 18; 18B.03, by adding a subdivision; 41A.20, subdivision

1.7 2; 462A.2035; proposing coding for new law in Minnesota Statutes, chapter 41A;

1.8 repealing Minnesota Statutes 2016, section 41A.20, subdivision 6.

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

1.10 **ARTICLE 1**

1.11 **AGRICULTURE AND RURAL DEVELOPMENT**

1.12 Section 1. **AGRICULTURE APPROPRIATIONS.**

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

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

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

1.16 The figures "2018" and "2019" used in this article mean that the appropriations listed under

1.17 them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.

1.18 "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium"

1.19 is fiscal years 2018 and 2019.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2018</u>	<u>2019</u>

1.24 Sec. 2. **DEPARTMENT OF AGRICULTURE**

1.25	<u>Subdivision 1. Total Appropriation</u>	<u>\$ 50,720,000</u>	<u>\$ 50,174,000</u>
------	--	-----------------------------	-----------------------------

2.1 Appropriations by Fund

2.2	<u>2018</u>	<u>2019</u>
2.3	<u>50,332,000</u>	<u>49,786,000</u>
2.4	<u>388,000</u>	<u>388,000</u>

2.5 The amounts that may be spent for each
 2.6 purpose are specified in the following
 2.7 subdivisions.

2.8 Subd. 2. Protection Services 17,041,000 17,041,000

2.9 Appropriations by Fund

2.10	<u>2018</u>	<u>2019</u>
2.11	<u>16,653,000</u>	<u>16,653,000</u>
2.12	<u>388,000</u>	<u>388,000</u>

2.13 (a) \$25,000 the first year and \$25,000 the
 2.14 second year are to develop and maintain
 2.15 cottage food license exemption outreach and
 2.16 training materials.

2.17 (b) \$75,000 the first year and \$75,000 the
 2.18 second year are to coordinate the correctional
 2.19 facility vocational training program.

2.20 (c) \$388,000 the first year and \$388,000 the
 2.21 second year are from the remediation fund for
 2.22 administrative funding for the voluntary
 2.23 cleanup program.

2.24 (d) \$175,000 the first year and \$175,000 the
 2.25 second year are for compensation for
 2.26 destroyed or crippled animals under Minnesota
 2.27 Statutes, section 3.737. This appropriation
 2.28 may be spent to compensate for animals that
 2.29 were destroyed or crippled during fiscal year
 2.30 2017. If the amount in the first year is
 2.31 insufficient, the amount in the second year is
 2.32 available in the first year.

2.33 (e) \$125,000 the first year and \$125,000 the
 2.34 second year are for compensation for crop

3.1 damage under Minnesota Statutes, section
3.2 3.7371. If the amount in the first year is
3.3 insufficient, the amount in the second year is
3.4 available in the first year.

3.5 If the commissioner determines that claims
3.6 made under Minnesota Statutes, section 3.737
3.7 or 3.7371, are unusually high, amounts
3.8 appropriated for either program may be
3.9 transferred to the appropriation for the other
3.10 program.

3.11 (f) \$300,000 the first year and \$300,000 the
3.12 second year are for deposit in the noxious
3.13 weed and invasive plant species assistance
3.14 account established under Minnesota Statutes,
3.15 section 18.89, to be used to implement the
3.16 noxious weed grant program under Minnesota
3.17 Statutes, section 18.90, with preference given
3.18 to local units of government responding to
3.19 palmer amaranth or other weeds on the
3.20 eradicate list. This is a onetime appropriation.

3.21 (g) \$150,000 the first year and \$150,000 the
3.22 second year are for wolf-livestock conflict
3.23 prevention grants under section 11. The
3.24 commissioner must submit a report to the
3.25 chairs and ranking minority members of the
3.26 legislative committees with jurisdiction over
3.27 agriculture policy and finance by January 15,
3.28 2020, on the outcomes of the wolf-livestock
3.29 conflict prevention grants and whether
3.30 livestock compensation claims were reduced
3.31 in the areas that grants were awarded. This is
3.32 a onetime appropriation.

4.1 **Subd. 3. Agricultural Marketing and**
 4.2 **Development**

4,096,000

3,996,000

4.3 (a) The commissioner must provide outreach
 4.4 to urban farmers regarding the department's
 4.5 financial and technical assistance programs
 4.6 and must assist urban farmers in applying for
 4.7 assistance.

4.8 (b) \$186,000 the first year and \$186,000 the
 4.9 second year are for transfer to the Minnesota
 4.10 grown account and may be used as grants for
 4.11 Minnesota grown promotion under Minnesota
 4.12 Statutes, section 17.102. Grants may be made
 4.13 for one year. Notwithstanding Minnesota
 4.14 Statutes, section 16A.28, the appropriations
 4.15 encumbered under contract on or before June
 4.16 30, 2019, for Minnesota grown grants in this
 4.17 paragraph are available until June 30, 2021.

4.18 (c) \$634,000 the first year and \$634,000 the
 4.19 second year are for continuation of the dairy
 4.20 development and profitability enhancement
 4.21 and dairy business planning grant programs
 4.22 established under Laws 1997, chapter 216,
 4.23 section 7, subdivision 2, and Laws 2001, First
 4.24 Special Session chapter 2, section 9,
 4.25 subdivision 2. The commissioner may allocate
 4.26 the available sums among permissible
 4.27 activities, including efforts to improve the
 4.28 quality of milk produced in the state, in the
 4.29 proportions that the commissioner deems most
 4.30 beneficial to Minnesota's dairy farmers. The
 4.31 commissioner must submit a detailed
 4.32 accomplishment report and a work plan
 4.33 detailing future plans for, and anticipated
 4.34 accomplishments from, expenditures under
 4.35 this program to the chairs and ranking minority

5.1 members of the legislative committees with
 5.2 jurisdiction over agriculture policy and finance
 5.3 on or before the start of each fiscal year. If
 5.4 significant changes are made to the plans in
 5.5 the course of the year, the commissioner must
 5.6 notify the chairs and ranking minority
 5.7 members.

5.8 (d) \$100,000 the first year is for grants to
 5.9 ethnic minority chambers of commerce to
 5.10 connect immigrants and new American
 5.11 citizens to farming opportunities in this state.

5.12 This is a onetime appropriation and is
 5.13 available until June 30, 2019.

5.14 (e) The commissioner may use funds
 5.15 appropriated in this subdivision for annual
 5.16 cost-share payments to resident farmers or
 5.17 entities that sell, process, or package
 5.18 agricultural products in this state for the costs
 5.19 of organic certification. The commissioner
 5.20 may allocate these funds for assistance for
 5.21 persons transitioning from conventional to
 5.22 organic agriculture.

5.23 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 5.24 **Advancement**

21,860,000

21,860,000

5.25 (a) \$8,500,000 the first year and \$8,500,000
 5.26 the second year are for transfer to the
 5.27 agriculture research, education, extension, and
 5.28 technology transfer account under Minnesota
 5.29 Statutes, section 41A.14, subdivision 3. Of
 5.30 these amounts, at least \$600,000 each year is
 5.31 for the Minnesota Agricultural Experiment
 5.32 Station's Agriculture Rapid Response Fund
 5.33 under Minnesota Statutes, section 41A.14,
 5.34 subdivision 1, clause (2). Of the amount
 5.35 appropriated in this paragraph, for fiscal years

6.1 2018 and 2019 only, \$1,000,000 each year is
6.2 for transfer to the Board of Regents of the
6.3 University of Minnesota for research on avian
6.4 influenza, including prevention measures that
6.5 can be taken. Of the amount appropriated in
6.6 this paragraph, \$2,000,000 each year is for
6.7 grants to the Minnesota Agriculture Education
6.8 Leadership Council to enhance agricultural
6.9 education with priority given to Farm Business
6.10 Management challenge grants. The
6.11 commissioner shall transfer the remaining
6.12 grant funds in this appropriation each year to
6.13 the Board of Regents of the University of
6.14 Minnesota for purposes of Minnesota Statutes,
6.15 section 41A.14.

6.16 To the extent practicable, funds expended
6.17 under Minnesota Statutes, section 41A.14,
6.18 subdivision 1, clauses (1) and (2), must
6.19 supplement and not supplant existing sources
6.20 and levels of funding. The commissioner may
6.21 use up to 4.5 percent of this appropriation for
6.22 costs incurred to administer the program. Any
6.23 unencumbered balance does not cancel at the
6.24 end of the first year and is available for the
6.25 second year.

6.26 (b) \$350,000 the first year and \$350,000 the
6.27 second year are for grants to the Board of
6.28 Regents of the University of Minnesota for
6.29 potato breeding. This is a onetime
6.30 appropriation.

6.31 (c) \$450,000 the first year and \$450,000 the
6.32 second year are for grants to the Board of
6.33 Regents of the University of Minnesota for
6.34 the cultivated wild rice breeding project at the

7.1 North Central Research and Outreach Center.
7.2 This is a onetime appropriation.
7.3 (d) \$12,535,000 the first year and \$12,535,000
7.4 the second year are for the agricultural growth,
7.5 research, and innovation program in
7.6 Minnesota Statutes, section 41A.12. Grants
7.7 may be awarded in the following areas:
7.8 developing new markets for Minnesota
7.9 farmers; developing urban agriculture;
7.10 beginning or expanding livestock operations;
7.11 assisting value-added agricultural businesses
7.12 to begin or expand; development or expansion
7.13 of food hubs and other community-based food
7.14 distribution systems; expanding or improving
7.15 biofuels infrastructure at the retail and
7.16 distribution level; farm business management
7.17 scholarships; and research on bioenergy,
7.18 biobased content, or biobased formulated
7.19 products.
7.20 Of the amount appropriated for the agricultural
7.21 growth, research, and innovation program in
7.22 Minnesota Statutes, section 41A.12:
7.23 (1) \$1,000,000 the first year and \$1,000,000
7.24 the second year are for distribution in equal
7.25 amounts to each of the state's county fairs to
7.26 preserve and promote Minnesota agriculture;
7.27 (2) \$1,500,000 the first year and \$1,500,000
7.28 the second year are for incentive payments
7.29 under Minnesota Statutes, sections 41A.16,
7.30 41A.17, and 41A.18;
7.31 (3) \$3,000,000 the first year and \$3,000,000
7.32 the second year are for livestock investment
7.33 grants under Minnesota Statutes, section
7.34 17.118;

8.1 (4) \$3,000,000 the first year and \$3,000,000
8.2 the second year are for value-added agriculture
8.3 grants;

8.4 (5) \$1,000,000 the first year and \$1,000,000
8.5 the second year are for grants to install
8.6 equipment necessary to store or dispense
8.7 biofuels to the public in order to meet the
8.8 biofuel requirement goals established under
8.9 Minnesota Statutes, section 239.7911; and

8.10 (6) \$350,000 the first year and \$350,000 the
8.11 second year are for grants to expand
8.12 Minnesota agriculture, including
8.13 Minnesota-grown hemp, to new markets.

8.14 For value-added agriculture grants under
8.15 clause (4), the commissioner may award up
8.16 to two grants of up to \$750,000 per grant for
8.17 new or expanding livestock product processing
8.18 facilities or dairy product processing facilities
8.19 that provide significant economic impact to
8.20 the region. The remaining value-added
8.21 agriculture grants are for awards between
8.22 \$1,000 and \$200,000 per grant. The
8.23 appropriations in clauses (3), (4), (5), and (6),
8.24 are onetime. If the appropriation for incentive
8.25 payments in clause (2) exceeds the total
8.26 amount for which all producers are eligible in
8.27 a fiscal year, the balance of the appropriation
8.28 is available for the agricultural growth,
8.29 research, and innovation program. Any
8.30 unencumbered balance does not cancel at the
8.31 end of the first year and is available for the
8.32 second year.

8.33 Notwithstanding Minnesota Statutes, section
8.34 16A.28, the appropriations encumbered under
8.35 contract before June 30, 2019, under the

9.1 agricultural growth, research, and innovation
 9.2 program in Minnesota Statutes, section
 9.3 41A.12. The commissioner may use up to 6.5
 9.4 percent of this appropriation for costs incurred
 9.5 to administer the program.

9.6 The base budget for the agricultural growth,
 9.7 research, and innovation program for fiscal
 9.8 year 2020 and later is \$14,166,000 each fiscal
 9.9 year. Of this amount:

9.10 (1) \$1,000,000 each year is for distribution in
 9.11 equal amounts to each of the state's county
 9.12 fairs to preserve and promote Minnesota
 9.13 agriculture;

9.14 (2) \$1,500,000 each year is for incentive
 9.15 payments under Minnesota Statutes, sections
 9.16 41A.16, 41A.17, and 41A.18;

9.17 (3) \$3,000,000 each year is for siding
 9.18 production incentive payments under
 9.19 Minnesota Statutes, section 41A.20; and

9.20 (4) \$5,000,000 each year is for shrimp
 9.21 production incentive payments under
 9.22 Minnesota Statutes, section 41A.21.

9.23 (e) \$25,000 the first year and \$25,000 the
 9.24 second year are for grants to the Southern
 9.25 Minnesota Initiative Foundation to promote
 9.26 local foods through an annual event that raises
 9.27 public awareness of local foods and connects
 9.28 local food producers and processors with
 9.29 potential buyers.

9.30 **Subd. 5. Administration and Financial Assistance** 7,723,000 7,277,000

9.31 (a) \$474,000 the first year and \$474,000 the
 9.32 second year are for payments to county and
 9.33 district agricultural societies and associations
 9.34 under Minnesota Statutes, section 38.02,

10.1 subdivision 1. Aid payments to county and
10.2 district agricultural societies and associations
10.3 shall be disbursed no later than July 15 of each
10.4 year. These payments are the amount of aid
10.5 from the state for an annual fair held in the
10.6 previous calendar year.

10.7 (b) \$1,000 the first year and \$1,000 the second
10.8 year are for grants to the Minnesota State
10.9 Poultry Association.

10.10 (c) \$18,000 the first year and \$18,000 the
10.11 second year are for grants to the Minnesota
10.12 Livestock Breeders Association.

10.13 (d) \$47,000 the first year and \$47,000 the
10.14 second year are for the Northern Crops
10.15 Institute. These appropriations may be spent
10.16 to purchase equipment.

10.17 (e) \$200,000 the first year and \$200,000 the
10.18 second year are for farm advocate services.

10.19 (f) \$17,000 the first year and \$17,000 the
10.20 second year are for grants to the Minnesota
10.21 Horticultural Society.

10.22 (g) \$108,000 the first year and \$108,000 the
10.23 second year are for annual grants to the
10.24 Minnesota Turf Seed Council for basic and
10.25 applied research on: (1) the improved
10.26 production of forage and turf seed related to
10.27 new and improved varieties; and (2) native
10.28 plants, including plant breeding, nutrient
10.29 management, pest management, disease
10.30 management, yield, and viability. The grant
10.31 recipient may subcontract with a qualified
10.32 third party for some or all of the basic or
10.33 applied research. Any unencumbered balance
10.34 does not cancel at the end of the first year and

11.1 is available for the second year. This is a
11.2 onetime appropriation.

11.3 (h) \$113,000 the first year and \$113,000 the
11.4 second year are for transfer to the Board of
11.5 Trustees of the Minnesota State Colleges and
11.6 Universities for statewide mental health
11.7 counseling support to farm families and
11.8 business operators. South Central College shall
11.9 serve as the fiscal agent.

11.10 (i) \$550,000 the first year and \$550,000 the
11.11 second year are for grants to Second Harvest
11.12 Heartland on behalf of Minnesota's six
11.13 Feeding America food banks for the purchase
11.14 of milk for distribution to Minnesota's food
11.15 shelves and other charitable organizations that
11.16 are eligible to receive food from the food
11.17 banks. Milk purchased under the grants must
11.18 be acquired from Minnesota milk processors
11.19 and based on low-cost bids. The milk must be
11.20 allocated to each Feeding America food bank
11.21 serving Minnesota according to the formula
11.22 used in the distribution of United States
11.23 Department of Agriculture commodities under
11.24 The Emergency Food Assistance Program
11.25 (TEFAP). Second Harvest Heartland must
11.26 submit quarterly reports to the commissioner
11.27 on forms prescribed by the commissioner. The
11.28 reports must include, but are not limited to,
11.29 information on the expenditure of funds, the
11.30 amount of milk purchased, and the
11.31 organizations to which the milk was
11.32 distributed. Second Harvest Heartland may
11.33 enter into contracts or agreements with food
11.34 banks for shared funding or reimbursement of
11.35 the direct purchase of milk. Each food bank

- 12.1 receiving money from this appropriation may
12.2 use up to two percent of the grant for
12.3 administrative expenses. Any unencumbered
12.4 balance does not cancel at the end of the first
12.5 year and is available for the second year.
- 12.6 (j) \$1,100,000 the first year and \$1,100,000
12.7 the second year are for grants to Second
12.8 Harvest Heartland on behalf of the six Feeding
12.9 America food banks that serve Minnesota to
12.10 compensate agricultural producers and
12.11 processors for costs incurred to harvest and
12.12 package for transfer surplus fruits, vegetables,
12.13 and other agricultural commodities that would
12.14 otherwise go unharvested, be discarded, or
12.15 sold in a secondary market. Surplus
12.16 commodities must be distributed statewide to
12.17 food shelves and other charitable organizations
12.18 that are eligible to receive food from the food
12.19 banks. Surplus food acquired under this
12.20 appropriation must be from Minnesota
12.21 producers and processors. Second Harvest
12.22 Heartland must report when required by, and
12.23 in the form prescribed by, the commissioner.
12.24 Second Harvest Heartland may use up to 11
12.25 percent of any grant received for
12.26 administrative expenses, and up to four percent
12.27 of the grant for transportation expenses. Any
12.28 unencumbered balance does not cancel at the
12.29 end of the first year and is available for the
12.30 second year.
- 12.31 (k) \$150,000 the first year and \$150,000 the
12.32 second year are for grants to the Center for
12.33 Rural Policy and Development.
- 12.34 (l) \$235,000 the first year and \$235,000 the
12.35 second year are for grants to the Minnesota

- 13.1 Agricultural Education and Leadership
- 13.2 Council for programs of the council under
- 13.3 Minnesota Statutes, chapter 41D.
- 13.4 (m) \$600,000 the first year and \$600,000 the
- 13.5 second year are for grants to the Board of
- 13.6 Regents of the University of Minnesota to
- 13.7 develop, in consultation with the
- 13.8 commissioner of agriculture and the Board of
- 13.9 Animal Health, a software tool or application
- 13.10 through the Veterinary Diagnostic Laboratory
- 13.11 that empowers veterinarians and producers to
- 13.12 understand the movement of unique pathogen
- 13.13 strains in livestock and poultry production
- 13.14 systems, monitor antibiotic resistance, and
- 13.15 implement effective biosecurity measures that
- 13.16 promote animal health and limit production
- 13.17 losses. This is a onetime appropriation.
- 13.18 (n) \$150,000 the first year is for tractor
- 13.19 rollover protection grants under Minnesota
- 13.20 Statutes, section 17.119. This is a onetime
- 13.21 appropriation and is available until June 30,
- 13.22 2019.
- 13.23 (o) \$296,000 the first year is for a grant to the
- 13.24 Board of Regents of the University of
- 13.25 Minnesota to fund the Forever Green
- 13.26 Agriculture initiative to protect the state's
- 13.27 natural resources while increasing the
- 13.28 efficiency, profitability, and productivity of
- 13.29 Minnesota farmers by incorporating perennial
- 13.30 and winter annual crops into existing
- 13.31 agricultural practices. This is a onetime
- 13.32 appropriation and is available until June 30,
- 13.33 2021.
- 13.34 By January 15, 2018, the commissioner shall
- 13.35 submit a report to the chairs and ranking

14.1 minority members of the legislative
 14.2 committees with jurisdiction over agricultural
 14.3 policy and finance with a list of inspections
 14.4 the department conducts at more frequent
 14.5 intervals than federal law requires, an
 14.6 explanation of why the additional inspections
 14.7 are necessary, and provide recommendations
 14.8 for eliminating any unnecessary inspections.

14.9 Sec. 3. **BOARD OF ANIMAL HEALTH** \$ 5,384,000 \$ 5,384,000

14.10 Sec. 4. **AGRICULTURAL UTILIZATION**
 14.11 **RESEARCH INSTITUTE** \$ 3,793,000 \$ 3,793,000

14.12 Sec. 5. Minnesota Statutes 2016, section 17.119, subdivision 1, is amended to read:

14.13 Subdivision 1. **Grants; eligibility.** (a) The commissioner must award ~~cost-share~~ grants
 14.14 to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible
 14.15 tractors with eligible rollover protective structures.

14.16 (b) Grants for farmers are limited to 70 percent of the farmer's ~~or school's~~ documented
 14.17 cost to purchase, ship, and install an eligible rollover protective structure. The commissioner
 14.18 must increase ~~the~~ a farmer's grant award amount over the 70 percent grant limitation
 14.19 requirement if necessary to limit a farmer's ~~or school's~~ cost per tractor to no more than \$500.

14.20 (c) Schools are eligible for grants that cover the full amount of a school's documented
 14.21 cost to purchase, ship, and install an eligible rollover protective structure.

14.22 ~~(b)~~ (d) A rollover protective structure is eligible if it ~~meets or exceeds SAE International~~
 14.23 ~~standard J2194~~ is certified to appropriate national or international rollover protection structure
 14.24 standards with a seat belt.

14.25 ~~(e)~~ (e) A tractor is eligible if the tractor was built before 1987.

14.26 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2016.

14.27 Sec. 6. Minnesota Statutes 2016, section 17.119, subdivision 2, is amended to read:

14.28 Subd. 2. **Promotion; administration.** The commissioner may spend up to ~~20~~ six percent
 14.29 of total program dollars each fiscal year to promote and administer the program to Minnesota
 14.30 farmers and schools.

15.1 Sec. 7. Minnesota Statutes 2016, section 18.79, subdivision 18, is amended to read:

15.2 Subd. 18. **Noxious weed education and notification.** (a) The commissioner shall
15.3 disseminate information and conduct educational campaigns with respect to control of
15.4 noxious weeds or invasive plants to enhance regulatory compliance and voluntary efforts
15.5 to eliminate or manage these plants. The commissioner shall call and attend meetings and
15.6 conferences dealing with the subject of noxious weeds. The commissioner shall maintain
15.7 on the department's Web site noxious weed management information including but not
15.8 limited to the roles and responsibilities of citizens and government entities under sections
15.9 18.76 to 18.91 and specific guidance as to whom a person should contact to report a noxious
15.10 weed issue.

15.11 (b) The commissioner shall post notice on the commissioner's Web site and in appropriate
15.12 agricultural media when a weed on the eradicate list is confirmed for the first time in a
15.13 county. The commissioner shall work with stakeholders, including the Board of Water and
15.14 Soil Resources, the commissioner of natural resources, soil and water conservation districts,
15.15 University of Minnesota Extension, county agricultural inspectors, and local weed inspectors
15.16 to eradicate the weed in Minnesota.

15.17 Sec. 8. Minnesota Statutes 2016, section 18B.03, is amended by adding a subdivision to
15.18 read:

15.19 Subd. 5. **Label compliance.** Unless explicitly required by the FIFRA, the commissioner
15.20 must not require an applicator to demonstrate label compliance or need prior to applying a
15.21 pesticide.

15.22 Sec. 9. Minnesota Statutes 2016, section 41A.20, subdivision 2, is amended to read:

15.23 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source
15.24 at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from
15.25 the state border, raw materials may be sourced from within a 100-mile radius. Raw materials
15.26 must be from forest resources. The facility must be located in Minnesota, must begin
15.27 production at a specific location by June 30, 2025, and must not begin operating before July
15.28 1, ~~2017~~ 2019. Eligible facilities include existing companies and facilities that are adding
15.29 siding production capacity, or retrofitting existing capacity, as well as new companies and
15.30 facilities. Eligible siding production facilities must produce at least 200,000,000 siding
15.31 square feet on a 3/8 inch nominal basis of siding each year.

15.32 (b) No payments shall be made for siding production that occurs after June 30, 2035,
15.33 for those eligible producers under paragraph (a).

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

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

16.5 Sec. 10. **[41A.21] SHRIMP PRODUCTION INCENTIVE.**

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

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

16.9 (c) "Feed" means pelletized material produced from agricultural sources.

16.10 Subd. 2. Eligibility. (a) A facility eligible for payment under this section must acquire
16.11 at least 80 percent of feed from Minnesota. The facility must be located in Minnesota, must
16.12 begin production at a specific location by June 30, 2025, and must not begin production
16.13 before July 1, 2019. Eligible facilities include existing companies and facilities that are
16.14 adding shrimp production capacity, or retrofitting existing capacity, as well as new companies
16.15 and facilities. Eligible shrimp production facilities must produce at least 25,000 pounds of
16.16 shrimp each quarter.

16.17 (b) No payments shall be made for shrimp production that occurs after June 30, 2030,
16.18 for those eligible producers under paragraph (a).

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

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

16.23 Subd. 3. Payment amounts; limits. (a) The commissioner shall make payments to
16.24 eligible producers of shrimp. The amount of the payment for each eligible producer's
16.25 quarterly production is 69 cents per pound of shrimp produced at a specific location for five
16.26 years after the start of production.

16.27 (b) Total payments under this section to an eligible shrimp producer in a quarter may
16.28 not exceed the amount necessary for 2,000,000 pounds of shrimp produced. Total payments
16.29 under this section to all eligible shrimp producers in a quarter may not exceed \$1,250,000.
16.30 If the total amount for which all shrimp producers are eligible in a quarter exceeds the
16.31 amount available for payments, the commissioner shall award payments on a pro rata basis
16.32 within the limits of available funding.

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

17.3 Subd. 4. **Claims.** (a) By the last day of October, January, April, and July, each eligible
17.4 shrimp producer shall file a claim for payment for shrimp production during the preceding
17.5 three calendar months. An eligible shrimp producer that files a claim under this subdivision
17.6 shall include a statement of the eligible producer's total pounds of shrimp produced during
17.7 the quarter covered by the claim. For each claim and statement of total pounds of shrimp
17.8 filed under this subdivision, the pounds of shrimp produced must be examined by a certified
17.9 public accounting firm with a valid permit to practice under chapter 326A, in accordance
17.10 with Statements on Standards for Attestation Engagements established by the American
17.11 Institute of Certified Public Accountants.

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

17.14 Subd. 5. **Report.** By January 15 each year, the commissioner shall report on the program
17.15 under this section to the legislative committees with jurisdiction over agricultural policy
17.16 and finance. The report shall include information on production and incentive expenditures
17.17 under the program.

17.18 **Sec. 11. WOLF-LIVESTOCK CONFLICT PREVENTION PILOT PROGRAM.**

17.19 (a) The commissioner of agriculture may award grants to livestock producers to prevent
17.20 wolf-livestock conflicts. Livestock producers located in Minnesota are eligible to apply for
17.21 reimbursement for the cost of practices to prevent wolf-livestock conflicts. The commissioner
17.22 may establish a cap on the amount a recipient may receive annually.

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

17.26 (c) Eligible wolf-livestock conflict prevention activities include, but are not limited to:

17.27 (1) the purchase of guard animals;

17.28 (2) veterinary costs for guard animals;

17.29 (3) the installation of wolf barriers; wolf barriers may include pens, fladry, and fencing;

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

17.31 (5) calving or lambing shelters.

- 18.1 (d) Eligible grant recipients must:
- 18.2 (1) make a good-faith effort to avoid wolf-livestock conflicts;
- 18.3 (2) make a good-faith effort to care for guard animals paid for under this section;
- 18.4 (3) retain proper documentation of expenses;
- 18.5 (4) report annually to the commissioner on the effectiveness of the nonlethal methods
- 18.6 employed; and
- 18.7 (5) allow follow-up evaluation and monitoring by the commissioner.

18.8 (e) Grant recipients shall continue to be eligible for depredation payments under
 18.9 Minnesota Statutes, section 3.737.

18.10 Sec. 12. **REPEALER.**

18.11 Minnesota Statutes 2016, section 41A.20, subdivision 6, is repealed.

18.12 **ARTICLE 2**

18.13 **HOUSING**

18.14 Section 1. **HOUSING APPROPRIATIONS.**

18.15 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 18.16 and for the purposes specified in this article. The appropriations are from the general fund,
 18.17 or another named fund, and are available for the fiscal years indicated for each purpose.
 18.18 The figures "2018" and "2019" used in this article mean that the appropriations listed under
 18.19 them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.
 18.20 "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium"
 18.21 is fiscal years 2018 and 2019.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2018</u>	<u>2019</u>

18.26 Sec. 2. **HOUSING FINANCE AGENCY**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>50,798,000</u>	<u>\$</u>	<u>50,798,000</u>
---	------------------	--------------------------	------------------	--------------------------

18.28 The amounts that may be spent for each
 18.29 purpose are specified in the following
 18.30 subdivisions.

19.1 Unless otherwise specified, this appropriation
 19.2 is for transfer to the housing development fund
 19.3 for the programs specified in this section.

19.4 Except as otherwise indicated, this transfer is
 19.5 part of the agency's permanent budget base.

19.6 **Subd. 2. Challenge Program**

13,525,000

13,525,000

19.7 (a) \$12,925,000 the first year and \$12,925,000
 19.8 the second year are for the economic
 19.9 development and housing challenge program
 19.10 under Minnesota Statutes, section 462A.33.

19.11 Of this amount, \$1,208,000 each year shall be
 19.12 made available during the first 11 months of
 19.13 the fiscal year exclusively for housing projects
 19.14 for American Indians. Any funds not
 19.15 committed to housing projects for American
 19.16 Indians in the first 11 months of the fiscal year
 19.17 shall be available for any eligible activity
 19.18 under Minnesota Statutes, section 462A.33.

19.19 The appropriation may be used to finance the
 19.20 construction or replacement of real property
 19.21 that is located in Melrose affected by the fire
 19.22 on September 8, 2016.

19.23 (b)(1) \$600,000 each year is for housing in
 19.24 communities and regions that have: low
 19.25 housing vacancy rates; cooperatively
 19.26 developed a plan that identifies current and
 19.27 future housing needs; evidence of anticipated
 19.28 job expansion; are located outside the
 19.29 metropolitan area as defined in Minnesota
 19.30 Statutes, section 473.121, subdivision 2; and
 19.31 have a significant portion of area employees
 19.32 who commute more than 30 miles between
 19.33 their residence and their employment;

19.34 (2) among comparable housing proposals,
 19.35 preference must be given to proposals that:

20.1 include a meaningful contribution from area
 20.2 employers that reduces the need for deferred
 20.3 loan or grant funds from state resources; or
 20.4 provide housing opportunities for an expanded
 20.5 range of household incomes within a
 20.6 community or that provide housing
 20.7 opportunities for a wide range of incomes
 20.8 within the development; and

20.9 (3) Notwithstanding Minnesota Statutes,
 20.10 section 462A.33, subdivision 5, or other law
 20.11 to the contrary, this appropriation is not
 20.12 subject to income limitations for occupants.

20.13 **Subd. 3. Housing Trust Fund** 11,646,000 11,646,000

20.14 This appropriation is for deposit in the housing
 20.15 trust fund account created under Minnesota
 20.16 Statutes, section 462A.201, and may be used
 20.17 for the purposes provided in that section.

20.18 **Subd. 4. Rental Assistance for Mentally Ill** 4,088,000 4,088,000

20.19 This appropriation is for the rental housing
 20.20 assistance program for persons with a mental
 20.21 illness or families with an adult member with
 20.22 a mental illness under Minnesota Statutes,
 20.23 section 462A.2097. Among comparable
 20.24 proposals, the agency shall prioritize those
 20.25 proposals that target, in part, eligible persons
 20.26 who desire to move to more integrated,
 20.27 community-based settings.

20.28 **Subd. 5. Family Homeless Prevention** 8,519,000 8,519,000

20.29 This appropriation is for the family homeless
 20.30 prevention and assistance programs under
 20.31 Minnesota Statutes, section 462A.204.

20.32 **Subd. 6. Home Ownership Assistance Fund** 885,000 885,000

20.33 This appropriation is for the home ownership
 20.34 assistance program under Minnesota Statutes,

21.1 section 462A.21, subdivision 8. The base
 21.2 amount for fiscal year 2020 and later is
 21.3 \$1,385,000 each fiscal year.

21.4 **Subd. 7. Affordable Rental Investment Fund** 4,218,000 4,218,000

21.5 (a) This appropriation is for the affordable
 21.6 rental investment fund program under
 21.7 Minnesota Statutes, section 462A.21,
 21.8 subdivision 8b, to finance the acquisition,
 21.9 rehabilitation, and debt restructuring of
 21.10 federally assisted rental property and for
 21.11 making equity take-out loans under Minnesota
 21.12 Statutes, section 462A.05, subdivision 39.

21.13 (b) The owner of federally assisted rental
 21.14 property must agree to participate in the
 21.15 applicable federally assisted housing program
 21.16 and to extend any existing low-income
 21.17 affordability restrictions on the housing for
 21.18 the maximum term permitted. The owner must
 21.19 also enter into an agreement that gives local
 21.20 units of government, housing and
 21.21 redevelopment authorities, and nonprofit
 21.22 housing organizations the right of first refusal
 21.23 if the rental property is offered for sale.
 21.24 Priority must be given among comparable
 21.25 federally assisted rental properties to
 21.26 properties with the longest remaining term
 21.27 under an agreement for federal assistance.
 21.28 Priority must also be given among comparable
 21.29 rental housing developments to developments
 21.30 that are or will be owned by local government
 21.31 units, a housing and redevelopment authority,
 21.32 or a nonprofit housing organization.

21.33 (c) The appropriation also may be used to
 21.34 finance the acquisition, rehabilitation, and debt
 21.35 restructuring of existing supportive housing

22.1	<u>properties. For purposes of this paragraph,</u>		
22.2	<u>"supportive housing" means affordable rental</u>		
22.3	<u>housing with links to services necessary for</u>		
22.4	<u>individuals, youth, and families with children</u>		
22.5	<u>to maintain housing stability.</u>		
22.6	<u>Subd. 8. Housing Rehabilitation</u>	<u>5,915,000</u>	<u>5,915,000</u>
22.7	<u>This appropriation is for the housing</u>		
22.8	<u>rehabilitation program under Minnesota</u>		
22.9	<u>Statutes, section 462A.05, subdivision 14. Of</u>		
22.10	<u>this amount, \$2,772,000 each year is for the</u>		
22.11	<u>rehabilitation of owner-occupied housing and</u>		
22.12	<u>\$3,143,000 each year is for the rehabilitation</u>		
22.13	<u>of eligible rental housing. In administering a</u>		
22.14	<u>rehabilitation program for rental housing, the</u>		
22.15	<u>agency may apply the processes and priorities</u>		
22.16	<u>adopted for administration of the economic</u>		
22.17	<u>development and housing challenge program</u>		
22.18	<u>under Minnesota Statutes, section 462A.33.</u>		
22.19	<u>Subd. 9. Manufactured Home Park</u>		
22.20	<u>Infrastructure Grants</u>	<u>500,000</u>	<u>500,000</u>
22.21	<u>This appropriation is for manufactured home</u>		
22.22	<u>park infrastructure grants under Minnesota</u>		
22.23	<u>Statutes, section 462A.2035, subdivision 1b.</u>		
22.24	<u>This is a onetime appropriation and is</u>		
22.25	<u>available until June 30, 2021.</u>		
22.26	<u>Subd. 10. Homeownership Education,</u>		
22.27	<u>Counseling, and Training</u>	<u>857,000</u>	<u>857,000</u>
22.28	<u>This appropriation is for the homeownership</u>		
22.29	<u>education, counseling, and training program</u>		
22.30	<u>under Minnesota Statutes, section 462A.209.</u>		
22.31	<u>Build Wealth MN shall be eligible for a grant</u>		
22.32	<u>under this subdivision.</u>		
22.33	<u>Subd. 11. Capacity-Building Grants</u>	<u>645,000</u>	<u>645,000</u>
22.34	<u>This appropriation is for nonprofit</u>		
22.35	<u>capacity-building grants under Minnesota</u>		

23.1 Statutes, section 462A.21, subdivision 3b. Of
 23.2 this amount, \$125,000 each year is for support
 23.3 of the Homeless Management Information
 23.4 System (HMIS).

23.5 Sec. 3. Minnesota Statutes 2016, section 462A.2035, is amended to read:

23.6 **462A.2035 MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.**

23.7 Subdivision 1. **Establishment.** The agency shall establish a manufactured home park
 23.8 redevelopment program for the purpose of making manufactured home park redevelopment
 23.9 grants or loans to cities, counties, ~~or~~ community action programs, nonprofit organizations,
 23.10 and cooperatives created under chapter 308A or 308B.

23.11 Subd. 1a. **Individual assistance grants.** Cities, counties, and community action programs
 23.12 Eligible recipients may use individual assistance grants and loans under this program to:

23.13 (1) provide current residents of manufactured home parks with buy-out assistance not
 23.14 to exceed \$4,000 per home with preference given to older manufactured homes; and

23.15 (2) provide down-payment assistance for the purchase of new and preowned manufactured
 23.16 homes that comply with the current version of the State Building Code in effect at the time
 23.17 of the sale, not to exceed \$10,000 per home; ~~and.~~

23.18 ~~(3) make improvements in manufactured home parks as requested by the grant recipient.~~

23.19 Subd. 1b. **Park infrastructure grants.** Eligible recipients may use park infrastructure
 23.20 grants under this program for:

23.21 (1) improvements in manufactured home parks; and

23.22 (2) infrastructure, including storm shelters and community facilities.

23.23 Subd. 2. **Eligibility requirements.** For individual assistance grants under subdivision
 23.24 1a, households assisted under this section must have an annual household income at or
 23.25 below 80 percent of the area median household income. Cities, counties, or community
 23.26 action programs receiving funds under the program must give preference to households at
 23.27 or below 50 percent of the area median household income. Participation in the program is
 23.28 voluntary and no park resident shall be required to participate.

23.29 Subd. 3. **Statewide program.** The agency shall attempt to make grants and loans in
 23.30 approximately equal amounts to applicants outside and within the metropolitan area. Grants
 23.31 and loans under this section shall be provided in a manner consistent with the agency's
 23.32 policies and purposes in section 462A.02.

24.1 Subd. 4. **Infrastructure repair and replacement fund.** Each recipient receiving a grant
24.2 under subdivision 1b shall provide from year-to-year, on a cumulative basis, for adequate
24.3 reserve funds to cover the repair and replacement of the private infrastructure systems
24.4 serving the community.

24.5 Sec. 4. **MINNESOTA HOUSING FINANCE AGENCY REPORT.**

24.6 By February 1, 2018, and February 1, 2019, the Housing Finance Agency shall provide
24.7 to the chairs and ranking minority members of the house of representatives and senate
24.8 committees with jurisdiction over the agency:

24.9 (1) a draft and final version of its affordable housing plan before and after it has been
24.10 submitted to the agency board for consideration; and

24.11 (2) a report on the actual and anticipated funds available within the Housing Affordability
24.12 Fund, or Pool 3, and the actual and anticipated uses of those funds.

APPENDIX
Article locations in S0780-1

ARTICLE 1	AGRICULTURE AND RURAL DEVELOPMENT	Page.Ln 1.10
ARTICLE 2	HOUSING	Page.Ln 18.12

APPENDIX
Repealed Minnesota Statutes: S0780-1

41A.20 SIDING PRODUCTION INCENTIVE.

Subd. 6. **Appropriation.** A sum sufficient to make the payments required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated from the general fund to the commissioner.