

Sec. 21. REPEALER.

(a) Minnesota Statutes 2000, sections 403.04; 403.113, subdivision 5; 403.12, subdivision 1; 403.13; and 403.14, are repealed. Section 403.11, subdivision 2, is repealed effective January 1, 2003.

(b) Minnesota Rules, parts 1215.0400; 1215.0600; 1215.0700; 1215.1200, subpart 3; and 1215.1500, are repealed.

Sec. 22. EFFECTIVE DATES.

Sections 1 to 13 and 15 to 21 are effective the day following final enactment. Section 14 is effective January 1, 2003.

Presented to the governor May 14, 2002

Signed by the governor May 17, 2002, 10:35 a.m.

CHAPTER 373—H.F.No. 3183

An act relating to agriculture; establishing a livestock development program; clarifying certain requirements for agricultural contracts; changing certain powers relating to grain; modifying certain pesticide provisions; providing for interstate cooperation for seed potato certification; providing for uniformity of certain Minnesota food rules with federal standards; establishing and changing certain loan programs; clarifying terms; authorizing a land use pilot project; providing a temporary waiver of a rule; changing cervidae regulations; changing certain agricultural chemical response provisions; changing certain manure and waste management provisions; authorizing certain land exchanges; requiring a report; requiring amendment of certain rules; appropriating money; amending Minnesota Statutes 2000, sections 17.101, by adding a subdivision; 17.452, subdivision 6, by adding a subdivision; 17.90, subdivision 1a, by adding a subdivision; 17B.03, subdivision 1; 18E.02, by adding subdivisions; 18E.03, subdivision 4; 18E.04, subdivision 3; 18E.06; 21.111, by adding a subdivision; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 38.331, subdivision 2; 41B.03, subdivisions 1, 3; 97A.105, by adding subdivisions; 223.16, subdivision 5; Minnesota Statutes 2001 Supplement, sections 17.9442; 18B.36, subdivision 1; 18E.04, subdivisions 2, 4; 41B.046, subdivision 2; Laws 2001, chapter 206, section 14; proposing coding for new law in Minnesota Statutes, chapters 18D; 35; 41B; 116.

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

Section 1. Minnesota Statutes 2000, section 17.101, is amended by adding a subdivision to read:

Subd. 6. LIVESTOCK DEVELOPMENT. The commissioner shall establish a process, including criteria and standards, to recognize and assist efforts by counties to maintain or expand their livestock sector.

A county that meets the criteria may apply to the commissioner to be designated a "livestock friendly" county.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 2000, section 17.452, subdivision 6, is amended to read:

Subd. 6. **RUNNING AT LARGE PROHIBITED.** (a) An owner may not allow farmed cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed cervidae to their enclosures as soon as possible. The owner must notify the commissioner of natural resources of the escape of farmed ~~red deer~~ cervidae if the farmed ~~red deer~~ cervidae are not returned or captured by the owner within 72 24 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed cervidae that have left their enclosures if the person capturing the farmed cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed cervidae, the commissioner of natural resources may destroy the escaped farmed cervidae ~~under this paragraph~~ if the escaped farmed cervidae are a threat to the health or population of native species. The commissioner must allow the owner to attempt to capture the escaped farmed cervidae prior to destroying the farmed cervidae. Farmed cervidae that are not captured by 14 days 24 hours after escape may be destroyed.

(d) The owner must notify the commissioner of natural resources of the escape of farmed cervidae from a quarantined herd if the farmed cervidae are not returned to or captured by the owner within 72 hours of their escape. The escaped farmed cervidae from the quarantined herd may be destroyed by the commissioner of natural resources if the escaped farmed cervidae are a threat to the health or population of native species.

Sec. 3. Minnesota Statutes 2000, section 17.452, is amended by adding a subdivision to read:

Subd. 6a. **WILD CERVIDAE INSIDE CONFINEMENT AREA.** An owner, or employee or agent under the direction of the owner, must destroy wild cervidae found within the owner's farmed cervidae confinement area. The owner, employee, or agent must report the wild cervidae destroyed to a conservation officer or an employee of the department of natural resources, division of wildlife, within 24 hours. The wild cervidae must be disposed of as prescribed by the commissioner of natural resources.

Sec. 4. Minnesota Statutes 2000, section 17.90, subdivision 1a, is amended to read:

Subd. 1a. **AGRICULTURAL CONTRACT.** "Agricultural contract" means any written contract between a contractor and a producer, but does not include a contract between a grain buyer licensed under section 223.17, subdivision 1, who purchases grain from a producer as a merchant or seller of grain and does not contract with the producer to grow or raise the crops producing the grain.

Sec. 5. Minnesota Statutes 2000, section 17.90, is amended by adding a subdivision to read:

Subd. 3b. **GRAIN.** "Grain" has the meaning given in section 223.16, subdivision 4.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 6. Minnesota Statutes 2001 Supplement, section 17.9442, is amended to read:

17.9442 APPLICABILITY OF CONTRACT REQUIREMENTS.

The requirements for the written disclosure of material risks under section 17.91, subdivision 2; the three-day review period under section 17.941; the cover sheet requirement under section 17.942; and the contract readability requirements under section 17.943, subdivision 1, do not apply to contracts which provide for:

(1) the sale and purchase of a fixed amount of a commodity for delivery at a set price;

(2) price-later cash sale and forward delivery grain contracts for grain meeting certain specifications and does not prescribe the time, manner, and nature of planting, cultivating, and harvesting the crop producing the grain, including fixed price forward contracts, minimum price contracts, mini-max contracts, basis contracts, hedge-to-arrive contracts, and delayed price contracts;

(3) contracts agreed to between a processor and an accredited bargaining organization under sections 17.691 to 17.702;

(4) ~~future~~ futures contracts which involve the sale or purchase of a standardized quantity of a commodity for future delivery on a regulated commodity exchange;

(5) agricultural marketing contracts between a capital stock cooperative and its members under section 308A.205; or

(6) occasional sales between persons who produce or cause to be produced food, feed, or fiber in a quantity beyond their own family use.

Sec. 7. Minnesota Statutes 2000, section 17B.03, subdivision 1, is amended to read:

Subdivision 1. **COMMISSIONER'S POWERS.** The commissioner of agriculture shall exercise general supervision over the inspection, grading, weighing, sampling, and analysis of grain ~~within the state of Minnesota~~ subject to the provisions of the United States Grain Standards Act of 1976 and the rules promulgated thereunder by the United States Department of Agriculture. This activity may take place within or outside the state of Minnesota.

Sec. 8. Minnesota Statutes 2001 Supplement, section 18B.36, subdivision 1, is amended to read:

Subdivision 1. **REQUIREMENT.** (a) Except for a licensed commercial or noncommercial applicator, only a certified private applicator may use a restricted use pesticide to produce an agricultural commodity:

(1) as a traditional exchange of services without financial compensation;

(2) on a site owned, rented, or managed by the person or the person's employees;

or

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(3) when the private applicator is one of two or fewer specified individuals employed as agricultural employment as defined by section 268.035, subdivision 2, employees and the owner or operator is a certified private applicator or is licensed as a noncommercial applicator.

(b) A private applicator may not purchase a restricted use pesticide without presenting a certified private applicator card or the card number.

Sec. 9. [18D.302] FALSE STATEMENT OR RECORD.

A person must not knowingly make or offer a false statement, record, or other information as part of:

(1) an application for registration, license, certification, permit, or land application of contaminated soil or other media under this chapter or chapter 18B, 18C, or 18F or rules adopted under one of those chapters;

(2) records or reports required under this chapter or chapter 18B, 18C, 18E, or 18F or rules adopted under one of those chapters; or

(3) an investigation of a violation of this chapter or chapter 18B, 18C, 18E, or 18F or rules adopted under one of those chapters.

Sec. 10. Minnesota Statutes 2000, section 18E.02, is amended by adding a subdivision to read:

Subd. 5a. EMERGENCY INCIDENT. "Emergency incident" means an incident resulting from a flood, fire, tornado, transportation accident, storage container rupture, or other event as determined by the commissioner that immediately, uncontrollably, and unpredictably releases agricultural chemicals into the environment and that may cause unreasonable adverse effects on the public health or the environment.

Sec. 11. Minnesota Statutes 2000, section 18E.02, is amended by adding a subdivision to read:

Subd. 5b. RECONTAMINATION. "Recontamination" means an agricultural chemical incident that occurs in a specific land area where corrective actions were taken to address a previous incident. Recontamination does not include an emergency incident.

Sec. 12. Minnesota Statutes 2000, section 18E.03, subdivision 4, is amended to read:

Subd. 4. FEE. (a) The response and reimbursement fee consists of the surcharges and any adjustments made by the commissioner in this subdivision and shall be collected by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision. License application categories under paragraph (d) must be charged in proportion to the amount of surcharges imposed up to a maximum of 50 percent of the license fees set under chapters 18B and 18C.

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(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. No surcharge is required if the surcharge amount based on percent of annual gross sales is less than \$10. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a \$75 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a \$75 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7;

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; and

(6) a \$20 surcharge to be imposed on aquatic pest control licenses under section 18B.315.

(e) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

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(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

(f) Paragraphs (c) to (e) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 13. Minnesota Statutes 2001 Supplement, section 18E.04, subdivision 2, is amended to read:

Subd. 2. **PAYMENT OF CORRECTIVE ACTION COSTS.** (a) On request by an eligible person, the board may pay the eligible person for the reasonable and necessary cash disbursements for corrective action costs incurred by the eligible person as provided under subdivision 4 if the board determines:

(1) the eligible person pays the first \$1,000 of the corrective action costs;

(2) the eligible person provides the board with a sworn affidavit and other convincing evidence that the eligible person is unable to pay additional corrective action costs;

(3) the eligible person continues to assume responsibility for carrying out the requirements of corrective action orders issued to the eligible person or that are in effect;

(4) the incident was reported as required in chapters 18B, 18C, and 18D; and

(5) the eligible person submits an application for payment or reimbursement to the department within three years of (i) incurring eligible corrective action costs, or (ii) approval of a corrective action ~~report~~ design, whichever is later.

(b) The eligible person must submit an application for payment or reimbursement of eligible cost incurred prior to July 1, 2001, no later than June 1, 2004.

(c) An eligible person is not eligible for payment or reimbursement and must refund amounts paid or reimbursed by the board if false statements or misrepresentations are made in the affidavit or other evidence submitted to the commissioner to show an inability to pay corrective action costs.

(d) The board may pay the eligible person and one or more designees by multiparty check.

Sec. 14. Minnesota Statutes 2000, section 18E.04, subdivision 3, is amended to read:

Subd. 3. **PARTIAL REIMBURSEMENT.** (a) If the unencumbered balance of the account drops below \$2,000,000, the board may only pay or reimburse an eligible person up to \$100,000 within the same fiscal year.

(b) If the board determines that an incident was caused by a violation of chapter 18B, 18C, or 18D, the board may reimburse or pay a portion of the corrective action costs of the eligible person based on the culpability of the eligible person and the percentage of the costs not attributable to the violation.

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Sec. 15. Minnesota Statutes 2001 Supplement, section 18E.04, subdivision 4, is amended to read:

Subd. 4. **REIMBURSEMENT PAYMENTS.** (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:

(1) ~~90~~ 80 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to ~~\$200,000~~;

(2) ~~80~~ percent of the total reasonable and necessary corrective action costs greater than ~~\$200,000~~ but less than or equal to ~~\$300,000~~; and

(3) ~~60~~ percent of the total reasonable and necessary corrective action costs greater than ~~\$300,000~~ but less than or equal to ~~\$350,000~~.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

(g) Except for an emergency incident, the board may not reimburse or pay for more than 60 percent of the corrective action costs of an eligible person or for an incident within five years of a previous incident at a single site resulting from a site recontamination.

Sec. 16. Minnesota Statutes 2000, section 18E.06, is amended to read:

18E.06 REPORT.

By ~~September~~ December 1 of each year, the agricultural chemical response compensation board and the commissioner shall submit to the house of representatives committee on ways and means, the senate committee on finance, the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture, and the environmental quality board a report detailing the

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activities and reimbursements for which money from the account has been spent during the previous year.

Sec. 17. Minnesota Statutes 2000, section 21.111, is amended by adding a subdivision to read:

Subd. 3a. INTERSTATE COOPERATION. In order to best use state resources, the commissioner may enter into agreements with other seed potato certification entities to carry out the purposes of sections 21.111 to 21.122. Any agreement may provide for field inspections, shipping point inspections, winter tests, and other certification functions to be carried out by personnel employed by either entity according to methods determined by the certification entities of the respective areas. The commissioner may extend seed potato certification services to states where growers wish to grow certified seed potatoes and the state does not have a seed potato certification program. Any agreement must be reported to the chairs of the legislative committees responsible for the budget or policy of the seed potato inspection program and to the commissioner of finance.

Sec. 18. Minnesota Statutes 2000, section 31.101, as amended by Laws 2001, First Special Session chapter 2, section 53, is amended to read:

31.101 RULES; HEARINGS; UNIFORMITY WITH FEDERAL LAW.

Subdivision 1. **AUTHORITY.** The commissioner may promulgate and amend rules for the efficient administration and enforcement of the Minnesota Food Law. The rules when applicable must conform, insofar as practicable and consistent with state law, with those promulgated under the federal law. This rulemaking authority is in addition to that in sections 31.10, 31.11, and 31.12. Rules adopted under this section may be amended by the commissioner under chapter 14, subject to the limitation in subdivision 7.

Subd. 2. **HEARINGS.** Hearings authorized or required by law must be conducted by the commissioner or an officer, agent, or employee the commissioner designates for the purpose.

Subd. 3. **PESTICIDE CHEMICAL RULES.** Federal pesticide chemical regulations in effect on April 1, 2000 2001, adopted under authority of the Federal Insecticide, Fungicide and Rodenticide Act, as provided by United States Code, title 7, chapter 6, are the pesticide chemical rules in this state.

Subd. 4. **FOOD ADDITIVE RULES.** Federal food additive regulations in effect on April 1, 2000 2001, as provided by Code of Federal Regulations, title 21, parts 170 to 199, are the food additive rules in this state.

Subd. 5. **COLOR ADDITIVE RULES.** Federal color additive regulations in effect on April 1, 2000 2001, as provided by Code of Federal Regulations, title 21, parts 70 to 82, are the color additive rules in this state.

Subd. 6. **SPECIAL DIETARY USE RULES.** Federal special dietary use regulations in effect on April 1, 2000 2001, as provided by Code of Federal Regulations, title 21, parts 104 and 105, are the special dietary use rules in this state.

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Subd. 7. **FAIR PACKAGING AND LABELING RULES.** Federal regulations in effect on April 1, ~~2000~~ 2001, adopted under the Fair Packaging and Labeling Act, as provided by United States Code, title 15, sections 1451 to 1461, are the rules in this state. The commissioner may not adopt amendments to these rules or adopt other rules which are contrary to the labeling requirements for the net quantity of contents required pursuant to section 4 of the Fair Packaging and Labeling Act and the regulations adopted under that act.

Subd. 8. **FOOD AND DRUGS RULES.** Applicable federal regulations including recodification contained in Code of Federal Regulations, title 21, parts 0-1299, Food and Drugs, in effect April 1, ~~2000~~ 2001, and not otherwise adopted herein, also are adopted as food rules of this state.

Subd. 9. **FISHERY PRODUCTS RULES.** Federal regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 50, parts 260 to 267, are incorporated as part of the fishery products rules in this state for state inspections performed under a cooperative agreement with the United States Department of Commerce, National Marine Fisheries Service.

Subd. 10. **MEAT AND POULTRY RULES.** Federal regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 9, part 301, et seq., are incorporated as part of the meat and poultry rules in this state.

Subd. 11. **STANDARDS FOR FRESH FRUITS, VEGETABLES, AND OTHER PRODUCTS.** Federal regulations in effect on April 1, ~~2000~~ 2001, as provided by Code of Federal Regulations, title 7, parts 51 and 52, are incorporated as part of the rules in this state.

Subd. 12. **DAIRY GRADE RULES; MANUFACTURING PLANT STANDARDS.** Federal grading and inspection standards for manufacturing dairy plants and products and amendments thereto in effect on ~~January~~ April 1, 2001, as provided by Code of Federal Regulations, title 7, part 58, subparts B-W, are adopted as the dairy grade rules and manufacturing plant standards in this state.

Sec. 19. Minnesota Statutes 2000, section 31.102, subdivision 1, is amended to read:

Subdivision 1. **IDENTITY, QUANTITY, AND FILL OF CONTAINER RULES.** Federal definitions and standards of identity, quality, and fill of container in effect on April 1, ~~2000~~ 2001, adopted under authority of the federal act, are the definitions and standards of identity, quality, and fill of container in this state. The rules may be amended by the commissioner under chapter 14.

Sec. 20. Minnesota Statutes 2000, section 31.103, subdivision 1, is amended to read:

Subdivision 1. **CONSUMER COMMODITIES LABELING RULES.** All labels of consumer commodities must conform with the requirements for the declaration of net quantity of contents of section 4 of the Fair Packaging and Labeling Act (United States Code, title 15, section 1451 et seq.) and federal regulations in effect

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on April 1, 2000 2001, adopted under authority of that act, except to the extent that the commissioner amends the rules under chapter 14. Consumer commodities exempted from the requirements of section 4 of the Fair Packaging and Labeling Act are also exempt from this subdivision.

Sec. 21. Minnesota Statutes 2000, section 31.104, is amended to read:

31.104 FOOD LABELING EXEMPTION RULES.

The commissioner shall promulgate rules exempting from any labeling requirement food which is, in accordance with the practice of the trade, to be processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded upon removal from such processing, labeling, or repacking establishment.

Federal regulations in effect on April 1, 2000 2001, adopted under authority of the federal act relating to such exemptions are effective in this state unless the commissioner amends them. The commissioner also may amend existing rules concerning exemptions under chapter 14.

Sec. 22. [35.155] CERVIDAE IMPORT RESTRICTIONS.

(a) A person must not import cervidae into the state from a herd that is infected or exposed to chronic wasting disease or from a known chronic wasting disease endemic area, as determined by the board. A person may import cervidae into the state only from a herd that is not in a known chronic wasting disease endemic area, as determined by the board, and the herd has been subject to a state or provincial approved chronic wasting disease monitoring program for at least three years. Cervidae imported in violation of this section may be seized and destroyed by the commissioner of natural resources.

(b) This section expires on June 1, 2003.

Sec. 23. Minnesota Statutes 2000, section 38.331, subdivision 2, is amended to read:

Subd. 2. **COUNTY EXTENSION WORK.** "County extension work" means educational programs and services provided by extension ~~agents~~ educators in the areas of agriculture; ~~economic and human development; community;~~ agricultural finance; ~~economic development;~~ nutrition; youth leadership development including 4-H programs; leadership; and environment and natural resources.

Sec. 24. Minnesota Statutes 2000, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY GENERALLY.** To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation or family farm partnership, as defined in section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 25. Minnesota Statutes 2000, section 41B.03, subdivision 3, is amended to read:

Subd. 3. **ELIGIBILITY FOR BEGINNING FARMER LOANS.** (a) In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm loan in which the authority holds an interest, must:

(1) have sufficient education, training, or experience in the type of farming for which the loan is desired;

(2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$200,000 in 1991 and an amount in subsequent years which is adjusted for inflation by multiplying \$200,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index;

(3) demonstrate a need for the loan;

(4) demonstrate an ability to repay the loan;

(5) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;

(6) certify that farming will be the principal occupation of the borrower;

(7) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first ~~five~~ three years of the loan, if an approved program is available within 45 miles from the borrower's residence. The commissioner may waive this requirement for any of the programs administered by the authority if the participant requests a waiver and has either a four-year degree in an agricultural program or certification as an adult farm management instructor; and

(8) agree to file an approved soil and water conservation plan with the soil conservation service office in the county where the land is located.

(b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is subject to penalty as determined by the authority.

Sec. 26. Minnesota Statutes 2001 Supplement, section 41B.046, subdivision 2, is amended to read:

Subd. 2. **ESTABLISHMENT.** The authority shall establish and implement a value-added agricultural product loan program to help farmers finance the purchase of stock in a cooperative, limited liability company, or limited liability partnership that is proposing to build or purchase and operate an agricultural product processing facility or already owns and operates an agricultural product processing facility.

Sec. 27. **[41B.049] METHANE DIGESTER LOAN PROGRAM.**

Subdivision 1. **ESTABLISHMENT.** The authority shall establish and implement a methane digester loan program to help finance the purchase of necessary equipment and the construction of a system that will utilize manure to produce electricity.

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Subd. 2. REVOLVING FUND. There is established in the state treasury a revolving fund, which is eligible to receive appropriations and the transfer of funds from other services. All repayments of financial assistance granted under subdivision 1, including principal and interest, must be deposited into this fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner of agriculture for purposes of the manure digester loan program, including costs incurred by the authority to establish and administer the program.

Subd. 3. ELIGIBILITY. Notwithstanding section 41B.03, to be eligible for a loan under this section a borrower must:

(1) locate the projects and utilize the equipment and practices on land located in Minnesota;

(2) provide evidence of financial stability;

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

(4) provide evidence that the practices implemented and capital assets purchased will be properly managed and maintained.

Subd. 4. LOANS. (a) The authority may make a direct loan or participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan. The authority's interest rate for a direct loan or a loan participation must not exceed four percent. Loans made under this section before July 1, 2003, must be no-interest loans.

(b) Application for a direct loan or a loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization shall be set by the rural finance authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or a loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at \$100 for a loan under subdivision 1. The fees received by the authority must be deposited in the revolving fund created in subdivision 2.

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

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

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

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

Sec. 28. Minnesota Statutes 2000, section 97A.105, is amended by adding a subdivision to read:

Subd. 3a. **CERVIDAE RUNNING AT LARGE PROHIBITED.** (a) An owner may not allow cervidae to run at large. The owner must make all reasonable efforts to return escaped cervidae to their enclosures as soon as possible. The owner must notify the commissioner of the escape of cervidae if the cervidae are not returned or captured by the owner within 24 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning cervidae that have left their enclosures if the person capturing the cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped cervidae, the commissioner may destroy the escaped cervidae. The commissioner must allow the owner to attempt to capture the escaped cervidae prior to destroying the cervidae. Cervidae that are not captured by 24 hours after escape may be destroyed.

Sec. 29. Minnesota Statutes 2000, section 97A.105, is amended by adding a subdivision to read:

Subd. 3b. **WILD CERVIDAE INSIDE CONFINEMENT AREA.** An owner, or employee or agent under the direction of the owner, must destroy wild cervidae found within the game farm owner's cervidae confinement area. The owner, employee, or agent must report the wild cervidae destroyed to a conservation officer or an employee of the division of wildlife within 24 hours. The wild cervidae must be disposed of as prescribed by the commissioner.

Sec. 30. [116.0714] NEW OPEN AIR SWINE BASINS.

After the effective date of this section, the commissioner of the pollution control agency or a county board shall not approve any permits for the construction of new open air swine basins, except that existing facilities may use one basin of less than 1,000,000 gallons as part of a permitted waste treatment program for resolving pollution problems or to allow conversion of an existing basin of less than 1,000,000 gallons to a different animal type, provided all standards are met. This section expires June 30, 2007.

Sec. 31. Minnesota Statutes 2000, section 223.16, subdivision 5, is amended to read:

Subd. 5. **GRAIN BUYER.** "Grain buyer" means a person who purchases grain for the purpose of reselling the grain or products made from the grain, with the exception of a person who purchases seed grain for crop production or who purchases grain as feed for the person's own livestock.

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Sec. 32. Laws 2001, chapter 206, section 14, is amended to read:

Sec. 14. [500.222] EXEMPT ACREAGE IN LAND EXCHANGE.

~~The city of Bird Island A local unit of government may exchange a parcel of land owned by it or acquired for it by a qualified intermediary, for a parcel of agricultural real estate that is owned by an individual exempt under Minnesota Statutes, section 500.221, based on ownership being lawfully acquired prior to June 1, 1981. Since there is no exception for exchanged property under Minnesota Statutes, section 500.221, the exchange of the city's parcel would result in the loss of exemption for the exchanged property. Accordingly, this act provides that The agricultural land being exchanged for the parcel that is currently exempt shall also be exempt under Minnesota Statutes, section 500.221, as if it had been purchased by the owner prior to June 1, 1981. Such The exchanged parcel shall have exactly the same rights status under the statute section 500.221 as the parcel to be exchanged and the status may be stated on the deeds used to effectuate the transaction may so state.~~

Sec. 33. NORTHERN COUNTIES LAND USE COORDINATING BOARD; LAND USE MANAGEMENT; PILOT PROJECT.

(a) The northern counties land use coordinating board may initiate a pilot project to promote cooperative efforts among county, state, federal, and local units of government and private citizens regarding land use management issues. The office of strategic and long-range planning must coordinate the activities of state agencies, which shall include the departments of agriculture, commerce, natural resources, trade and economic development, board of soil and water resources, iron range resources and rehabilitation board, environmental quality board, pollution control agency, and the office of environmental assistance.

(b) The board must also solicit cooperation with Canadian officials who represent areas contiguous to the region and with organizations representing recreational, agricultural, mining, forestry, and tourism interests within the affected boundaries of the northern counties land use coordinating board.

(c) The legislature also encourages participation by appropriate federal agencies.

(d) The objectives of the pilot project are to:

(1) document instances when land use regulations and policies are incompatible with local government land use authority;

(2) document instances when regulations and policies interfere with private property rights; and

(3) identify and promote a means of resolving differences.

(e) The board must report to the legislature by January 15, 2004, on the status of the project. The pilot project ends on June 30, 2004.

(f) Costs to the office of strategic and long-range planning related to its coordination duties under this section must be reimbursed by the northern counties land use coordinating board or its participating counties as provided in an agreement between the office and the board. The agreement is not subject to the limits on contracts

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and hiring in Laws 2002, chapter 220, article 10, sections 36 to 38. Reimbursements must be deposited in the state treasury and credited to the special revenue fund and are appropriated to the office to carry out the agreement.

Sec. 34. CHRONIC WASTING DISEASE RECOMMENDATIONS; REPORT.

The board of animal health and the commissioner of natural resources, in consultation with the cervidae advisory committee and other interested parties, shall jointly study and make recommendations on measures to protect domestic and wild cervidae from chronic wasting disease. The report shall include recommendations for:

- (1) cervidae fence specifications;
- (2) disease infection prevention measures;
- (3) criteria for quarantine or destruction of contaminated herds;
- (4) methods of harvest;
- (5) tagging of cervidae; and
- (6) other items determined by the board and the commissioner.

By January 15, 2003, the board and the commissioner shall report their recommendations to the senate and house of representatives committees with jurisdiction over agriculture and natural resources policy.

Sec. 35. TEMPORARY WAIVER OF RULE.

The application of Minnesota Rules, part 1720.0620, is temporarily waived from June 1, 2002, to June 30, 2003, for products used exclusively for poultry.

Sec. 36. NOXIOUS WEED RULES.

The commissioner of agriculture shall amend the rules authorized under Minnesota Statutes, section 18.79, pursuant to Minnesota Statutes, section 14.388, to add Grecian Foxglove (*digitalis lanata*) to the list of secondary noxious weeds.

Sec. 37. TRANSFER OF FUNDS; DEPOSIT OF REPAYMENTS.

The remaining balance in the revolving account in Minnesota Statutes, section 17.115, that is dedicated to manure digester loans under Minnesota Statutes, section 17.115, subdivision 5, shall be transferred to the revolving fund established under Minnesota Statutes, section 41B.049, subdivision 2, on the effective date of this section. Notwithstanding Minnesota Statutes, section 17.115, and Laws 2002, chapter 220, article 9, section 7, all future receipts from manure digester loans originated under Minnesota Statutes, section 17.115, and from disaster recovery loans, under Minnesota Statutes, section 41B.047, shall be deposited in the revolving fund established under Minnesota Statutes, section 41B.049, subdivision 2.

Sec. 38. EFFECTIVE DATE.

Sections 2, 3, 22, 28 to 30, and 32 to 36 are effective the day following final enactment.

New language is indicated by underline, deletions by strikeout.

Presented to the governor May 14, 2002

Signed by the governor May 17, 2002, 10:33 a.m.

CHAPTER 374—H.F.No. 3270

An act relating to the financing of state government; appropriating money and reducing appropriations for kindergarten through grade 12, early childhood and family education, higher education, environment, state government, and health and human services; canceling balances and appropriations and transferring balances to the general fund in order to avert a deficit; converting certain capital project financing from general fund cash to general obligation bonding; modifying education aids; transferring programs; changing certain fees; modifying certain programs; amending Minnesota Statutes 2000, sections 13.05, subdivision 4; 16A.28, subdivision 6; 16B.27, by adding a subdivision; 79.251, subdivision 1; 115A.557, subdivision 1; 115A.96, subdivisions 2, 3, 4, 5, 7, as added; 124D.69, by adding a subdivision; 125A.65, subdivisions 1, 3, 8, 9; 127A.45, subdivisions 2, 3, 10, 13, 14, 16, by adding a subdivision; 136A.121, subdivision 7; 144.395, subdivision 1, as amended; 241.44, by adding a subdivision; 256.9657, subdivision 1, as amended; 256B.431, subdivisions 23, as amended, 37, as added; 256E.06, subdivision 3; 256J.425, by adding a subdivision; 256L.01, subdivision 4; Minnesota Statutes 2001 Supplement, sections 62J.694, subdivision 1; 123B.54, as amended; 124D.11, subdivision 9; 126C.10, subdivision 13; 126C.17, subdivision 7; 127A.45, subdivision 14a; 241.021, subdivision 4; 256B.5013, subdivision 1, as amended; 256J.425, subdivisions 3, 4, 5; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 2; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 4; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 7, as amended; Laws 2001, First Special Session chapter 3, article 1, section 17, subdivision 9, as amended; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 1, section 19, subdivision 5, as amended; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 3, as amended; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 4; Laws 2001, First Special Session chapter 3, article 2, section 15, subdivision 6; Laws 2001, First Special Session chapter 3, article 3, section 9, subdivision 5; Laws 2001 First Special Session chapter 3, article 3, section 9, subdivision 7; Laws 2001, First Special Session chapter 3, article 4, section 5, subdivision 3; Laws 2001, First Special Session chapter 5, article 2, section 29, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 2, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 6, as amended; Laws 2001, First Special Session chapter 6, article 1, section 54, subdivision 7, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 4, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 5, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 6; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 8, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77, subdivision 11, as amended; Laws 2001, First Special Session chapter 6, article 2, section 77,

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