

CHAPTER 45—H.F.No. 2227

An act relating to appropriations; appropriating money for agriculture, veterans affairs, and military affairs; modifying disposition of certain revenue and funds; modifying certain grant and loan requirements; modifying use of Minnesota grown label; modifying and creating certain funds and accounts; eliminating the aquatic pest control license; modifying permit and safeguard requirements; modifying and establishing certain fees and surcharges; creating a food safety and defense task force; requiring certain studies and reports; providing for NextGen energy; changing certain provisions related to veterans and members of the national guard and reserves; amending Minnesota Statutes 2006, sections 3.737, subdivision 1; 3.7371, subdivision 3; 17.03, subdivision 3; 17.101, subdivision 2; 17.102, subdivisions 1, 3, 4, by adding subdivisions; 17.117, subdivisions 1, 4, 5a, 5b, 11; 17.982, subdivision 1; 17.983, subdivision 1; 18B.065, subdivisions 1, 2a; 18B.26, subdivision 3; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.345; 18C.305, by adding a subdivision; 18E.02, subdivisions 1, 5, by adding a subdivision; 18E.03, subdivision 4; 25.341, subdivision 1; 28A.04, subdivision 1; 28A.06; 28A.082, subdivision 1; 32.21, subdivision 4; 32.212; 32.394, subdivision 4; 32.415; 41B.043, subdivisions 2, 3, 4; 41B.047; 41B.055; 41B.06; 41C.05, subdivision 2; 116.0714; 116O.09, subdivision 2; 197.75; 198.002, subdivision 2; 198.004, subdivision 1; 239.7911, subdivision 1; 327.201; 343.10; proposing coding for new law in Minnesota Statutes, chapters 18C; 28A; 35; 41A; 192; 197; repealing Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 32.213; 35.08; 35.09; 35.10; 35.11; 35.12; 41A.09, subdivision 9; 41B.043, subdivision 1a; Laws 2006, chapter 258, section 14, subdivision 6; Minnesota Rules, parts 1705.0840; 1705.0850; 1705.0860; 1705.0870; 1705.0880; 1705.0890; 1705.0900; 1705.0910; 1705.0920; 1705.0930; 1705.0940; 1705.0950; 1705.0960; 1705.0970; 1705.0980; 1705.0990; 1705.1000; 1705.1010; 1705.1020; 1705.1030; 1705.1040; 1705.1050; 1705.1060; 1705.1070; 1705.1080; 1705.1086; 1705.1087; 1705.1088.

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

ARTICLE 1

AGRICULTURE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	\$ <u>57,132,000</u> \$	<u>47,159,000</u> \$	<u>104,291,000</u>

waters. The funding must not be used to hire additional employees to perform these activities. This appropriation is available until spent.

\$400,000 the first year is for clean water legacy technical assistance in the development of total maximum daily load (TMDL) plans. This appropriation is available until spent.

\$263,000 the first year and \$267,000 the second year are for additional invasive species control activities.

\$90,000 the first year and \$92,000 the second year are for additional meat inspection activities.

\$205,000 the first year and \$205,000 the second year are for electronic inspection system costs for dairy and food inspections.

\$100,000 the first year and \$100,000 the second year are for emergency planning activities.

\$141,000 the first year and \$143,000 the second year are for livestock premise identification activities that increase the state's ability to respond to animal health emergencies. The commissioner shall not require livestock premise identification for county and district agricultural societies and associations and small animal shows.

The commissioner shall convene a task force to identify, evaluate, and recommend options for new or additional agricultural or other trade-related uses of the Port of Duluth. The task force shall consist of representatives of the Departments of Agriculture, Natural Resources, and Employment and Economic Development as well as the Duluth Port Authority, the city of Duluth, and other stakeholders appointed by the commissioner, including but not limited to, representatives of the state's commodity trade, transportation, and storage interests. No later than March 1, 2008, the commissioner shall report to the chairs of the house and senate committees with jurisdiction over agriculture finance.

Subd. 3. Agricultural Marketing and Development8,547,0005,157,000

\$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for Minnesota grown grants in this paragraph are available until June 30, 2011. \$50,000 of the appropriation in each year is for efforts that identify and promote Minnesota grown products in retail food establishments including but not limited to restaurants, grocery stores, and convenience stores. The balance in the Minnesota grown matching account in the agricultural fund is canceled to the Minnesota grown account in the agricultural fund and the Minnesota grown matching account is abolished.

\$160,000 the first year and \$160,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for sustainable agriculture grants in this paragraph are available until June 30, 2011.

\$100,000 the first year and \$100,000 the second year are to provide training and technical assistance to county and town officials relating to livestock siting issues and local zoning and land use planning, including a checklist template that would clarify the federal, state, and local government requirements for consideration of an animal agriculture modernization or expansion project. In developing the training and technical assistance program, the commissioner shall seek

guidance, advice, and support of livestock producer organizations, general agricultural organizations, local government associations, academic institutions, other government agencies, and others with expertise in land use and agriculture.

\$103,000 the first year and \$106,000 the second year are for additional integrated pest management activities.

\$2,500,000 the first year is for the agricultural best management practices loan program. At least \$2,000,000 is available for pass-through to local governments and lenders for low-interest loans.

\$1,000,000 the first year is for the agricultural best management practices loan program for capital equipment loans for persons using native, perennial cropping systems for energy or seed production. This appropriation is available until spent. * (The preceding text beginning "\$1,000,000 the first year" was indicated as vetoed by the governor.)

\$100,000 the first year and \$100,000 the second year are for annual cost-share payments to resident farmers or persons who sell, process, or package agricultural products in this state for the costs of organic certification. Annual cost-share payments per farmer must be two-thirds of the cost of the certification or \$350, whichever is less. In any year that a resident farmer or person who sells, processes, or packages agricultural products in this state receives a federal organic certification cost-share payment, that resident farmer or person is not eligible for state cost-share payments. A certified farmer is eligible to receive annual certification cost-share payments for up to five years. \$15,000 each year is for organic market and program development. The commissioner may allocate any excess appropriation in either fiscal year for organic producer education efforts, assistance for persons transitioning from conventional to organic agriculture, or sustainable agriculture demonstration grants authorized under Minnesota Statutes, section 17.116, and pertaining to organic research or

demonstration. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

Subd. 4. Bioenergy and Value-Added Agricultural Products

19,918,000

15,168,000

\$15,168,000 the first year and \$15,168,000 the second year are for ethanol producer payments under Minnesota Statutes, section 41A.09. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs including the value-added agricultural product processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent.

\$3,000,000 the first year is for grants to bioenergy projects. The NextGen Energy Board shall make recommendations to the commissioner on grants for owners of Minnesota facilities producing bioenergy, organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse stands of prairie plants and other perennials for bioenergy systems, or certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic material via gasification or other processes. The board must give priority to a bioenergy facility that is at least 60 percent owned and controlled by farmers, as defined in Minnesota Statutes, section 500.24, subdivision 2, paragraph (n), or natural persons residing in the

county or counties contiguous to where the facility is located. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The board shall make a good faith effort to select projects that have merit and when taken together represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer certification on the technology and fuel source. Grantees shall provide reports at the request of the commissioner and must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable. No later than February 1, 2009, the commissioner shall report on the projects funded under this appropriation to the house and senate committees with jurisdiction over agriculture finance. The commissioner's costs in administering the program may be paid from the appropriation.

\$350,000 the first year is for grants to the Minnesota Institute for Sustainable Agriculture at the University of Minnesota to provide funds for on-station and on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse stands of prairie plants and other perennials for bioenergy systems including, but not limited to, multiple species selection and establishment, ecological management between planting and harvest, harvest technologies, financial and agronomic risk management, farmer goal setting and adoption of technologies, integration of wildlife habitat into management approaches, evaluation of carbon and other benefits, and robust policies needed to induce farmer conversion on marginal lands. * (The preceding text beginning "\$350,000 the first year" was indicated as vetoed by the governor.)

\$200,000 the first year is for a grant to the Minnesota Turf Seed Council for basic and applied agronomic research on native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to a joint venture combined heat and power energy facility located in Scott or LeSueur County for the creation of a centrally located biomass fuel supply depot with the capability of unloading, processing, testing, scaling, and storing renewable biomass fuels. The grant must be matched by at least \$3 of nonstate funds for every \$1 of state funds. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$300,000 the first year is for a grant to the Bois Forte Band of Chippewa for a feasibility study of a renewable energy biofuels demonstration facility on the Bois Forte Reservation in St. Louis and Koochiching Counties. The grant shall be used by the Bois Forte Band to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility on Bois Forte Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy

Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$300,000 the first year is for a grant to the White Earth Band of Chippewa for a feasibility study of a renewable energy biofuels production, research, and production facility on the White Earth Reservation in Mahnomen County. The grant must be used by the White Earth Band and the University of Minnesota to conduct a detailed feasibility study of the economic and technical viability of (1) developing a multistream renewable energy biofuels demonstration facility on White Earth Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy, and (2) developing, harvesting, and marketing native prairie plants and seeds for bioenergy production. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to the Elk River Economic Development Authority for upfront engineering and a feasibility study of the Elk River renewable fuels facility. The facility must use a plasma gasification process to convert primarily cellulosic material, but may also use plastics and other components from municipal solid waste, as feedstock for the production of methanol for use in biodiesel production facilities. Any unencumbered balance in fiscal year 2008 does not cancel but is available for fiscal year 2009. Notwithstanding Minnesota Statutes, section 16A.285, the agency must not transfer this appropriation. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with

jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to Chisago County to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility in Chisago, Isanti, or Pine County to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. Chisago County may expend funds to Isanti and Pine Counties and the University of Minnesota for any costs incurred as part of the study. The feasibility study must consider the capacity of: (1) the seed bank at Wild River State Park to expand the existing prairie grass, woody biomass, and cellulosic material resources in Chisago, Isanti, and Pine Counties; (2) willing and interested landowners in Chisago, Isanti, and Pine Counties to grow cellulosic materials; and (3) the Minnesota Conservation Corps, the sentence to serve program, and other existing workforce programs in east central Minnesota to contribute labor to these efforts. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

Subd. 5. Administration and Financial Assistance

7,338,000

6,751,000

\$1,005,000 the first year and \$1,005,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2 . The commissioner may allocate the available sums among permissible activities, including efforts to

improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

\$50,000 the first year and \$50,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

\$250,000 the first year and \$250,000 the second year are for grants to the Minnesota Agricultural Education Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

\$600,000 the first year is for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. No later than February 1, 2009, the commissioner shall report to the house and senate committees with jurisdiction over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funded through an industry checkoff fee.

\$465,000 the first year and \$465,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed not later than July 15 of each year. These payments are the amount of aid owed by the state for an annual fair held in the previous calendar year.

\$65,000 the first year and \$65,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on the improved production of forage and turf seed related to new and improved varieties. The grant recipient may subcontract with a qualified third party for some or all of the basic and applied research.

\$500,000 the first year and \$500,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

\$100,000 the first year and \$100,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Horticultural Society.

\$50,000 is for a grant to the University of Minnesota, Department of Horticultural Science, Enology Laboratory, to upgrade and purchase instrumentation to allow rapid and accurate measurement of enology components. This is a onetime appropriation and is available until expended.

Sec. 4. **BOARD OF ANIMAL HEALTH**

\$

3,574,000 \$

3,455,000

\$448,000 the first year and \$363,000 the second year are for bovine tuberculosis eradication and surveillance in cattle herds. Of this amount, \$159,000 is permanent.

\$100,000 the first year is for reimbursements under Minnesota Statutes, section 35.085. This appropriation is available until spent.

\$200,000 the first year and \$200,000 the second year are for a program to control paratuberculosis (Johne's disease) in domestic bovine herds.

\$80,000 the first year and \$80,000 the second year are for a program to investigate the avian pneumovirus disease and to identify the infected flocks. This appropriation must be matched on a dollar-for-dollar or in-kind basis with nonstate sources and is in addition to money currently designated for turkey disease research. Costs of blood sample collection, handling, and transportation, in addition to costs associated with early diagnosis tests and the expenses of vaccine research trials, may be credited to the match.

\$400,000 the first year and \$400,000 the second year are for the purposes of cervidae inspection as authorized in Minnesota Statutes, section 35.155.

Sec. 5. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**

\$

3,100,000 \$

3,100,000

\$700,000 the first year and \$700,000 the second year are for technical assistance and technology transfer to bioenergy crop producers and users.

From the appropriation in both years, the Agricultural Utilization Research Institute must continue to monitor and coordinate renewable energy efforts and opportunities in the state via the Renewable Energy Roundtable, the Center for Producer-Owned Energy, and related initiatives. In addition, as part of the Renewable Energy Roundtable, the institute shall convene a Bioenergy Advisory Committee consisting of, but not limited to, representatives of the state's agriculture, natural resources, forestry, and rural economic development communities and shall present this group's viewpoints as part of the institute's participation in the NextGen Energy Board created in Minnesota Statutes, section 41A.105.

Sec. 6. Minnesota Statutes 2006, section 3.737, subdivision 1, is amended to read:

Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of agriculture for livestock that is destroyed by a gray wolf or is so crippled by a gray wolf that it must be destroyed. ~~The~~ Except as provided in this section, the owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of a university extension agent or a conservation officer. In any fiscal year, a livestock owner may not be compensated for a destroyed animal claim that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section. In any fiscal year, the commissioner may provide compensation for claims filed under this section and section 3.7371 up to a total of \$100,000 for both programs combined.

(b) Either the agent or the conservation officer must make a personal inspection of the site. The agent or the conservation officer must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the agent or conservation officer, shall determine whether the livestock was destroyed by a gray wolf and any deficiencies in the owner's adoption of the best management practices developed in subdivision 5. The commissioner may authorize payment of claims only if the agent or the conservation officer has recommended payment. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

Sec. 7. Minnesota Statutes 2006, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The crop owner is entitled to the target price or the market price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the county extension agent for the owner's county. The commissioner, upon recommendation of the agent, shall determine whether the crop damage or destruction is caused by elk and, if so, the amount of the crop that is damaged

or destroyed. In any ~~calendar~~ fiscal year, a crop owner may not be compensated for a damaged or destroyed crop that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section, if normal harvest procedures for the area are followed. In any fiscal year, the commissioner may provide compensation for claims filed under this section and section 3.737 up to a total of \$100,000 for both programs combined.

Sec. 8. Minnesota Statutes 2006, section 17.03, subdivision 3, is amended to read:

Subd. 3. **Cooperation with federal agencies.** (a) The commissioner shall cooperate with the government of the United States, with financial agencies created to assist in the development of the agricultural resources of this state, and so far as practicable may use the facilities provided by the existing state departments and the various state and local organizations. This subdivision is intended to relate to every function and duty which devolves upon the commissioner.

(b) The commissioner may apply for, receive, and disburse federal funds made available to the state by federal law or regulation for any purpose related to the powers and duties of the commissioner. All money received by the commissioner under this paragraph shall be deposited in the state treasury and is appropriated to the commissioner for the purposes for which it was received. Money received under this paragraph does not cancel and is available for expenditure according to federal law. The commissioner may contract with and enter into grant agreements with persons, organizations, educational institutions, firms, corporations, other state agencies, and any agency or instrumentality of the federal government to carry out agreements made with the federal government relating to the expenditure of money under this paragraph. Bid requirements under chapter 16C do not apply to contracts under this paragraph.

Sec. 9. Minnesota Statutes 2006, section 17.101, subdivision 2, is amended to read:

Subd. 2. **Agricultural development grants and contracts.** In order to carry out the duties in subdivision 1, the commissioner, in addition to whatever other resources the department may commit, shall make grants and enter into contracts to fulfill the obligations of subdivision 1. The commissioner may enter into partnerships or seek gifts to carry out subdivision 1. The commissioner may contract with, among others, agricultural commodity organizations, the University of Minnesota, and agriculture related businesses to fulfill the duties. The commissioner shall make permanent rules for the administration of these grants and contracts. The rules shall specify at a minimum:

- (a) eligibility criteria;
- (b) application procedures;
- (c) provisions for application review and project approval;
- (d) provisions for program monitoring and review for all approved grants and contracts; and
- (e) other provisions the commissioner finds necessary.

Contracts entered into by the commissioner pursuant to this subdivision shall not exceed 75 percent of the cost of the project supported by the commissioner's grant. In any ~~biennium~~ year, no organization shall receive more than \$70,000 in grants from the commissioner.

Sec. 10. Minnesota Statutes 2006, section 17.102, subdivision 1, is amended to read:

Subdivision 1. **Establishment and use of label.** (a) The commissioner shall establish a "Minnesota grown" logo or labeling statement for use in identifying agricultural products that are grown, raised, processed, or manufactured in this state. The commissioner may develop labeling statements that apply to specific marketing or promotional needs. One version of a labeling statement must identify food products certified as organically grown in this state. The Minnesota grown logo or labeling statement may be used on ~~raw agricultural~~ products only if 80 percent or more of the agricultural product is produced in this state.

(b) The Minnesota grown logo or labeling statement may not be used without a license from the commissioner except that wholesalers and retailers may use the Minnesota grown logo and labeling statement for displaying and advertising products that qualify for use of the Minnesota grown logo or labeling statement.

Sec. 11. Minnesota Statutes 2006, section 17.102, subdivision 3, is amended to read:

Subd. 3. **License.** A person may not use the Minnesota grown logo or labeling without an annual license from the commissioner. The commissioner shall issue licenses for a fee of ~~\$5~~ \$20.

Sec. 12. Minnesota Statutes 2006, section 17.102, subdivision 4, is amended to read:

Subd. 4. **Minnesota grown account.** The Minnesota grown account is established as an account in the agricultural fund. License fee receipts and penalties collected under this section must be deposited in the agricultural fund and credited to the Minnesota grown account. The money in the account is continuously appropriated to the commissioner to implement and enforce this section and to promote the Minnesota grown logo and labeling for the direct costs of implementing the Minnesota grown program.

Sec. 13. Minnesota Statutes 2006, section 17.102, is amended by adding a subdivision to read:

Subd. 4a. **Funding sources.** The Minnesota grown account shall consist of license fees, penalties, advertising revenue, revenue from the development and sale of promotional materials, gifts, and appropriations.

Sec. 14. Minnesota Statutes 2006, section 17.102, is amended by adding a subdivision to read:

Subd. 4b. **Appropriations must be matched by private funds.** Appropriations from the Minnesota grown account may be expended only to the extent that they are matched with contributions to the account from private sources on a basis of at least \$1 of private contributions to each \$4 of state money. For the purposes of this subdivision, "private contributions" includes, but is not limited to, license fees, penalties, advertising revenue, revenue from the development and sale of promotional materials, and gifts.

Sec. 15. Minnesota Statutes 2006, section 17.117, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The purpose of the agriculture best management practices loan program is to provide low or no interest financing to farmers, agriculture supply businesses, ~~and~~ rural landowners, and water-quality cooperatives for the implementation of agriculture and other best management practices that reduce environmental pollution.

Sec. 16. Minnesota Statutes 2006, section 17.117, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agricultural and environmental revolving accounts" means accounts in the agricultural fund, controlled by the commissioner, which hold funds available to the program.

(c) "Agriculture supply business" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that provides materials, equipment, or services to farmers or agriculture-related enterprises.

(d) "Allocation" means the funds awarded to an applicant for implementation of best management practices through a competitive or noncompetitive application process.

(e) "Applicant" means a local unit of government eligible to participate in this program that requests an allocation of funds as provided in subdivision 6b.

(f) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2, or other practices, techniques, and measures that have been demonstrated to the satisfaction of the commissioner to prevent or reduce adverse environmental impacts by using the most effective and practicable means of achieving environmental goals.

(g) "Borrower" means a farmer, an agriculture supply business, or a rural landowner applying for a low-interest loan.

(h) "Commissioner" means the commissioner of agriculture, including when the commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee of the commissioner.

(i) "Committed project" means an eligible project scheduled to be implemented at a future date:

- (1) that has been approved and certified by the local government unit; and
- (2) for which a local lender has obligated itself to offer a loan.

(j) "Comprehensive water management plan" means a state approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(k) "Cost incurred" means expenses for implementation of a project accrued because the borrower has agreed to purchase equipment or is obligated to pay for services or materials already provided as a result of implementing a prior an approved eligible project.

(l) "Farmer" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that regularly participates in physical labor or operations management of farming and files a Schedule F as part of filing United States Internal Revenue Service Form 1040 or indicates farming as the primary business activity under Schedule C, K, or S, or any other applicable report to the United States Internal Revenue Service.

(m) "Lender agreement" means an agreement entered into between the commissioner and a local lender which contains terms and conditions of participation in the program.

(n) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59 with the authority to participate in the program.

(o) "Local lender" means a local government unit as defined in paragraph (n), a state or federally chartered bank, a savings association, a state or federal credit union, Agribank and its affiliated organizations, or a nonprofit economic development organization or other financial lending institution approved by the commissioner.

(p) "Local revolving loan account" means the account held by a local government unit and a local lender into which principal repayments from borrowers are deposited and new loans are issued in accordance with the requirements of the program and lender agreements.

(q) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

(r) "Program" means the agriculture best management practices loan program in this section.

(s) "Project" means one or more components or activities located within Minnesota that are required by the local government unit to be implemented for satisfactory completion of an eligible best management practice.

(t) "Rural landowner" means the owner of record of Minnesota real estate located in an area determined by the local government unit to be rural after consideration of local land use patterns, zoning regulations, jurisdictional boundaries, local community definitions, historical uses, and other pertinent local factors.

(u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d), except as expressly limited in this section.

Sec. 17. Minnesota Statutes 2006, section 17.117, subdivision 5a, is amended to read:

Subd. 5a. **Agricultural and environmental revolving accounts.** (a) There shall be established in the ~~agricultural~~ special revenue fund revolving accounts to receive appropriations, transfers of the balances from previous appropriations for the activities under this section, and money from other sources. All balances from previous appropriations for activities under this section and repayments of loans granted under this section, including principal and interest, must be deposited into the appropriate revolving account created in this subdivision or the account created in subdivision 13. Interest earned in an account accrues to that account.

(b) The money in the revolving accounts and the account created in subdivision 13 is appropriated to the commissioner for the purposes of this section.

Sec. 18. Minnesota Statutes 2006, section 17.117, subdivision 5b, is amended to read:

Subd. 5b. **Application fee.** The commissioner may impose a nonrefundable application fee of \$50 for each loan issued under the program. The fees must be credited to the agricultural best management practices administration account, which is hereby established in the ~~agricultural~~ special revenue fund. Interest earned in the account accrues to the account. Money in the account and interest earned in the accounts established in the agricultural fund under subdivision 5a are appropriated to the commissioner for administrative expenses of the program.

Sec. 19. Minnesota Statutes 2006, section 17.117, subdivision 11, is amended to read:

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

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

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

(1) no loan to a borrower may exceed ~~\$50,000~~ \$100,000;

(2) no loan for a project may exceed ~~\$50,000~~ \$100,000; and

(3) no borrower shall, at any time, have multiple loans from this program with a total outstanding loan balance of more than ~~\$50,000~~ \$100,000.

~~(d) The maximum term length for conservation tillage projects is five years. The maximum term length for other projects in this paragraph is ten years.~~

~~(e) Notwithstanding paragraph (c), a local lender may issue a loan of up to \$100,000 for a community sewage treatment system serving two or more households.~~

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

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

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

(3) not be based on participation program; and

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

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

Sec. 20. Minnesota Statutes 2006, section 17.982, subdivision 1, is amended to read:

Subdivision 1. **Criminal penalties.** A person who violates a provision of chapter 25, 28A, 29, 31, 31A, 31B, or 34 for which a penalty has not been prescribed is guilty of a misdemeanor.

Sec. 21. Minnesota Statutes 2006, section 17.983, subdivision 1, is amended to read:

Subdivision 1. **Administrative penalties; citation.** If a person has violated a provision of chapter 25, 28A, 29, 31, 31A, 31B, 32, or 34, the commissioner may issue a written citation to the person by personal service or by certified mail. The citation must describe the nature of the violation and the statute or rule alleged to have been violated; state the time for correction, if applicable; and the amount of any proposed fine. The citation must advise the person to notify the commissioner in writing within 30 days if the person wishes to appeal the citation. If the person fails to appeal the citation, the citation is the final order and not subject to further review.

Sec. 22. Minnesota Statutes 2006, section 18B.065, subdivision 1, is amended to read:

Subdivision 1. **Collection and disposal.** The commissioner of agriculture shall establish and operate a program to collect waste pesticides. The program ~~shall~~ must be made available to agriculture and residential pesticide end users whose waste generating activity occurs in this state.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 23. Minnesota Statutes 2006, section 18B.065, subdivision 2a, is amended to read:

Subd. 2a. **Disposal site requirement.** The commissioner must designate a place in each county of the state that is available at least every other year for the residents of each county in the state persons to dispose of unused portions of pesticides in accordance with subdivision 1. The commissioner shall consult with the person responsible for solid waste management and disposal in each county to determine an appropriate location.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 24. Minnesota Statutes 2006, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Application fee.** (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at 0.4 percent of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250. 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 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 application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. The commissioner shall spend at least ~~\$300,000~~ \$400,000, not including the commissioner's administrative costs, per fiscal year from the pesticide regulatory account for the purposes of the waste pesticide collection program.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each

pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(d) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (a) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 25. Minnesota Statutes 2006, section 18B.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a commercial applicator license for the appropriate use categories or a structural pest control license ~~or aquatic pest control license.~~

~~(b) A person with a commercial applicator license may not apply pesticides on or into surface waters without an aquatic pest control license under section 18B.315; except an aquatic pest control license is not required for licensed commercial applicators applying pesticides for the purposes of:~~

- ~~(1) pest control on cultivated wild rice;~~
- ~~(2) mosquito and black fly control operations;~~
- ~~(3) pest control on rights-of-way;~~
- ~~(4) aerial pest control operations for emergent vegetation control;~~
- ~~(5) aerial application of piscicides, and~~
- ~~(6) pest control for silvicultural operations.~~

~~(c)~~ (b) A commercial applicator licensee must have a valid license identification card when applying pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

Sec. 26. Minnesota Statutes 2006, section 18B.34, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified private applicator, ~~a licensed aquatic pest control applicator,~~ or licensed structural pest control applicator, a person, including a government employee, may not use a restricted use pesticide in performance of official duties without having a noncommercial applicator license for an appropriate use category.

~~(b) A licensed noncommercial applicator may not apply pesticides into or on surface waters without an aquatic pest control license, except an aquatic pest control license is not required for licensed noncommercial applicators applying pesticides for the purposes of:~~

- ~~(1) mosquito and black fly control operations;~~
- ~~(2) pest control on rights-of-way;~~
- ~~(3) pest control operations for purple loosestrife control;~~

~~(4) application of piscicides, and~~

~~(5) pest control for silvicultural operations.~~

~~(c)~~ (b) A licensee must have a valid license identification card when applying pesticides and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

Sec. 27. Minnesota Statutes 2006, section 18B.345, is amended to read:

18B.345 PESTICIDE APPLICATION ON GOLF COURSES.

(a) Application of a pesticide to the property of a golf course must be performed by:

(1) a structural pest control applicator; or

(2) a commercial or noncommercial pesticide applicator with appropriate use certification; or

~~(3) an aquatic pest control applicator.~~

(b) Pesticides determined by the commissioner to be sanitizers and disinfectants are exempt from the requirements in paragraph (a).

Sec. 28. Minnesota Statutes 2006, section 18C.305, is amended by adding a subdivision to read:

Subd. 3. **Exemption.** A permit and safeguard is not required for agricultural commodity producers who store, on their own property, for their own use, no more than 6,000 gallons of liquid commercial fertilizer.

Sec. 29. **[18C.70] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION COUNCIL.**

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agricultural Fertilizer Research and Education Council is established. The council is composed of 12 voting members as follows:

(1) two members of the Minnesota Crop Production Retailers;

(2) one member of the Minnesota Corn Growers Association;

(3) one member of the Minnesota Soybean Growers Association;

(4) one member of the sugar beet growers industry;

(5) one member of the Minnesota Association of Wheat Growers;

(6) one member of the potato growers industry;

(7) one member of the Minnesota Farm Bureau;

(8) one member of the Minnesota Farmers Union;

(9) one member from the Minnesota Irrigators Association;

(10) one member of the Minnesota Grain and Feed Association; and

(11) one member of the Minnesota Independent Crop Consultant Association or the Minnesota certified crop advisor program.

(b) Council members shall serve three-year terms. After the initial council is appointed, subsequent appointments must be staggered so that one-third of council membership is replaced each year. Council members must be nominated by their organizations and appointed by the commissioner. The council may add ex-officio members at its discretion. The council must meet at least once per year, with all related expenses reimbursed by members' sponsoring organizations or by the members themselves.

Subd. 2. **Powers and duties.** The council must review applications and select projects to receive agricultural fertilizer research and education program grants, as authorized in section 18C.71. The council must establish a program to provide grants to research, education, and technology transfer projects related to agricultural fertilizer, soil amendments, and plant amendments. For the purpose of this section, "fertilizer" includes soil amendments and plant amendments, but does not include vegetable or animal manures that are not manipulated. The commissioner is responsible for all fiscal and administrative duties in the first year and may use up to eight percent of program revenue to offset costs incurred. No later than October 1, 2007, the commissioner must provide the council with an estimate of the annual costs the commissioner would incur in administering the program.

Subd. 3. **Checkoff fees.** The council may recommend to the governor and legislature a checkoff fee to provide funding for grants under section 18C.71.

Subd. 4. **Rules.** The commissioner's duties under this section and section 18C.71 are not subject to the provisions of chapter 14.

Subd. 5. **Expiration.** This section expires January 8, 2017.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 30. **[18C.71] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION PROGRAM.**

Subdivision 1. **Eligible projects.** Eligible project activities include research, education, and technology transfer related to the production and application of fertilizer, soil amendments, and other plant amendments. Chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community.

Subd. 2. **Awarding grants.** Applications for program grants must be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council. Applications must be submitted on or before the deadline prescribed by the council. All applications are subject to a thorough in-state review by a peer committee established and approved by the council. Each project meeting the basic qualifications is subject to a yes or no vote by each council member. Projects chosen to receive funding must achieve an affirmative vote from at least eight of the 12 council members or two-thirds of voting members present. Projects awarded program funds must submit an annual progress report in the form prescribed by the council.

Subd. 3. **Annual audit.** The program must have an annual audit of financial activities, which the council must file with the commissioner on or before June 1 for the immediately preceding year ending December 31.

Subd. 4. **Expiration.** This section expires January 8, 2017.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 18E.02, subdivision 1, is amended to read:

Subdivision 1. **Definitions in chapters 18B, 18C, and 18D apply.** The definitions contained in this section ~~and~~ apply to this chapter. Except for terms defined in this section, the definitions contained in chapters 18B, 18C, and 18D apply to this chapter.

Sec. 32. Minnesota Statutes 2006, section 18E.02, subdivision 5, is amended to read:

Subd. 5. **Eligible person.** "Eligible person" means:

(1) a responsible party or an owner of real property, but does not include the state, a state agency, or a political subdivision of the state, except as provided in clause (2); common carriers, as defined by section 218.011, subdivision 10; motor carriers as defined by section 221.011, subdivision 15, while transporting agricultural chemicals except as provided in clause (3); or the federal government; or an agency of the federal government;

(2) the owners of municipal airports in Minnesota where a licensed aerial pesticide applicator has caused an incident through storage, handling, or distribution operations for agricultural chemicals if (i) the commissioner has determined that corrective action is necessary and (ii) the commissioner determines, and the Agricultural Chemical Response Compensation Board concurs, that based on an affirmative showing made by the owner, a responsible party cannot be identified or the identified responsible party is unable to comply with an order for corrective action; or

(3) a person involved in a transaction relating to real property who is not a responsible party or owner of the real property and who voluntarily takes corrective action on the property in response to a request or order for corrective action from the commissioner.

Sec. 33. Minnesota Statutes 2006, section 18E.02, is amended by adding a subdivision to read:

Subd. 7. **Incident.** "Incident" means a flood, fire, tornado, transportation accident, storage container rupture, leak, spill, emission discharge, escape, disposal, or other event that releases an agricultural chemical accidentally or otherwise into the environment and may cause unreasonable adverse effects on the environment. Incident does not include a release from the normal use of a product or practice in accordance with law.

Sec. 34. Minnesota Statutes 2006, 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.

(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; and

(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

(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. 35. Minnesota Statutes 2006, section 25.341, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Before a person may: (1) manufacture a commercial feed in the state; (2) distribute a commercial feed in or into the state; or (3) have the person's name appear on the label of a commercial feed as guarantor, the person must have a commercial feed license for each manufacturing or distributing facility. A person who makes only retail sales of commercial feed ~~bearing labeling or another approved indication that the commercial feed is from a licensed manufacturer, guarantor, or distributor who has assumed full responsibility for the tonnage inspection fee due under sections 25.31 to 25.43, guaranteed by another,~~ is not required to obtain a license.

Sec. 36. Minnesota Statutes 2006, section 28A.04, subdivision 1, is amended to read:

Subdivision 1. **Application; date of issuance.** (a) No person shall engage in the business of manufacturing, processing, selling, handling, or storing food without having first obtained from the commissioner a license for doing such business. Applications for such license shall be made to the commissioner in such manner and time as required and upon such forms as provided by the commissioner and shall contain the name and address of the applicant, address or description of each place of business, and the nature of the business to be conducted at each place, and such other pertinent information as the commissioner may require.

(b) A retail or wholesale food handler license shall be issued for the period July 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1 each year, except that:

(1) licenses for all mobile food concession units and retail mobile units shall must be issued for the period April 1 to March 31, and shall must be renewed thereafter by the licensee on or before April 1 each year; and

(2) a license issued for a temporary food concession stand must have a license issuance and renewal date consistent with appropriate statutory provisions.

A license for a food broker or for a food processor or manufacturer shall be issued for the period January 1 to December 31 following and shall be renewed thereafter by the licensee on or before January 1 of each year, except that a license for a wholesale food processor or manufacturer operating only at the state fair shall be issued for the period July 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1 of each year. A penalty for a late renewal shall be assessed in accordance with section 28A.08.

(c) A person applying for a new license up to 14 calendar days before the effective date of the new license period under paragraph (b) must be issued a license for the 14 days and the next license year as a single license and pay a single license fee as if the 14 days were part of the upcoming license period.

Sec. 37. Minnesota Statutes 2006, section 28A.06, is amended to read:

28A.06 EXTENT OF LICENSE.

No person, except as described in sections 27.03 and 27.04, shall be required to hold more than one license in order to engage in any aspect of food handling described in section 28A.05 provided, that each issued license shall be valid for no more than one place of business, except that a license for a mobile unit or a retail food vehicle, portable structure, or cart is valid statewide and is required to be issued only once each year unless the licensee fails to display the license as required by section 28A.07 or it is a seasonal permanent food stand, seasonal temporary food stand, food cart, or special event food

stand as defined in section 157.15, in which case the duration of the license is restricted by the limitations found in the definitions in section 157.15.

Sec. 38. Minnesota Statutes 2006, section 28A.082, subdivision 1, is amended to read:

Subdivision 1. **Fees; application.** The fees for review of food handler facility floor plans under the Minnesota Food Code are based upon the square footage of the structure being newly constructed, remodeled, or converted. The fees for the review shall be:

square footage	review fee
0 - 4,999	\$ 156.25 200.00
5,000 - 24,999	\$ 218.75 275.00
25,000 plus	\$ 343.75 425.00

The applicant must submit the required fee, review application, plans, equipment specifications, materials lists, and other required information on forms supplied by the department at least 30 days prior to commencement of construction, remodeling, or conversion.

Sec. 39. **[28A.21] FOOD SAFETY AND DEFENSE TASK FORCE.**

Subdivision 1. **Establishment.** The Food Safety and Defense Task Force is established to advise the commissioner and the legislature on food issues and food safety.

Subd. 2. **Membership.** (a) The Food Safety and Defense Task Force consists of:

- (1) the commissioner of agriculture or the commissioner's designee;
- (2) the commissioner of health or the commissioner's designee;
- (3) a representative of the United States Food and Drug Administration;
- (4) a representative of the United States Department of Agriculture;
- (5) a representative of the Agricultural Utilization Research Institute;
- (6) one member of the Minnesota Grocers Association;
- (7) one member from the University of Minnesota knowledgeable in food and food safety issues; and
- (8) nine members appointed by the governor who are interested in food and food safety, of whom:
 - (i) two persons are health or food professionals;
 - (ii) one person represents a statewide general farm organization;
 - (iii) one person represents a local food inspection agency;
 - (iv) one person represents a food-oriented consumer group; and
 - (v) one person represents a Minnesota-based manufacturer of microbial detection equipment and remediation products.

(b) Members shall serve without compensation. Members appointed by the governor shall serve four-year terms.

Subd. 3. **Organization.** (a) The commissioner or the commissioner's designee shall convene the first meeting of the task force.

(b) The task force shall meet monthly or as determined by the chair.

(c) The members of the task force shall annually elect a chair and other officers as the members deem necessary.

Subd. 4. **Staff.** The commissioner shall provide support staff, office space, and administrative services for the task force.

Subd. 5. **Duties.** The task force shall:

(1) coordinate educational efforts regarding food safety;

(2) provide advice and coordination to state agencies as requested by the agencies;

(3) serve as a source of information and referral for the public, news media, and others concerned with food safety; and

(4) make recommendations to Congress, the legislative committees with jurisdiction over agriculture finance and policy, the legislature, and others about appropriate action to improve food safety in the state.

Subd. 6. **Expiration.** Notwithstanding section 15.059, subdivision 5, this section expires June 30, 2012.

Sec. 40. Minnesota Statutes 2006, section 32.21, subdivision 4, is amended to read:

Subd. 4. **Penalties.** (a) A person, other than a milk producer, who violates this section is guilty of a misdemeanor or subject to a civil penalty up to \$1,000.

(b) A milk producer may not change milk plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner under paragraph (c) or (d) that the milk producer has violated this section.

(c) A milk producer who violates subdivision 3, clause (1), (2), (3), (4), or (5), is subject to clauses (1) to (3) of this paragraph.

(1) Upon notification of the first violation in a 12-month period, the producer must meet with the qualified dairy sanitarian to initiate corrective action within 30 days.

(2) Upon the second violation within a 12-month period, the producer is subject to a civil penalty of \$300. The commissioner shall notify the producer by certified mail stating the penalty is payable in 30 days, the consequences of failure to pay the penalty, and the consequences of future violations.

(3) Upon the third violation within a 12-month period, the producer is subject to an additional civil penalty of \$300 and possible revocation of the producer's permit or certification. The commissioner shall notify the producer by certified mail that all civil penalties owed must be paid within 30 days and that the commissioner is initiating administrative procedures to revoke the producer's permit or certification to sell milk for at least 30 days.

(d) The producer's shipment of milk must be immediately suspended if the producer is identified as an individual source of milk containing residues causing a bulk load of milk to test positive in violation of subdivision 3, clause (6) or (7). The Grade A or manufacturing grade permit must be converted to temporary status for not more than

30 days and shipment may resume only after subsequent milk has been sampled by the commissioner or the commissioner's agent and found to contain no residues above established tolerances or safe levels.

The Grade A or manufacturing grade permit may be restored if the producer completes the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, displays the signed certificate in the milkhouse, and sends verification to the commissioner within the 30-day temporary permit status period. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended. A milk producer whose milk supply is in violation of subdivision 3, clause (6) or (7), and has caused a bulk load to test positive is subject to clauses (1) to (3) of this paragraph.

(1) For the first violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by a qualified dairy sanitarian and the producer to determine the cause of the residue and actions required to prevent future violations.

(2) For the second violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by ~~the regulatory agency or its agent~~ a qualified dairy sanitarian to determine the cause of the residue and actions required to prevent future violations.

(3) For the third or subsequent violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. The commissioner or the commissioner's agent shall also notify the producer by certified mail that the commissioner is initiating administrative procedures to revoke the producer's right permit or certification to sell milk for a minimum of 30 days.

(4) If a bulk load of milk tests negative for residues and there is a positive producer sample on the load, no civil penalties may be assessed to the producer. The plant must report the positive result within 24 hours and reject further milk shipments from that producer until the producer's milk tests negative. A farm inspection must be completed by ~~the plant representative and the producer~~ a qualified dairy sanitarian to determine the cause of the residue and actions required to prevent future violations. The department shall suspend the producer's permit and count the violation on the producer's record. The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days during which time the producer must review the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, display the signed certificate in the milkhouse, and send verification to the commissioner. If these conditions are met, the Grade A or manufacturing grade permit must be reinstated. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended.

(e) A milk producer that has been certified as completing the "Milk and Dairy Beef Residue Prevention Protocol" within 12 months of the first violation of subdivision 3, clause (7), need only review the cause of the violation with a field service representative

within three days to maintain Grade A or manufacturing grade permit and shipping status if all other requirements of this section are met.

(f) Civil penalties collected under this section must be deposited in the milk inspection services account established in this chapter.

Sec. 41. Minnesota Statutes 2006, section 32.212, is amended to read:

32.212 MILK HOUSES FOR BULK TANKS.

Any producer using a bulk tank for cooling and storage of milk to be used for manufacturing purposes shall have an enclosed milk room which shall conform to the standards provided by this section ~~and section 32.213~~. The floor shall be constructed of concrete or other impervious material, maintained in good repair, and graded to provide proper drainage. The walls and ceilings of the room shall be sealed and constructed of smooth easily cleaned material. All windows shall be screened and doors shall be self-closing. It shall be well ventilated and must meet the following requirements:

- (1) The bulk tank shall not be located over a drain or under a ventilator.
- (2) The hose port shall be located in an exterior wall and fitted with a tight self-closing door.
- (3) Each milk room shall have an adequate supply of water readily accessible with facilities for heating the water, to insure the cleaning and sanitizing of the bulk tank, utensils and equipment and the keeping of the milk room clean.
- (4) No lights shall be placed directly over the bulk tank.
- (5) The bulk tank shall be properly located in the milk room for easy access to all areas for cleaning and servicing.
- (6) The milkhouse shall be used only for storage of milk, milk utensils, and supplies incidental to the production of milk.
- (7) This section ~~and section 32.213~~ are is effective for all bulk tanks for milk produced for manufacturing purposes.
- (8) No milk processor shall buy milk from any producer of milk using a bulk tank to be used for manufacturing purposes unless such producer has complied with the provisions of this section.
- (9) After July 1, 1965, no person shall install a bulk tank except in a milk room or milkhouse which complies with the provisions of this section ~~and section 32.213~~.
- (10) The enforcement of this section ~~and section 32.213~~ shall be administered by the Minnesota Department of Agriculture.
- (11) Any person violating any provisions of this section ~~and section 32.213~~ shall be punished by a fine of not more than \$50.

Sec. 42. Minnesota Statutes 2006, section 32.394, subdivision 4, is amended to read:

Subd. 4. **Rules.** The commissioner shall by rule ~~promulgate~~ adopt identity, production, and processing standards for milk, milk products, and goat milk which are intended to bear the Grade A label.

In the exercise of the authority to establish requirements for Grade A milk, milk products, and goat milk, the commissioner adopts definitions, standards of identity, and requirements for production and processing contained in the "~~2001~~ Grade A Pasteurized Milk Ordinance" and the "~~1995~~ Grade A Condensed and Dry Milk Ordinance" of the United States Department of Health and Human Services, in a manner provided for and not in conflict with law.

Sec. 43. Minnesota Statutes 2006, section 32.415, is amended to read:

32.415 MILK FOR MANUFACTURING; QUALITY STANDARDS.

(a) The commissioner may adopt rules to provide uniform quality standards, and producers of milk used for manufacturing purposes shall conform to the standards contained in Subparts B, C, D, E, and F of the United States Department of Agriculture Consumer and Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and its Production and Processing, ~~as revised through June 17, 2002,~~ except that the commissioner shall develop methods by which producers can comply with the standards without violation of religious beliefs.

(b) The commissioner shall perform or contract for the performance of the inspections necessary to implement this section or shall certify dairy industry personnel to perform the inspections.

(c) The commissioner and other employees of the department shall make every reasonable effort to assist producers in achieving the milk quality standards at minimum cost and to use the experience and expertise of the University of Minnesota and the Agricultural Extension Service to assist producers in achieving the milk quality standards in the most cost-effective manner.

(d) The commissioner shall consult with producers, processors, and others involved in the dairy industry in order to prepare for the implementation of this section including development of informational and educational materials, meetings, and other methods of informing producers about the implementation of standards under this section.

Sec. 44. **35.085 INDEMNITY FOR DESTROYED CATTLE.**

(a) The board may pay indemnity to cattle owners who choose to euthanize cattle that test suspect for bovine tuberculosis, if funds are available from appropriations for the purpose and if the United States Department of Agriculture refuses to pay indemnity for the animal. The board shall pay fair market value less salvage value as appraised by a disinterested appraiser appointed by the board. The board's decision as to the amount of indemnity is final. If the owner refuses the board's offer, the owner need not dispose of the animal unless and until it later shows positive to any official test for bovine tuberculosis.

(b) The board is a buyer in the ordinary course of business under chapter 336A when making indemnity payments under this section.

Sec. 45. **35.244 RULES FOR CONTROL OF BOVINE TUBERCULOSIS.**

The board may adopt rules to provide for the control of tuberculosis in cattle. The rules may include provisions for quarantine, tests, and such other measures as the board deems appropriate. Federal regulations, as provided by Code of Federal Regulations, title 9, part 77, and the Bovine Tuberculosis Eradication Uniform Methods and Rules, are incorporated as part of the rules in this state.

Sec. 46. [41A.10] CELLULOSIC BIOFUEL DEVELOPMENT.

Subdivision 1. **Definitions.** For the purposes of this section and section 103F.518, the terms defined in this subdivision have the meanings given them.

(a) "Cellulosic biofuel" means transportation fuel derived from cellulosic materials.

(b) "Cellulosic material" means an agricultural feedstock primarily comprised of cellulose, hemicellulose, or lignin or a combination of those ingredients grown on agricultural lands.

(c) "Agricultural land" means land used for horticultural, row, close grown, pasture, and hayland crops; growing nursery stocks; animal feedlots; farm yards; associated building sites; and public and private drainage systems and field roads located on any of that land.

(d) "Cellulosic biofuel facility" means a facility at which cellulosic biofuel is produced.

(e) "Perennial crops" means agriculturally produced plants that have a life cycle of at least three years at the location where the plants are being cultivated.

(f) "Perennial cropping system" means an agricultural production system that utilizes a perennial crop.

(g) "Native species" means a plant species which was present in a defined area of Minnesota prior to European settlement (circa 1850). A defined area may be an ecological classification province. Wild-type varieties therefore are regional or local ecotypes that have not undergone a selection process.

(h) "Diverse native prairie" means a prairie planted from a mix of local Minnesota native prairie species. A selection from all available native prairie species may be made so as to match species appropriate to local site conditions.

(i) "Commissioner" means the commissioner of agriculture.

Subd. 2. **Cellulosic biofuel production goal.** The state cellulosic biofuel production goal is one-quarter of the total amount necessary for ethanol use required under section 239.791, subdivision 1a, by 2015 or when cellulosic biofuel facilities in the state attain a total annual production level of 60,000,000 gallons, whichever is first.

Sec. 47. [41A.105] NEXTGEN ENERGY.

Subdivision 1. **Purpose.** It is the goal of the state through the Department of Agriculture to research and develop energy sources to displace fossil fuels with renewable technology.

Subd. 2. **NextGen Energy Board.** There is created a NextGen Energy Board consisting of the commissioners of agriculture, commerce, natural resources, the Pollution Control Agency, and employment and economic development; the chairs of the house and senate committees with jurisdiction over energy finance; the chairs of the house and senate committees with jurisdiction over agriculture finance; one member of the second largest political party in the house, as appointed by the chairs of the house committees with jurisdiction over agriculture finance and energy finance; one member of the second largest political party in the senate, as appointed by the chairs of the senate committees with jurisdiction over agriculture finance and energy finance; and the executive director of the Agricultural Utilization Research Institute. In addition, the governor shall appoint

seven members: two representing statewide agriculture organizations; two representing statewide environment and natural resource conservation organizations; one representing the University of Minnesota; one representing the Minnesota Institute for Sustainable Agriculture; and one representing the Minnesota State Colleges and Universities system.

Subd. 3. **Duties.** The board shall research and report to the commissioner of agriculture and to the legislature recommendations as to how the state can invest its resources to most efficiently achieve energy independence, agricultural and natural resources sustainability, and rural economic vitality. The board shall:

(1) examine the future of fuels, such as synthetic gases, biobutanol, hydrogen, methanol, biodiesel, and ethanol within Minnesota;

(2) develop equity grant programs to assist locally owned facilities;

(3) study the proper role of the state in creating financing and investing and providing incentives;

(4) evaluate how state and federal programs, including the Farm Bill, can best work together and leverage resources;

(5) work with other entities and committees to develop a clean energy program; and

(6) report to the legislature before February 1 each year with recommendations as to appropriations and results of past actions and projects.

Subd. 4. **Commissioner's duties.** The commissioner of agriculture shall administer this section.

Subd. 5. **Expiration.** This section expires June 30, 2009.

Sec. 48. [41A.11] TWENTY-FIVE BY TWENTY-FIVE GOAL.

It is the goal of the state that no later than January 1, 2025, the state's agricultural, forestry, and working land should provide from renewable resources not less than 25 percent of the total energy consumed in this state while continuing to produce safe, abundant, and affordable food, feed, and fiber.

Sec. 49. Minnesota Statutes 2006, section 41B.043, subdivision 2, is amended to read:

Subd. 2. **Specifications.** ~~No direct loan may exceed \$35,000 or \$125,000 for a loan participation.~~ Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 50. Minnesota Statutes 2006, section 41B.043, subdivision 3, is amended to read:

Subd. 3. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application submitted for a direct loan or participation and an origination fee for each direct loan issued under the agricultural improvement loan program. ~~The origination fee initially shall be set at 1.5 percent and~~ The application fee ~~at~~ is initially \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in this account is appropriated to the commissioner for administrative expenses of the agricultural improvement loan program.

Sec. 51. Minnesota Statutes 2006, section 41B.043, subdivision 4, is amended to read:

Subd. 4. **Interest rate.** The interest rate per annum on the agricultural improvement ~~direct loan or~~ participation must be the rate of interest determined by the authority to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations of the authority issued under chapter 41B to provide financing for ~~direct loans and~~ participations made under the agricultural improvement loan program, and to provide for reasonable and necessary costs of issuing, carrying, administering, and securing the bonds or notes and to pay the costs incurred and to be incurred by the authority in the implementation of the agricultural improvement loan program.

Sec. 52. Minnesota Statutes 2006, section 41B.047, is amended to read:

41B.047 DISASTER RECOVERY LOAN PROGRAM.

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well as replacement of replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, or flood; or

(2) purchase watering systems, irrigation systems, and other drought mitigation systems and practices when drought is the cause of the purchase.

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

(1) be a resident of this state or a domestic family farm corporation or family farm partnership as defined in section 500.24, subdivision 2, meet the requirements of section 41B.03, subdivision 1;

(2) certify that the damage or loss was sustained within a county that was the subject of a state or federal disaster declaration;

(3) demonstrate an ability to repay the loan;

(4) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$400,000~~ \$660,000 in 2004 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the Consumer Price Index; and

(5) have received at least 50 percent of average annual gross income from farming for the past three years.

Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited to 45 percent of the principal amount of the loan or \$50,000, whichever is less. 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, but the authority's interest rate must not exceed four percent.

(b) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

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

(d) The authority may impose a reasonable nonrefundable application fee for a disaster recovery loan. The authority may review the fee annually and make adjustments

as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~disaster recovery revolving fund~~ revolving loan account established under section 41B.06.

(e) Disaster recovery loans under this program will be made using money in the ~~disaster recovery revolving fund established under subdivision 2~~ revolving loan account established under section 41B.06.

(f) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

Sec. 53. Minnesota Statutes 2006, section 41B.055, is amended to read:

41B.055 LIVESTOCK EQUIPMENT PILOT LOAN PROGRAM.

Subdivision 1. **Establishment.** The authority must establish and implement a livestock equipment pilot loan program to help finance the ~~first~~ purchase of livestock-related equipment and make livestock facilities improvements.

Subd. 2. **Eligibility.** Notwithstanding section 41B.03, to be eligible for this program a borrower must:

(1) be a resident of Minnesota or general partnership or a family farm corporation, authorized farm corporation, family farm partnership, or authorized farm partnership as defined in section 500.24, subdivision 2;

(2) be the principal operator of a livestock farm;

(3) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, no greater than the amount stipulated in section 41B.03, subdivision 3;

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

(5) hold an appropriate feedlot registration or be using the loan under this program to meet registration requirements. ~~In addition to the requirements in clauses (1) to (5), preference must be given to applicants who have farmed less than ten years as evidenced by their filing of schedule F in their federal tax returns.~~

Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. 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, but the authority's interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ~~seven~~ ten years.

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

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make

adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to animal husbandry:

- (1) fences;
- (2) watering facilities;
- (3) feed storage and handling equipment;
- (4) milking parlors;
- (5) milking equipment;
- (6) scales;
- (7) milk storage and cooling facilities;
- (8) manure pumping and storage facilities; ~~and~~
- (9) capital investment in pasture;
- (10) hoop barns;
- (11) portable structures;
- (12) hay and forage equipment; and
- (13) related structural work for the installation of equipment.

Sec. 54. Minnesota Statutes 2006, section 41B.06, is amended to read:

41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.

There is established in the rural finance administration fund a Rural Finance Authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority livestock equipment, methane digester, disaster recovery, and value-added agricultural product loan programs, including costs incurred by the authority to establish and administer the programs.

Sec. 55. Minnesota Statutes 2006, section 41C.05, subdivision 2, is amended to read:

Subd. 2. **Eligibility; beginning farmers.** The authority shall provide in the agricultural development bond beginning farmer and agricultural business enterprise loan program that a mortgage or a contract on behalf of a beginning farmer may be provided if the borrower qualifies under authority rules and under federal tax law governing qualified small issue bonds and must:

- (1) be a resident of Minnesota;

- (2) have sufficient education, training, or experience in the type of farming for which the loan is desired;
- (3) have a low or moderate net worth, as defined in section 41C.02, subdivision 12;
- (4) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;
- (5) certify that farming will be the principal occupation of an individual borrower;
- (6) 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 provides justification; and
- (7) agree to file an approved soil and water conservation plan with the Soil Conservation Service office in the county where the land is located.

Sec. 56. Minnesota Statutes 2006, section 116.0714, is amended to read:

116.0714 NEW OPEN AIR SWINE BASINS.

~~After May 18, 2002,~~ 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~~ 2012.

Sec. 57. Minnesota Statutes 2006, section 116O.09, subdivision 2, is amended to read:

Subd. 2. **Duties.** (a) In addition to the duties and powers assigned to the institutes in section 116O.08, the Agricultural Utilization Research Institute shall:

- (1) identify development opportunities for agricultural products;
- (2) implement a program that identifies techniques to meet those opportunities;
- (3) monitor and coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers, and individuals;
- (4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research to promote the development of emerging agricultural industries;
- (5) assist organizations and individuals with market analysis and product marketing implementations;
- (6) to the extent possible earn and receive revenue from contracts, patents, licenses, royalties, grants, fees-for-service, and memberships;
- (7) work with the Department of Agriculture, the United States Department of Agriculture, the Department of Employment and Economic Development, and other agencies to maximize marketing opportunities locally, nationally, and internationally; and

(8) leverage available funds from federal, state, and private sources to develop new markets and value added opportunities for Minnesota agricultural products.

(b) The Agricultural Utilization Research Institute board of directors shall have the sole approval authority for establishing agricultural utilization research priorities, requests for proposals to meet those priorities, awarding of grants, hiring and direction of personnel, and other expenditures of funds consistent with the adopted and approved mission and goals of the Agricultural Utilization Research Institute. The actions and expenditures of the Agricultural Utilization Research Institute are subject to audit. The institute shall annually report by February 1 to the senate and house of representatives standing committees with jurisdiction over agricultural policy and funding. The report must list projects initiated, progress on projects, and financial information relating to expenditures, income from other sources, and other information to allow the committees to evaluate the effectiveness of the institute's activities.

(c) The Agricultural Utilization Research Institute shall convene a Renewable Energy Roundtable, the purpose of which shall be to further the state's leadership on bioenergy issues.

(i) The Renewable Energy Roundtable shall consist of one representative appointed by the commissioner of the Minnesota Department of Agriculture, one appointed by the commissioner of the Minnesota Department of Commerce, one appointed by the chancellor of the Minnesota State Colleges and Universities, and one appointed by the president of the University of Minnesota. The appointees must have expertise relevant to bioenergy.

(ii) The board shall oversee the activities and shall provide staff to assist the Renewable Energy Roundtable.

(iii) The Renewable Energy Roundtable will engage professionals and experts from private, government, academic, and nonprofit entities across the state to identify bioenergy opportunities and collaborate with a broad group of interested parties to identify future alternative courses of action the state can take to sustain a long-term competitive position in renewable energy through the year 2025. The Renewable Energy Roundtable will consult, advise, and review projects and initiatives funded by the state as directed by the administration and the legislature.

Sec. 58. Minnesota Statutes 2006, section 239.7911, subdivision 1, is amended to read:

Subdivision 1. **Petroleum replacement goal.** The tiered petroleum replacement goal of the state of Minnesota is that:

(1) at least 20 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2015; and

(2) at least 25 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2025.

Sec. 59. Minnesota Statutes 2006, section 327.201, is amended to read:

327.201 STATE FAIR ~~AND COUNTY FAIR~~ CAMPING ~~AREA~~ AREAS.

Subdivision 1. **State Fair camping areas.** Notwithstanding sections 327.14 to 327.28 or any rule adopted by the commissioner of health, the State Agricultural Society must operate and maintain a camping area on the State Fairgrounds during the State

Fair and the Minnesota Street Rod Association's Back to the 50's event, subject to the following conditions:

(1) recreational camping vehicles and tents, including their attachments, must be separated from each other and from other structures by at least seven feet;

(2) a minimum area of 300 square feet per site must be provided and the total number of sites must not exceed one site for every 300 square feet of usable land area; and

(3) each site must face a driveway at least 16 feet in width and each driveway must have unobstructed access to a public roadway.

Subd. 2. **County fair camping areas.** Notwithstanding sections 327.14 to 327.28, or any rule adopted by the commissioner of health, any area maintained by a county agricultural society as a camping area during a county fair or any other event is subject to the conditions specified in subdivision 1, clauses (1) to (3).

Sec. 60. Minnesota Statutes 2006, section 343.10, is amended to read:

343.10 COUNTY AND DISTRICT SOCIETIES.

A county society for the prevention of cruelty to animals may be formed in any county and a district society for the prevention of cruelty to animals may be formed in any group of two or more contiguous or noncontiguous counties or parts of counties by not less than seven incorporators. County and district societies shall be created as corporations under chapter 317A and as provided in the bylaws of the state federation. No county or district society may conduct investigations outside the boundaries of the county or counties included in the county or district society.

Sec. 61. COMMISSIONER TO EVALUATE AND REPORT.

By March 1, 2008, the commissioner of agriculture in consultation with the commissioner of health and the University of Minnesota shall evaluate the potential hazards posed by plants to retail consumers and livestock, and report the findings to the standing committees of the senate and the house of representatives with jurisdiction over agriculture policy.

Sec. 62. WASTE PESTICIDE TASK FORCE, REPORT.

The commissioner of agriculture shall convene a waste pesticide task force to review all aspects of the waste pesticide collection issue and develop a comprehensive approach to equitably and efficiently collect waste pesticides statewide. The task force shall include a representative of each of the following organizations: the house of representatives, as appointed by the chair of the house committee with jurisdiction over agriculture finance; the senate, as appointed by the chair of the senate committee with jurisdiction over agriculture finance; the departments of agriculture; the department of pollution control; the Minnesota Solid Waste Administrators Association; the metropolitan Solid Waste Management Coordinating Board; the Association of Minnesota Counties; the Minnesota Farm Bureau; and the Minnesota Farmers Union. The task force must have three additional members representing Minnesota pesticide registrants, distributors, and retailers, respectively, as appointed by the commissioner. Public members of the task force must serve without compensation or reimbursement of personal expenses. No later than January 5, 2008, the commissioner of agriculture shall present the task force's findings

and specific recommendations to the house and senate committees with jurisdiction over agriculture finance.

Sec. 63. **WASTE PESTICIDE COLLECTION, DISPOSAL.**

Notwithstanding section 18B.26, subdivision 2, the commissioner of agriculture shall spend at least \$600,000 in fiscal year 2009 from the pesticide regulatory account for the purposes of the waste pesticide collection program. During fiscal year 2009, the commissioner shall provide an opportunity for residents to dispose of waste residential and agricultural pesticides in each county where the commissioner has not provided an opportunity for persons to dispose of waste pesticides within county boundaries during the previous two fiscal years.

Sec. 64. **RESIDENTIAL ANTIMICROBIAL PESTICIDE APPLICATOR LICENSE STUDY.**

(a) The commissioners of agriculture and health must study the development and implementation of a new category of license for commercial pesticide applicators who apply antimicrobial pesticides for hire to mitigate or remediate mold in homes, apartments, or other residences. The commissioners must seek and obtain consultation with representatives of the University of Minnesota qualified in mold and other fungal microbe pest control. They shall prepare a report which must include:

(1) a discussion of existing federal and state laws and rules, if any, that govern commercial residential antimicrobial pesticide mold control applicators;

(2) a literature review on the need for, and efficacy of, antimicrobial pesticides used in residential settings for mold control and any potential dangers posed by the residential application of these products, particularly to young children and other sensitive persons;

(3) a survey of the law and process, if any, for licensing commercial residential antimicrobial pesticide mold control applicators in the rest of the United States; and

(4) recommended procedures for licensing prospective residential antimicrobial pesticide mold control applicators in Minnesota, highlighting provisions that test the applicant's understanding of the efficacy of antimicrobial pesticides and methods for mitigating any potential dangers discovered in the review required in clause (2).

(b) No later than December 1, 2007, the commissioners shall report the results of the study described in paragraph (a) and an implementation plan to the house and senate committees with jurisdiction over agricultural policy and finance and environmental health.

Sec. 65. **ANIMAL HUSBANDRY WORKING GROUP.**

(a) The commissioner of agriculture, in consultation with the chairs of the house and senate agriculture policy and finance committees, shall appoint a balanced working group of at least seven members who represent stakeholders in animal husbandry. Appointees shall consist of at least one member each who currently provides the services listed in paragraph (b), none of whom is a veterinarian. Appointees shall also include at least one member who represents the Board of Veterinary Medicine as well as at least one member who is a licensed and practicing veterinarian.

(b) The animal husbandry working group shall meet to study and prepare a report to the legislature regarding standards, training, and qualifications for persons providing

- (2) reintegrate combat veterans into society;
- (3) collaborate with other social service agencies, educational institutions, and other relevant community resources;
- (4) reduce homelessness among veterans; and
- (5) provide measurable outcomes.

The commissioner may provide incentives to encourage, and may give priority to proposals that foster, regional collaboration for service delivery. The grants may be for a term of up to two years. The commissioner shall ensure that grants are made throughout all regions of the state and shall develop a description of best practices for the use of these grants. A county may not reduce its county veterans service officer budget by any amount received as a grant under this section. Grants made under this section are in addition to and not subject to the requirements for grants made under Minnesota Statutes, section 197.608. The Minnesota Association of County Veterans Service Officers may apply for grants under this section beginning July 1, 2007. Any balance remaining after the first year does not cancel and is available in the second year. This appropriation must be included in the appropriation base through fiscal year 2011.

(c) \$750,000 each year is for tribal veterans services offices.

(d) \$750,000 each year is for a grant to the Minnesota Assistance Council for Veterans. This is a onetime appropriation.

(e) \$200,000 each year is for marketing veterans outreach programs. This is a onetime appropriation.

(f) \$250,000 each year is added to the base for grants to Disabled American Veterans, Military Order of the Purple Heart, Veterans of Foreign Wars, Vietnam Veterans of America, and other congressionally chartered veterans service organizations designated by the commissioner.

(g) \$450,000 the first year and \$450,000 the second year are for the higher education veterans assistance program under Minnesota Statutes, section 197.585. This appropriation must be included in the agency appropriation base through fiscal year 2011.

(h) \$100,000 each year is for information technology.

(i) \$75,000 each year is for operations at the Minnesota State Veterans Cemetery in Little Falls.

(j) \$250,000 each year is for administration of veterans programming. This appropriation includes money for the biennium for an ombudsman for residents and family members of residents at the Minneapolis Veterans' Home. The ombudsman must attend all meetings of the Veterans Homes Board and provide a report at each meeting regarding the status of concerns communicated to the ombudsman.

(k) \$100,000 each year is for compensation for honor guards at the funerals of veterans in accordance with the program established in Minnesota Statutes, section 197.231. This is a onetime appropriation.

(l) \$52,000 the first year is for spousal education benefits in accordance with Minnesota Statutes, section 197.75. This appropriation is available until June 30, 2009.

(m) \$100,000 each year is for information and outreach regarding the availability of depleted uranium testing. The commissioner shall collaborate with the adjutant general to identify service members and veterans who may have been exposed to expended depleted uranium and to provide them with information regarding depleted uranium screening services provided by the federal government. This is a onetime appropriation.

(n) \$250,000 the first year is for grants to assist World War II veterans in attending the dedication of the Minnesota World War II Memorial in St. Paul on June 9, 2007, and for other expenses of the dedication event. The commissioner may spend only that portion

of this sum for which a matching amount, whether in cash or in kind, is donated by nongovernmental sources for this purpose. This appropriation is available immediately.

(o) \$80,000 the first year is for suicide prevention and psychological support for veterans. Of this amount, \$50,000 is for a study by the commissioner and the adjutant general of the psychological status and needs of returning Minnesota veterans, and \$30,000 is for a telephone hotline to refer veterans to available psychological counseling services. The commissioner may use this appropriation to supplement an existing informational hotline service within the department, or may collaborate with any other provider of compatible, existing hotline services for this purpose. The referral hotline must be available to veterans statewide at all practicable hours. The commissioner must broadly publicize the availability of the telephone hotline and any local, state, and federal counseling services for Minnesota veterans using all practicable means available, including but not limited to: the agency Web site; local media announcements; announcements in service and trade publications; and any other practical means of communication.

The commissioner may spend up to two percent of this appropriation for development of special informational materials, such as refrigerator magnets, wallet cards, and other devices on which hotline numbers may be kept for immediate use. The commissioner also may accept and spend other contributions from nongovernmental sources for this purpose. This is a onetime appropriation.

(p) \$338,000 each year is from the account in the special revenue fund established in Minnesota Statutes, section 190.19, for (1) grants to veterans service organizations; and (2) outreach to underserved veterans. Any balance in the first year does not cancel and is available in the second year.

Sec. 2. **[197.231] HONOR GUARDS.**

The commissioner of veterans affairs shall pay, within available funds and upon request by a local unit of a congressionally chartered veterans organization or its auxiliary, up to \$50 to the local unit for each time that local unit provides an honor guard detail at the funeral of a deceased veteran. The commissioner may give priority to local units that do not have charitable gambling operations. If the local unit provides a student to play "Taps," the local unit may pay some or all of the \$50 to the student.

Sec. 3. Minnesota Statutes 2006, section 197.75, is amended to read:

197.75 EDUCATIONAL ASSISTANCE, WAR ~~ORPHANS~~ SURVIVORS AND VETERANS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of veterans affairs.

(c) "Deceased veteran" means a veteran who was a Minnesota resident within six months of the time of the person's entry into the United States armed forces and who has died as a result of that service, as determined by the United States Veterans Administration.

(d) "Eligible child" means a person who:

(1) is the natural or adopted son or daughter of a deceased veteran; and

(2) is a student making satisfactory academic progress at an eligible institution of higher education.

(e) "Eligible institution" means a postsecondary educational institution located in this state that either (1) is operated by this state, or (2) is operated publicly or privately and, as determined by the office, maintains academic standards substantially equivalent to those of comparable institutions operated in this state.

(f) "Eligible spouse" means the surviving spouse of a deceased veteran.

(g) "Eligible veteran" means a veteran who:

(1) is a student making satisfactory academic progress at an eligible institution of higher education;

(2) had Minnesota as the person's state of residence at the time of the person's enlistment or any reenlistment into the United States armed forces, as shown by the person's federal form DD-214 or other official documentation to the satisfaction of the commissioner;

(3) except for benefits under this section, has no remaining military or veteran-related educational assistance benefits for which the person may have been entitled; and

(4) while using the educational assistance authorized in this section, remains a resident student as defined in section 136A.101, subdivision 8.

(h) "Satisfactory academic progress" has the meaning given in section 136A.101, subdivision 10.

(i) "Student" has the meaning given in section 136A.101, subdivision 7.

(j) "Veteran" has the meaning given in section 197.447.

Subd. 2. **Benefits; eligibility.** (a) The commissioner of veterans affairs shall spend a biennial appropriation for tuition of veterans, and for tuition, fees, board, room, books, and supplies of the children of veterans who have died as a result of their service in the armed forces of the United States as determined by the United States Veterans Administration or other instrumentality of the United States, in the University of Minnesota, a state university, a community college, a technical college, or any other university of higher learning within the state accredited by the North Central Association of Colleges and Secondary Schools, a law college approved by the Supreme Court, a nursing school approved by the state Board of Nursing, or in a trade, business, or vocational school in the state approved by the state Department of Education, or in a theological seminary, for any course which such veteran or child may elect. Not more than \$750 shall be expended for the benefit of any individual veteran, and not more than \$750 in any fiscal year shall be expended for the benefit of any child under this section. No child of any veteran shall make application for the benefits provided in this section unless the child resided in Minnesota for at least two years immediately prior to the date of the application. to provide an educational assistance stipend of \$750 each year for each eligible child and each eligible spouse, and a single payment of \$750 for each eligible veteran. This stipend is not available for any person who has attained a bachelor's or equivalent degree.

Children of veterans eligible for benefits according to this section (b) Each eligible child and each eligible spouse shall be admitted to state institutions of university grade any Minnesota public eligible institution free of tuition until they receive the person has attained a ~~bachelors~~ bachelor's or equivalent degree.

(c) Payments of benefits authorized under this section shall be made directly to the institution in which the course of instruction is given participating eligible institutions or to the individual on forms prescribed eligible individuals, as determined by the commissioner.

Subd. 2. **Limitations.** The benefits in subdivision 1 are not available to a veteran who is entitled to the same or similar benefits under a law or regulation of the United States, except that a veteran who has been eligible for and has used up the benefits the veteran is entitled to under the laws of the United States is entitled to the benefits provided for by subdivision 1.

Subd. 3. **Proof of eligibility.** Approval for benefits under this section shall require submission of the following evidence: application, proof of military service, and where applicable, proof of residency and ~~where applicable~~, a statement from the United States Veterans Administration that the veteran has exhausted entitlement to federal educational benefits through use thereof or that the veteran died of service connected disabilities. Upon submission of satisfactory proof of eligibility, benefits shall be provided from the date of application and notification of approval shall be sent to the educational institution and applicant.

Subd. 4. **Reimbursement form.** Reimbursement to such institution or eligible individual authorized under subdivision 1 shall be on forms prescribed by The commissioner shall establish policies and procedures for determining eligibility and payment under this section.

Subd. 5. **Definition of veteran Participation by eligible institutions.** The word "veteran" as used in this section shall have the same meaning as defined in section 197.447 except that it shall include service persons that died while on active duty. (a) Each Minnesota public postsecondary institution must continue to participate in the educational assistance program authorized in this section during both peacetime and times of war.

(b) Any participating eligible institution not described in paragraph (a) may suspend or terminate its participation in the program at the end of any academic semester or other academic term.

~~Subd. 6. **Residence required:** Veterans under this section shall have been a resident of the state of Minnesota at the time of induction into the armed forces and six months immediately preceding the induction.~~

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to applications for coursework taken on or after that date.

Sec. 4. Minnesota Statutes 2006, section 198.002, subdivision 2, is amended to read:

Subd. 2. **Membership.** The board consists of nine voting members appointed by the governor with the advice and consent of the senate. The members of the board shall fairly represent the geographic areas of the state. The members are:

(1) a chair, who must be designated by the governor, and who must be a veteran as that term is defined in section 197.447; and

(2) ~~three~~ eight public members experienced in policy formulation with professional experience in health care delivery, ~~and~~

~~(3) At least five members experienced in policy formulation with professional experience in health care delivery who are~~ must be members of congressionally chartered veterans organizations or their auxiliaries that have a statewide organizational structure and state level officers in Minnesota.

The commissioner of veterans affairs shall serve as an ex officio, nonvoting member of the board. From each house of the legislature, the chair of the committee that deals with veterans affairs or the chair's designee shall serve as an ex officio, nonvoting member if that person is a veteran of the board.

Sec. 5. Minnesota Statutes 2006, section 198.004, subdivision 1, is amended to read:

Subdivision 1. **Appointment.** (a) The board shall appoint an executive director. The executive director shall serve in the unclassified service at the pleasure of the board. The executive director must be a resident of the state of Minnesota, ~~a~~ and citizen of the United States, ~~and~~. Preferably, the executive director shall be a veteran as that term is defined in section 197.447, but it is not required that the person be a veteran. The executive director shall serve as secretary of the board.

(b) When selecting an executive director, the board shall give preference to qualified applicants who are veterans by initially placing only the names of qualified applicants who are veterans on the selection list for final consideration. If the list contains fewer than three qualified applicants who are veterans, the names of qualified applicants who are not veterans shall be added to the list. The board shall then select the most qualified applicant from the list. At any point in the executive director selection process, if the board concludes that no applicant is sufficiently qualified for the position, the board may reopen the application process.

Sec. 6. **PSYCHOLOGICAL COUNSELING SERVICES REPORT.**

By November 1, 2007, the commissioner of veterans affairs and the adjutant general of the National Guard, in consultation with relevant policy personnel and professional

Subd. 2. **Maintenance of Training Facilities** 6,837,000 6,660,000

\$185,000 the first year is to pay special assessments levied against state property. This is a onetime appropriation.

Subd. 3. **General Support** 4,114,000 2,489,000

Appropriations by Fund

<u>General</u>	<u>3,776,000</u>	<u>2,151,000</u>
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<u>Special Revenue</u>	<u>338,000</u>	<u>338,000</u>
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\$1,500,000 the first year is for the Minnesota National Guard reintegration program. This is a onetime appropriation and is available until spent.

\$338,000 the first year and \$338,000 the second year are from the "Support Our Troops" account in the special revenue fund established in Minnesota Statutes, section 190.19, for grants under that section.

\$150,000 the first year is for predesign and design of a new facility for the Starbase Minnesota program. This appropriation is available until spent.

\$25,000 the first year is for a longitudinal study measuring improvement in academic achievement as a result of participation in the Starbase program.

\$30,000 each year is for payments of honor guards as provided in Minnesota Statutes, section 192.382.

Subd. 4. **Enlistment Incentives** 10,210,000 10,213,000

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **[192.382] HONOR GUARDS.**

The adjutant general may activate members to serve as an honor guard at the funeral of any person who served in the Minnesota National Guard and who was: (1) honorably discharged after serving six or more years, or (2) in active service. Members activated for service as honor guards must be paid at the rate provided in section 192.49, subdivision 1 or 2.

Sec. 4. [192.503] AMATEUR ATHLETICS.

(a) If a Minnesota resident who is a member of the Minnesota National Guard or any other reserve unit of the United States Armed Forces is a qualified member of a team governed by an amateur athletic association in this state upon being ordered into active military service, as defined in section 190.05, subdivision 5b or 5c, then that person is a qualified member of that team and association during periodic leave and upon release or discharge from that active military service, irrespective of the length of time that the person has served in that active military service, and the member must be given the same eligibility status and consideration for participation in both regular and post-season play by the team and association as if the member had been present and participating in play during the entire period of the person's military service.

(b) This section does not apply to public or private high schools or postsecondary educational institutions.

EFFECTIVE DATE. This section is effective the day following enactment and applies to any member of the National Guard or other military reserves who has been ordered into active military service at any time.

Sec. 5. [192.515] NATIONAL GUARD NONAPPROPRIATED FUND INSTRUMENTALITY.

Subdivision 1. **Establishment.** The adjutant general may establish a Minnesota National Guard Nonappropriated Fund Instrumentality to create, operate, and maintain morale, welfare, and recreation facilities and activities at Camp Ripley and other property owned, leased, or otherwise controlled by the Minnesota National Guard.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Instrumentality" means the Minnesota National Guard Nonappropriated Fund Instrumentality.

(c) "Morale, welfare, and recreation facility or activity" refers to a facility or activity intended to provide recreational opportunities, promote unit and individual morale, and generally improve the welfare of Minnesota National Guard personnel at Camp Ripley or other properties owned, leased, or otherwise controlled by the Minnesota National Guard. It does not include facilities or services provided by the Army and Air Force Exchange Service. It also does not include facilities or services provided by other instrumentalities through the use of appropriated funds.

Subd. 3. **Use of National Guard lands.** The adjutant general may authorize Minnesota National Guard lands and facilities to be used in support of morale, welfare, and recreation activities under this section. That use must not interfere with military operations or training.

Subd. 4. **Funds.** (a) Except as otherwise specifically authorized in this section, no general fund money or other state funds may be deposited in any of the funds and accounts established under this section.

(b) The instrumentality is authorized to accept donations or gifts from public or private sources for purposes authorized under this section, including, but not limited to, federal funds made available to the National Guard for related activities and money received from recycling activities to the extent authorized by federal regulation.

(c) Money received from operation of activities under this section, including, but not limited to, user fees and rental charges must be deposited and managed consistent with this subdivision.

(d) The adjutant general may transfer funds from any existing morale, welfare, or recreation fund outside the state treasury to the instrumentality.

(e) Money received by the instrumentality must be deposited in the Minnesota National Guard morale, welfare, and recreation fund. The Minnesota National Guard morale, welfare, and recreation fund is established outside the state treasury. The adjutant general may spend money in the fund for morale, welfare, or recreation facilities or activities as authorized by this section.

(f) Accounts or funds created under this section must be audited annually by officers of the military forces detailed by the adjutant general as military auditors.

Subd. 5. **Rules.** The adjutant general must adopt rules for the establishment, management, and operation of the instrumentality consistent with this section.

Sec. 6. **BOND SALE AUTHORIZATION REDUCED.**

The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by \$150,000.

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

Sec. 7. **REPEALER.**

Laws 2006, chapter 258, section 14, subdivision 6, is repealed.

Presented to the governor May 1, 2007

Signed by the governor May 4, 2007, 11:35 a.m.