

CHAPTER 38--H.F.No. 1733

An act relating to agriculture; making policy and technical changes to various agriculture provisions including provisions related to aquaculture, pesticides, nursery law, food handlers, eggs, milk, cheese, food, loans, open-air swine basins, and other provisions; extending the Organic Advisory Task Force; amending Minnesota Statutes 2018, sections 17.494; 17.4982, by adding subdivisions; 18B.34, subdivision 5; 18H.10; 25.33, subdivision 8; 28A.04, subdivision 1; 28A.05; 28A.075; 28A.0752, subdivisions 1, 2; 28A.08, subdivision 3; 29.26; 31.94; 32D.13, by adding a subdivision; 32D.20, subdivision 2; 32D.22; 34A.11, subdivision 7; 41B.02, subdivision 10a; 41B.03, subdivision 3; 41B.0391, subdivision 1; 41B.049, subdivisions 1, 5; 41B.055, subdivision 3; 41B.057, subdivision 3; 116.0714; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Section 1. Minnesota Statutes 2018, section 17.494, is amended to read:

17.494 AQUACULTURE PERMITS; RULES.

(a) The commissioner shall act as permit or license coordinator for aquatic farmers and shall assist aquatic farmers to obtain licenses or permits.

~~By July 1, 1992,~~ (b) A state agency issuing multiple permits or licenses for aquaculture shall consolidate the permits or licenses required for every aquatic farm location. The Department of Natural Resources transportation permits are exempt from this requirement. State agencies shall adopt rules or issue commissioner's orders that establish permit and license requirements, approval timelines, and compliance standards. Saltwater aquatic farms, as defined in section 17.4982, and processing facilities for saltwater aquatic life, as defined in section 17.4982, must be classified as agricultural operations for purposes of any construction, discharge, or other permit issued by the Pollution Control Agency.

Nothing in this section modifies any state agency's regulatory authority over aquaculture production.

Sec. 2. Minnesota Statutes 2018, section 17.4982, is amended by adding a subdivision to read:

Subd. 20a. **Saltwater aquaculture.** "Saltwater aquaculture" means the commercial propagation and rearing of saltwater aquatic life primarily for consumption as human food.

Sec. 3. Minnesota Statutes 2018, section 17.4982, is amended by adding a subdivision to read:

Subd. 20b. **Saltwater aquatic farm.** "Saltwater aquatic farm" means a facility used for saltwater aquaculture including but not limited to artificial ponds, vats, tanks, raceways, and other facilities that an aquatic farmer owns or has exclusive control of for the sole purpose of producing saltwater aquatic life.

Sec. 4. Minnesota Statutes 2018, section 17.4982, is amended by adding a subdivision to read:

Subd. 20c. **Saltwater aquatic life.** "Saltwater aquatic life" means aquatic species that are saltwater obligates or perform optimally when raised in salinities closer to that of natural seawater and need saltwater to survive. Saltwater aquatic life includes but is not limited to crustaceans.

Sec. 5. [17.499] TRANSPORTATION OR IMPORTATION OF SALTWATER AQUATIC LIFE; QUARANTINE REQUIREMENT.

Subdivision 1. Purpose. The legislature finds that it is in the public interest to increase private saltwater aquaculture production and processing in this state under the coordination of the commissioner of agriculture. Additional private production will reduce dependence on foreign suppliers and benefit the rural economy by creating new jobs and economic activity.

Subd. 2. Transportation permit. (a) Notwithstanding the requirements in section 17.4985, saltwater aquatic life transportation and importation requirements are governed by this section. A transportation permit is required before importation or intrastate transportation of saltwater aquatic life not exempted under subdivision 3. A transportation permit may be used for multiple shipments within the 30-day term of the permit if the source and the destination are the same. Transportation permits must be obtained from the commissioner before shipment of saltwater aquatic life.

(b) An application for a transportation permit must be made in the form required by the commissioner. The commissioner may reject an incomplete application.

(c) An application for a transportation permit must be accompanied by satisfactory evidence, as determined by the commissioner, that the shipment is free of any nonindigenous species of animal other than the saltwater aquatic species and either:

(1) the facility from which the saltwater aquatic life originated has provided documentation of 36 or more consecutive months of negative testing by an approved laboratory as free of any disease listed by OIE - the World Organisation for Animal Health for that species following the testing guidelines outlined in the OIE Aquatic Animal Health Code for crustaceans or the AFS Fish Health Blue Book for other species, as appropriate; or

(2) the saltwater aquatic life to be imported or transported includes documentation of negative testing for that specific lot by an approved laboratory as free of any disease listed by OIE - the World Organisation for Animal Health for crustaceans or in the AFS Fish Health Blue Book for other species, as appropriate.

If a shipment authorized by the commissioner under clause (1) includes saltwater aquatic life that originated in a foreign country, the shipment must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner. A shipment authorized by the commissioner under clause (2) must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner.

(d) For purposes of this subdivision, "approved laboratory" means a laboratory approved by the commissioner or the United States Department of Agriculture, Animal and Plant Health Inspection Services.

(e) No later than 14 calendar days after a completed transportation permit application is received, the commissioner shall approve or deny the transportation permit application.

(f) A copy of the transportation permit must accompany a shipment of saltwater aquatic life while in transit and must be available for inspection by the commissioner.

(g) A vehicle used by a licensee for transporting aquatic life must be identified with the license number and the licensee's name and town of residence as it appears on the license. A vehicle used by a licensee must have identification displayed so that it is readily visible from either side of the vehicle in letters and numbers not less than 2-1/2 inches high and three-eighths inch wide. Identification may be permanently affixed to vehicles or displayed on removable plates or placards placed on opposite doors of the vehicle or on the tanks carried on the vehicle.

(h) An application to license a vehicle for brood stock or larvae transport or for use as a saltwater aquatic life vendor that is received by the commissioner is a temporary license until approved or denied by the commissioner.

Subd. 3. **Exemptions.** (a) A transportation permit is not required to transport or import saltwater aquatic life:

(1) previously processed for use as food or other purposes unrelated to propagation;

(2) transported directly to an outlet for processing as food or for other food purposes if accompanied by shipping documents;

(3) that is being exported if accompanied by shipping documents;

(4) that is being transported through the state if accompanied by shipping documents; or

(5) transported intrastate within or between facilities licensed for saltwater aquaculture by the commissioner if accompanied by shipping documents.

(b) Shipping documents required under paragraph (a) must include the place of origin, owner or consignee, destination, number, species, and satisfactory evidence, as determined by the commissioner, of the disease-free certification required under subdivision 2, paragraph (c), clauses (1) and (2).

Sec. 6. Minnesota Statutes 2018, section 18B.34, subdivision 5, is amended to read:

Subd. 5. **Fees.** (a) Except as provided under paragraph (b), a person initially applying for or renewing a noncommercial applicator license must pay a nonrefundable application fee of \$50, ~~except an applicant who is a government or Conservation Corps Minnesota employee who uses pesticides in the course of performing official duties must pay a nonrefundable application fee of \$10.~~

(b) A government employee, a contractor providing rest area custodial services for the commissioner of transportation, or a Conservation Corps Minnesota employee is eligible for a reduced fee of \$10 if the employee or contractor uses pesticides in the course of performing official duties.

~~(b)~~ (c) A license renewal application received after March 1 in the year for which the license is to be issued is subject to a penalty fee of 50 percent of the application fee. The penalty fee must be paid before the renewal license may be issued.

~~(c)~~ (d) An application for a duplicate noncommercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 7. Minnesota Statutes 2018, section 18H.10, is amended to read:

18H.10 STORAGE OF NURSERY STOCK.

(a) All nursery stock must be kept and displayed under conditions of temperature, light, and moisture sufficient to maintain the viability and vigor of the nursery stock.

(b) Packaged dormant nursery stock must be stored under conditions that retard growth, prevent etiolated growth, and protect its viability.

(c) Balled and burlapped nursery stock being held for sale to the public must be kept in a moisture-holding material approved by the commissioner and not toxic to plants. The moisture-holding material must adequately

cover and protect the ball of earth and must be kept moist at all times. The commissioner may approve alternative nursery stock management practices to maintain the viability of balled and burlapped stock.

Sec. 8. Minnesota Statutes 2018, section 25.33, subdivision 8, is amended to read:

Subd. 8. **Drug.** "Drug" means (1) any article intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in animals other than humans; and (2) articles other than feed intended to affect the structure or any function of the animal body.

Sec. 9. Minnesota Statutes 2018, 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 must be issued for the period April 1 to March 31, and 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.

(c) A custom exempt 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. The custom exempt food handler license is for businesses that only conduct custom exempt operations and mark all products as "Not For Sale." Food handlers that conduct retail exempt operations or other operations other than custom exempt processing or slaughter are not eligible for this license.

(d) 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.

~~(e)~~ (e) 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. 10. Minnesota Statutes 2018, section 28A.05, is amended to read:

28A.05 CLASSIFICATION.

All persons required to have a license under section 28A.04 shall be classified into one of the following classes of food handlers, according to their principal mode of business.

(a) Retail food handlers are persons who sell or process and sell food directly to the ultimate consumer or who custom process meat or poultry. The term includes a person who sells food directly to the ultimate consumer through the use of vending machines, and a person who sells food for consumption on site or off site if the sale is conducted on the premises that are part of a grocery or convenience store operation.

(b) Wholesale food handlers are persons who sell to others for resale. A person who handles food in job lots (jobbers) is included in this classification.

(c) Wholesale food processors or manufacturers are persons who process or manufacture raw materials and other food ingredients into food items, or who reprocess food items, or who package food for sale to others for resale, or who commercially slaughter animals or poultry. Included herein are persons who can, extract, ferment, distill, pickle, bake, freeze, dry, smoke, grind, mix, stuff, pack, bottle, recondition, or otherwise treat or preserve food for sale to others for resale, cold storage warehouse operators as defined in section 28.01, subdivision 3, salvage food processors as defined in section 31.495, subdivision 1, and dairy plants as defined in section 32D.01, subdivision 6.

(d) Custom exempt food handlers are persons who only conduct custom exempt processing as defined in section 31A.02, subdivision 5. A retail or wholesale transaction may not take place in a facility operated by a person with a custom exempt food handler license.

~~(d)~~ (e) A food broker is a person who buys and sells food and who negotiates between a buyer and a seller of food, but who at no time has custody of the food being bought and sold.

Sec. 11. Minnesota Statutes 2018, section 28A.075, is amended to read:

28A.075 DELEGATION TO LOCAL BOARD OF HEALTH.

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At any time thereafter, the commissioner may enter into an agreement with a local board of health that licensed and inspected all or part of any grocery or convenience store on January 1, 1999, to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers ~~that are~~ such as grocery or convenience stores. Retail ~~grocery or convenience stores~~ food handlers inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate ~~grocery and convenience stores~~ retail food handlers and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

(c) A fee to recover the estimated costs of enforcement of this chapter must be established by ordinance and must be fair, reasonable, and proportionate to the actual cost of the licensing and inspection services. The fee must only be maintained and used for the estimated costs of enforcing this chapter.

Sec. 12. Minnesota Statutes 2018, section 28A.0752, subdivision 1, is amended to read:

Subdivision 1. **Agreements to perform duties of commissioner.** (a) Agreements to delegate licensing and inspection duties pertaining to retail ~~grocery or convenience stores~~ food handlers shall include licensing, inspection, reporting, and enforcement duties authorized under sections 17.04, 29.21, 29.23, 29.235, 29.236, 29.237, 29.24, 29.25, 29.26, 29.27, and 30.49, appropriate sections of the Minnesota Food Law, chapters 31 and 34A, and applicable Minnesota food rules.

(b) Agreements are subject to subdivision 3.

(c) This subdivision does not affect agreements entered into under section 28A.075 or current cooperative agreements which base inspections and licensing responsibility on the firm's most predominant mode of business.

Sec. 13. Minnesota Statutes 2018, section 28A.0752, subdivision 2, is amended to read:

Subd. 2. **Approval of agreements.** An agreement to delegate licensing and inspection of retail food handlers ~~that are grocery or convenience stores~~ to a community health board must be approved by the commissioner and is subject to subdivision 3.

Sec. 14. Minnesota Statutes 2018, section 28A.08, subdivision 3, is amended to read:

Subd. 3. **Fees effective July 1, 2003.**

Type of food handler	License Fee Effective July 1, 2003	Penalties	
		Late Renewal	No License
1. Retail food handler <u>or custom exempt food handler</u>			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$ 50	\$ 17	\$ 33
(b) Having under \$15,000 gross sales or service including food preparation or having \$15,000 to \$50,000 gross sales or service for the immediately previous license or fiscal year	\$ 77	\$ 25	\$ 51
(c) Having \$50,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$155	\$ 51	\$102
(d) Having \$250,001 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year	\$276	\$ 91	\$182

(e) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$799	\$264	\$527
(f) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,162	\$383	\$767
(g) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,376	\$454	\$908
(h) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,607	\$530	\$1,061
(i) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,847	\$610	\$1,219
(j) Having over \$25,000,001 gross sales or service for the immediately previous license or fiscal year	\$2,001	\$660	\$1,321
2. Wholesale food handler			
(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year	\$ 57	\$ 19	\$ 38
(b) Having \$25,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$284	\$ 94	\$187
(c) Having \$250,001 to \$1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year	\$444	\$147	\$293
(d) Having \$250,001 to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year	\$590	\$195	\$389
(e) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$769	\$254	\$508
(f) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year	\$920	\$304	\$607

(g) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year	\$990	\$327	\$653
(h) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,156	\$381	\$763
(i) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,329	\$439	\$877
(j) Having over \$25,000,001 or more gross sales or service for the immediately previous license or fiscal year	\$1,502	\$496	\$991
3. Food broker	\$150	\$ 50	\$ 99
4. Wholesale food processor or manufacturer			
(a) Having gross sales or service of less than \$125,000 for the immediately previous license or fiscal year	\$169	\$ 56	\$112
(b) Having \$125,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$392	\$129	\$259
(c) Having \$250,001 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year	\$590	\$195	\$389
(d) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$769	\$254	\$508
(e) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year	\$920	\$304	\$607
(f) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,377	\$454	\$909
(g) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,608	\$531	\$1,061
(h) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,849	\$610	\$1,220

(i) Having \$25,000,001 to \$50,000,000 gross sales or service for the immediately previous license or fiscal year	\$2,090	\$690	\$1,379
(j) Having \$50,000,001 to \$100,000,000 gross sales or service for the immediately previous license or fiscal year	\$2,330	\$769	\$1,538
(k) Having \$100,000,000 or more gross sales or service for the immediately previous license or fiscal year	\$2,571	\$848	\$1,697
5. Wholesale food processor of meat or poultry products under supervision of the U.S. Department of Agriculture			
(a) Having gross sales or service of less than \$125,000 for the immediately previous license or fiscal year	\$112	\$ 37	\$ 74
(b) Having \$125,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$214	\$ 71	\$141
(c) Having \$250,001 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year	\$333	\$110	\$220
(d) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$425	\$140	\$281
(e) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year	\$521	\$172	\$344
(f) Having over \$10,000,001 gross sales or service for the immediately previous license or fiscal year	\$765	\$252	\$505
(g) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year	\$893	\$295	\$589
(h) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,027	\$339	\$678
(i) Having \$25,000,001 to \$50,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,161	\$383	\$766

(j) Having \$50,000,001 to \$100,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,295	\$427	\$855
(k) Having \$100,000,001 or more gross sales or service for the immediately previous license or fiscal year	\$1,428	\$471	\$942
6. Wholesale food processor or manufacturer operating only at the State Fair	\$125	\$ 40	\$ 50
7. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota Farmstead cheese	\$ 30	\$ 10	\$ 15
8. Wholesale food manufacturer processing less than 700,000 pounds per year of raw milk	\$ 30	\$ 10	\$ 15
9. A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer	\$ 50	\$ 15	\$ 25

Sec. 15. Minnesota Statutes 2018, section 29.26, is amended to read:

29.26 EGGS IN POSSESSION OF RETAILER.

All eggs sold or offered for sale at retail must have been candled and graded and must be clearly labeled according to Minnesota consumer grades as established by rule under section 29.23. No eggs shall be sold or offered for sale as "ungraded," "unclassified," or by any other name that does not clearly designate the grade. All eggs in possession of the retailer, either in temporary storage or on display, must be held at a temperature not to exceed 45 degrees Fahrenheit (7 degrees Celsius).

~~Candled and graded~~ Grade AA eggs held 31 days past the coded pack date for Grade AA eggs, or Grade A eggs held 46 days past the coded pack date for Grade A eggs, lose their grades and must be removed from sale.

Sec. 16. Minnesota Statutes 2018, section 31.94, is amended to read:

31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota and other research and education institutions to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies about state or federal programs that support organic agriculture practices; and

(5) work closely with producers, producer organizations, the University of Minnesota, and other appropriate agencies and organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each year that ends in a zero or a five, the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include available data on organic acreage and production, available data on the sales or market performance of organic products, and recommendations regarding programs, policies, and research efforts that will benefit Minnesota's organic agriculture sector.

(c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the University of Minnesota on policies and programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture sector. The task force must consist of the following residents of the state:

- (1) three organic farmers;
- (2) one wholesaler or distributor of organic products;
- (3) one representative of organic certification agencies;
- (4) two organic processors;
- (5) one representative from University of Minnesota Extension;
- (6) one University of Minnesota faculty member;
- (7) one representative from a nonprofit organization representing producers;
- (8) two public members;
- (9) one representative from the United States Department of Agriculture;
- (10) one retailer of organic products; and
- (11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension and the dean of the College of Food, Agricultural and Natural Resource Sciences, shall appoint members to serve three-year terms.

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2019~~ 2024.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and accredited certification agencies operating within the state.

Sec. 17. Minnesota Statutes 2018, section 32D.13, is amended by adding a subdivision to read:

Subd. 11. **Milk storage requirement.** (a) A milk hauler must not pick up milk from a farm that has a bulk tank that is not in proper working order.

(b) Milk must not be stored for longer than 72 hours at a farm before the milk is picked up by a milk hauler for transport to a plant. The commissioner or an agent of the commissioner may waive the 72-hour time limit in the case of hardship, emergency, or natural disaster.

Sec. 18. Minnesota Statutes 2018, section 32D.20, subdivision 2, is amended to read:

Subd. 2. **Labels.** (a) Pasteurized milk or fluid milk products offered or exposed for sale or held in possession for sale shall be labeled or otherwise designated as pasteurized milk or pasteurized fluid milk products, and in the case of fluid milk products the label shall also state the name of the specific product.

(b) Milk and dairy products must be labeled (1) with the plant number where the product was produced; or (2) if produced in a state where official plant numbers are not assigned, with the name and address of the manufacturer and the address of the plant where it was manufactured or distributor.

Sec. 19. Minnesota Statutes 2018, section 32D.22, is amended to read:

32D.22 MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.

(a) No person, firm, or corporation shall manufacture, transport, sell, offer, or expose for sale or have in possession with intent to sell at retail to a consumer any cheese that has not been (1) manufactured from milk or milk products that have been pasteurized; (2) subjected to a heat treatment equivalent to pasteurization during the process of manufacturing or processing; or (3) subjected to an aging process where it has been kept for at least 60 days after manufacture at a temperature no lower than 35 degrees Fahrenheit.

(b) Any cheese described in paragraph (a), clause (3), that has been made from unpasteurized milk must be labeled with a statement that the cheese has been aged for 60 days or more.

Sec. 20. Minnesota Statutes 2018, section 34A.11, subdivision 7, is amended to read:

Subd. 7. **Emergency powers.** After an emergency declaration issued under chapter 12, chapter 35, or the federal Stafford Act, the commissioner may restrict the movement of food if the commissioner has probable cause to believe that the movement of food may: threaten the agricultural economy; transport a dangerous, infectious, or communicable disease; or threaten the health of animals. The commissioner may provide for the issuance of permits to allow for the continued movement of food upon meeting the ~~disease~~ control measures established by the commissioner.

Sec. 21. Minnesota Statutes 2018, section 41B.02, subdivision 10a, is amended to read:

Subd. 10a. **Livestock expansion.** "Livestock expansion" means the purchase of a livestock farm or improvements to a livestock operation, including the purchase and construction or installation of improvements to land, buildings, and other permanent structures, including equipment incorporated in or permanently

affixed to the land, buildings, or structures, which are useful for and intended to be used for the purpose of raising livestock.

Sec. 22. Minnesota Statutes 2018, section 41B.03, subdivision 3, is amended to read:

Subd. 3. **Eligibility for beginning farmer loans.** (a) In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm loan in which the authority holds an interest, must:

- (1) have sufficient education, training, or experience in the type of farming for which the loan is desired;
- (2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$800,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index;
- (3) demonstrate a need for the loan;
- (4) demonstrate an ability to repay the loan;
- (5) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;
- (6) certify that farming will be the principal occupation of the borrower;
- (7) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first three years of the loan, if an approved program is available within 45 miles from the borrower's residence. The commissioner authority may waive this requirement for any of the programs administered by the authority if the participant requests a waiver and has either a four-year degree in an agricultural program or related field, reasonable agricultural job-related experience, or certification as an adult farm management instructor; and
- (8) agree to file an approved soil and water conservation plan with the Natural Resources Conservation Service office in the county where the land is located.

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

Sec. 23. Minnesota Statutes 2018, section 41B.0391, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and machinery used for farming in Minnesota.

(c) "Beginning farmer" means an individual who:

- (1) is a resident of Minnesota;
- (2) is seeking entry, or has entered within the last ten years, into farming;
- (3) intends to farm land located within the state borders of Minnesota;
- (4) is not and whose spouse is not a family member of the owner of the agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

(5) is not and whose spouse is not a family member of a partner, member, shareholder, or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets; and

(6) meets the following eligibility requirements as determined by the authority:

(i) has a net worth that does not exceed the limit provided under section 41B.03, subdivision 3, paragraph (a), clause (2);

(ii) provides the majority of the day-to-day physical labor and management of the farm;

(iii) has, by the judgment of the authority, adequate farming experience or demonstrates knowledge in the type of farming for which the beginning farmer seeks assistance from the authority;

(iv) demonstrates to the authority a profit potential by submitting projected earnings statements;

(v) asserts to the satisfaction of the authority that farming will be a significant source of income for the beginning farmer;

(vi) ~~participates in~~ is enrolled in or has completed within ten years of their first year of farming a financial management program approved by the authority or the commissioner of agriculture;

(vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility requirements within the three-year certification period, in which case the beginning farmer is no longer eligible for credits under this section; and

(viii) has other qualifications as specified by the authority.

The authority may waive the requirement in item (vi) if the participant requests a waiver and has a four-year degree in an agricultural program or related field, reasonable agricultural job-related experience, or certification as an adult farm management instructor.

(d) "Family member" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(e) "Farm product" means plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables.

(f) "Farming" means the active use, management, and operation of real and personal property for the production of a farm product.

(g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

(h) "Resident" has the meaning given in section 290.01, subdivision 7.

(i) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of farm products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss, or both.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2018.

Sec. 24. Minnesota Statutes 2018, section 41B.049, subdivision 1, is amended to read:

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

Sec. 25. Minnesota Statutes 2018, section 41B.049, subdivision 5, is amended to read:

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

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

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

(d) A borrower who has previously received a loan under subdivision 1 ~~is prohibited from receiving~~ may receive another methane digester loan under subdivision 1 if the previous loan has been repaid in full.

Sec. 26. Minnesota Statutes 2018, section 41B.055, subdivision 3, is amended to read:

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~~ \$100,000, 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 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 Rural Finance Authority administrative account established in section 41B.03.

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

Sec. 27. Minnesota Statutes 2018, section 41B.057, subdivision 3, is amended to read:

Subd. 3. **Loan participation.** The authority may participate in a farm opportunity loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a group of farmers on joint projects who are eligible under subdivision 2, paragraph (c), and who are actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~\$45,000~~ \$100,000 per individual, whichever is less. For loans to a group made up of four or more individuals, participation is limited to 45 percent of the principal amount of the loan or ~~\$180,000~~ \$250,000, whichever is less. The interest rate on the loans must not exceed six percent.

Sec. 28. Minnesota Statutes 2018, section 116.0714, is amended to read:

116.0714 NEW OPEN-AIR SWINE BASINS.

(a) 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, 2022.

(b) This section does not apply to basins used solely for wastewater from truck-washing facilities.

Presented to the governor May 17, 2019

Signed by the governor May 17, 2019, 5:54 p.m.