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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 942

02/16/2015 Authored by Hansen and Hamilton
The bill was read for the first time and referred to the Committee on Agriculture Policy

1.1 A bill for an act
1.2 relating to agriculture; abolishing the Agricultural Utilization Research Institute
1.3 and transferring its duties to the Department of Agriculture; appropriating
1.4 money; amending Minnesota Statutes 2014, sections 3.971, subdivision 6;
1.5 15A.086; 28A.21, subdivision 2; 41A.105, subdivision 2; 352D.02, subdivision
1.6 1; proposing coding for new law in Minnesota Statutes, chapter 41A; repealing
1.7 Minnesota Statutes 2014, sections 13D.08, subdivision 12; 116V.01; 116V.02;
1.8 116V.03.

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

1.10 Section 1. Minnesota Statutes 2014, section 3.971, subdivision 6, is amended to read:

1.11 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements
1.12 of the state of Minnesota required by section 16A.50 and, as resources permit, Minnesota
1.13 State Colleges and Universities, the University of Minnesota, state agencies, departments,
1.14 boards, commissions, offices, courts, and other organizations subject to audit by the
1.15 legislative auditor, including, but not limited to, the State Agricultural Society, ~~Agricultural~~
1.16 ~~Utilization Research Institute~~, Enterprise Minnesota, Inc., Minnesota Historical Society,
1.17 ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Airports
1.18 Commission, and Metropolitan Mosquito Control District. Financial audits must be
1.19 conducted according to generally accepted government auditing standards. The legislative
1.20 auditor shall see that all provisions of law respecting the appropriate and economic use of
1.21 public funds and other public resources are complied with and may, as part of a financial
1.22 audit or separately, investigate allegations of noncompliance.

1.23 Sec. 2. Minnesota Statutes 2014, section 15A.086, is amended to read:

1.24 **15A.086 LIMITS ON BONUS PAYMENTS.**

2.1 Notwithstanding any law to the contrary, an employee of the state lottery or of
 2.2 a public corporation or nonprofit corporation created by law may not receive bonus
 2.3 payments in any year that exceed ten percent of the employee's base salary for that year.
 2.4 For purposes of this section, bonus payments include any combination of merit pay,
 2.5 achievement awards, or any other cash payments in addition to base salary, other than
 2.6 severance pay or overtime or holiday pay. Groups covered by this section include, but
 2.7 are not limited to, the Workers' Compensation Reinsurance Association, the Minnesota
 2.8 Insurance Guaranty Association, the Fair plan, the Joint Underwriters Association, the
 2.9 Minnesota Joint Underwriters Association, the Life and Health Guaranty Association, the
 2.10 Minnesota Comprehensive Health Association, the Minnesota State High School League,
 2.11 Enterprise Minnesota, Inc., ~~Agricultural Utilization Research Institute~~, Minnesota Project
 2.12 Outreach Corporation, and the State Agricultural Society. This section does not give any
 2.13 entity authority to grant a bonus not otherwise authorized by law.

2.14 Sec. 3. Minnesota Statutes 2014, section 28A.21, subdivision 2, is amended to read:

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

2.16 (1) the commissioner of agriculture or the commissioner's designee;

2.17 (2) the commissioner of health or the commissioner's designee;

2.18 (3) a representative of the United States Food and Drug Administration;

2.19 (4) a representative of the United States Department of Agriculture;

2.20 (5) ~~a representative of the Agricultural Utilization Research Institute;~~

2.21 ~~(6)~~ one member of the Minnesota Grocers Association;

2.22 ~~(7)~~ (6) one member from the University of Minnesota knowledgeable in food and
 2.23 food safety issues; and

2.24 ~~(8)~~ (7) nine members appointed by the governor who are interested in food and
 2.25 food safety, of whom:

2.26 (i) two persons are health or food professionals;

2.27 (ii) one person represents a statewide general farm organization;

2.28 (iii) one person represents a local food inspection agency;

2.29 (iv) one person represents a food-oriented consumer group; and

2.30 (v) one person represents a Minnesota-based manufacturer of microbial detection
 2.31 equipment and remediation products.

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

2.34 Sec. 4. Minnesota Statutes 2014, section 41A.105, subdivision 2, is amended to read:

3.1 Subd. 2. **NextGen Energy Board.** There is created a NextGen Energy Board
 3.2 consisting of the commissioners of agriculture, commerce, natural resources, the Pollution
 3.3 Control Agency, and employment and economic development; the chairs of the house of
 3.4 representatives and senate committees with jurisdiction over energy finance; the chairs
 3.5 of the house of representatives and senate committees with jurisdiction over agriculture
 3.6 finance; one member of the second largest political party in the house of representatives,
 3.7 as appointed by the chairs of the house of representatives committees with jurisdiction
 3.8 over agriculture finance and energy finance; and one member of the second largest
 3.9 political party in the senate, as appointed by the chairs of the senate committees with
 3.10 jurisdiction over agriculture finance and energy finance; ~~and the executive director of~~
 3.11 ~~the Agricultural Utilization Research Institute.~~ In addition, the governor shall appoint
 3.12 eight members: two representing statewide agriculture organizations; two representing
 3.13 statewide environment and natural resource conservation organizations; one representing
 3.14 the University of Minnesota; one representing the Minnesota Institute for Sustainable
 3.15 Agriculture; one representing the Minnesota State Colleges and Universities system; and
 3.16 one representing the forest products industry.

3.17 **Sec. 5. [41A.20] AGRICULTURAL PRODUCT UTILIZATION.**

3.18 **Subdivision 1. Duties.** The commissioner of agriculture must:

3.19 (1) identify development opportunities for agricultural products;

3.20 (2) implement a program that identifies techniques to meet those opportunities;

3.21 (3) monitor and coordinate research among the public and private organizations and
 3.22 individuals specifically addressing procedures to transfer new technology to businesses,
 3.23 farmers, and individuals;

3.24 (4) provide research grants to public and private educational institutions and other
 3.25 organizations that are undertaking basic and applied research to promote the development
 3.26 of emerging agricultural industries;

3.27 (5) assist organizations and individuals with market analysis and product marketing
 3.28 implementations;

3.29 (6) to the extent possible earn and receive revenue from contracts, patents, licenses,
 3.30 royalties, grants, fees-for-service, and memberships;

3.31 (7) work with the United States Department of Agriculture, the Department of
 3.32 Employment and Economic Development, and other agencies to maximize marketing
 3.33 opportunities locally, nationally, and internationally; and

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

4.1 Subd. 2. **Advisory council.** The commissioner must convene an advisory council
 4.2 under section 15.059 to inform the commissioner's actions under this section. Council
 4.3 membership is as follows:

4.4 (1) the chair of the house of representatives committee with jurisdiction over
 4.5 agriculture finance or the chair's designee;

4.6 (2) the chair of the senate committee with jurisdiction over agriculture finance or
 4.7 the chair's designee;

4.8 (3) two representatives of statewide farm organizations;

4.9 (4) two representatives of agribusiness;

4.10 (5) one representative of a commodity promotion council;

4.11 (6) one active nontraditional farmer;

4.12 (7) two people with experience in entrepreneurship and business start-up;

4.13 (8) two lending institutions with experience in business start-up capital; and

4.14 (9) two citizens.

4.15 Subd. 3. **Annual report.** The commissioner must report no later than February 1
 4.16 each year to the house of representatives and senate committees with jurisdiction over
 4.17 agriculture finance. The report must list projects initiated, progress on projects, outcomes,
 4.18 and financial information relating to expenditures, income from other sources, and other
 4.19 information that allows the committees to evaluate the effectiveness of the commissioner's
 4.20 activities under this section.

4.21 Sec. 6. **[41A.30] RENEWABLE ENERGY ROUNDTABLE.**

4.22 Subdivision 1. **Roundtable; purpose.** The commissioner must convene a Renewable
 4.23 Energy Roundtable to further the state's leadership on bioenergy issues. The commissioner
 4.24 must facilitate activities and provide staff to assist the Renewable Energy Roundtable.

4.25 Subd. 2. **Membership.** The Renewable Energy Roundtable must consist of one
 4.26 representative appointed by the commissioner, one appointed by the commissioner
 4.27 of commerce, one appointed by the chancellor of the Minnesota State Colleges and
 4.28 Universities, and one appointed by the president of the University of Minnesota. The
 4.29 appointees must have expertise relevant to bioenergy.

4.30 Subd. 3. **Duties.** The Renewable Energy Roundtable will engage professionals and
 4.31 experts from private, government, academic, and nonprofit entities across the state to
 4.32 identify bioenergy opportunities and collaborate with a broad group of interested parties
 4.33 to identify future alternative courses of action the state can take to sustain a long-term
 4.34 competitive position in renewable energy through the year 2025. The Renewable Energy

5.1 Roundtable will consult, advise, and review projects and initiatives funded by the state as
5.2 directed by the commissioner and the legislature.

5.3 Sec. 7. Minnesota Statutes 2014, section 352D.02, subdivision 1, is amended to read:

5.4 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),
5.5 (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
5.6 Metropolitan Council and are eligible for coverage under the general state employees
5.7 retirement plan under chapter 352, are participants in the unclassified program under this
5.8 chapter unless the employee gives notice to the executive director of the Minnesota State
5.9 Retirement System within one year following the commencement of employment in the
5.10 unclassified service that the employee desires coverage under the general state employees
5.11 retirement plan. For the purposes of this chapter, an employee who does not file notice
5.12 with the executive director is deemed to have exercised the option to participate in the
5.13 unclassified program.

5.14 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
5.15 program under this chapter unless the person was eligible to elect different coverage under
5.16 section 3A.07 and elected retirement coverage by the applicable alternative retirement
5.17 plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified
5.18 program under this chapter for judicial employment in excess of the service credit limit in
5.19 section 490.121, subdivision 22.

5.20 (c) Enumerated employees and referenced persons are:

5.21 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
5.22 and the attorney general;

5.23 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary
5.24 of State, State Auditor, Attorney General;

5.25 (3) an employee of the State Board of Investment;

5.26 (4) the head of a department, division, or agency created by statute in the unclassified
5.27 service, an acting department head subsequently appointed to the position, or an employee
5.28 enumerated in section 15A.0815 or 15A.083, subdivision 4;

5.29 (5) a member of the legislature;

5.30 (6) a full-time unclassified employee of the legislature or a commission or agency of
5.31 the legislature who is appointed without a limit on the duration of the employment or a
5.32 temporary legislative employee having shares in the supplemental retirement fund as a
5.33 result of former employment covered by this chapter, whether or not eligible for coverage
5.34 under the Minnesota State Retirement System;

6.1 (7) a person who is employed in a position established under section 43A.08,
 6.2 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing
 6.3 a department or agency of the state, which is at the deputy or assistant head of department
 6.4 or agency or director level;

6.5 (8) the regional administrator, or executive director of the Metropolitan Council,
 6.6 general counsel, division directors, operations managers, and other positions as designated
 6.7 by the council, all of which may not exceed 27 positions at the council and the chair;

6.8 (9) the commissioner, deputy commissioner, and not to exceed nine positions
 6.9 of the Minnesota Office of Higher Education in the unclassified service, as designated
 6.10 by the Minnesota Office of Higher Education before January 1, 1992, or subsequently
 6.11 redesignated with the approval of the board of directors of the Minnesota State Retirement
 6.12 System, unless the person has elected coverage by the individual retirement account
 6.13 plan under chapter 354B;

6.14 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
 6.15 Constitution of the state of Minnesota, the state court administrator and judicial district
 6.16 administrators;

6.17 (11) the chief executive officers of correctional facilities operated by the Department
 6.18 of Corrections and of hospitals and nursing homes operated by the Department of Human
 6.19 Services;

6.20 (12) an employee whose principal employment is at the state ceremonial house;

6.21 ~~(13) an employee of the Agricultural Utilization Research Institute;~~

6.22 ~~(14)~~ an employee of the State Lottery who is covered by the managerial plan
 6.23 established under section 43A.18, subdivision 3;

6.24 ~~(15)~~ (14) a judge who has exceeded the service credit limit in section 490.121,
 6.25 subdivision 22;

6.26 ~~(16)~~ (15) an employee of Enterprise Minnesota, Inc.;

6.27 ~~(17)~~ (16) a person employed by the Minnesota State Colleges and Universities as
 6.28 faculty or in an eligible unclassified administrative position as defined in section 354B.20,
 6.29 subdivision 6, who was employed by the former state university or the former community
 6.30 college system before May 1, 1995, and elected unclassified program coverage prior to
 6.31 May 1, 1995; and

6.32 ~~(18)~~ (17) a person employed by the Minnesota State Colleges and Universities who
 6.33 was employed in state service before July 1, 1995, who subsequently is employed in an
 6.34 eligible unclassified administrative position as defined in section 354B.20, subdivision
 6.35 6, and who elects coverage by the unclassified program.

7.1 Sec. 8. **ABOLISHED; AGRICULTURAL UTILIZATION RESEARCH**
7.2 **INSTITUTE.**

7.3 (a) The Agricultural Utilization Research Institute is abolished and its duties, as
7.4 previously codified in Minnesota Statutes 2014, section 116V.01, subdivision 3, are
7.5 transferred to the commissioner of agriculture as provided in Minnesota Statutes, sections
7.6 41A.20 and 41A.30.

7.7 (b) The commissioner may hire employees and maintain regional offices as required
7.8 to effectively and efficiently carry out the duties under Minnesota Statutes, sections
7.9 41A.20 and 41A.30. The commissioner must not hire an executive director.

7.10 (c) The commissioner must commence the duties in Minnesota Statutes, sections
7.11 41A.20 and 41A.30 no later than January 1, 2016.

7.12 Sec. 9. **APPROPRIATION.**

7.13 \$3,643,000 in fiscal year 2016 and \$3,643,000 in fiscal year 2017 are appropriated
7.14 from the general fund to the commissioner of agriculture for purposes of Minnesota
7.15 Statutes, sections 41A.20 and 41A.30.

7.16 Sec. 10. **REPEALER.**

7.17 Minnesota Statutes 2014, sections 13D.08, subdivision 12; 116V.01; 116V.02; and
7.18 116V.03, are repealed.

13D.08 OPEN MEETING LAW CODED ELSEWHERE.

Subd. 12. **Agricultural Utilization Research Institute.** Certain meetings of the Agricultural Utilization Research Institute are governed by section 116V.01, subdivision 10.

116V.01 AGRICULTURAL UTILIZATION RESEARCH INSTITUTE.

Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Agricultural Utilization Research Institute shall conduct onsite and applied research, promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products, including direct financial and technical assistance for Minnesota entrepreneurs. The institute must establish or maintain facilities and work with private and public entities to leverage the resources available to achieve maximum results for Minnesota agriculture.

Subd. 2. **Board of directors.** The board of directors of the Agricultural Utilization Research Institute is comprised of:

- (1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture finance or the chair's designee;
- (2) two representatives of statewide farm organizations;
- (3) two representatives of agribusiness; and
- (4) three representatives of the commodity promotion councils.

Subd. 3. **Duties.** (a) 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

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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.

Subd. 4. **Staff.** The board of directors shall hire staff for the Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization Research Institute are not state employees and may participate in state retirement, deferred compensation, insurance, or other plans that apply to state employees generally and are subject to regulation by the state Campaign Finance and Public Disclosure Board.

Subd. 5. **Agricultural research grants.** The institute may make matching grants for agricultural product utilization research to the University of Minnesota, the Minnesota State Colleges and Universities, a Minnesota private college or university, a private corporation, or a person. Grants may be matched from private sources, including farm commodity groups and farm organizations.

Subd. 6. **Advisory board.** (a) A 26-member advisory board may be established to identify priorities for the Agricultural Utilization Research Institute. Members of the advisory board are appointed by the board. The advisory board consists of: the chair of the Minnesota House of Representatives Agricultural Committee; the chair of the Minnesota Senate Agricultural Committee; a representative from each of the ten largest agricultural-related businesses in the state as determined by the corporation; a member from each of the appropriate trade organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers's Union; and a member of the Farm Bureau. Terms and removal of members must be set by the board and members of the advisory board serve without compensation but shall receive their necessary and actual expenses.

(b) The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be performed by the Agricultural Utilization Research Institute.

Subd. 7. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct of the business of the institute consistent with this section. The corporation must publish bylaws and amendments to the bylaws in the State Register.

Subd. 8. **Place of business.** The board of directors shall locate and maintain the institute's place of business within the state.

Subd. 9. **Chair.** The board of directors shall annually elect from among its members a chair and other officers necessary for the performance of its duties.

Subd. 10. **Meetings.** The board of directors shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the institute. Board meetings are subject to chapter 13D, except section 13D.01, subdivision 6, as it pertains to financial information, business plans, income and expense projections, customer lists, market and feasibility studies, and trade secret information as defined by section 13.37, subdivision 1, paragraph (b).

Subd. 11. **Conflict of interest.** A director, employee, or officer of the institute may not participate in or vote on a decision of the board relating to an organization in which the director has either a direct or indirect financial interest.

Subd. 12. **No benefit to private individuals or corporations.** This institute shall not afford pecuniary gain, incidental or otherwise, to any private individual, firm, or corporation, except the payment of reasonable fees for goods and services provided and approved in accordance with the bylaws of the corporation. No part of the net income or net earnings of the institute shall, directly or indirectly, be distributable to or otherwise inure to the benefit of any individual.

Subd. 13. **Funds.** The institute may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or bequested to it. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes. Expenditures of more than \$25,000 must be approved by the full board.

Subd. 14. **Accounts; audits.** The institute may establish funds and accounts that it finds convenient. The board shall provide for and pay the cost of an independent annual audit of its official books and records by the legislative auditor subject to sections 3.971 and 3.972. A copy of this audit shall be filed with the secretary of state.

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For purposes of this section, "institute" means the Agricultural Utilization Research Institute established under this section and "board of directors" means the board of directors of the Agricultural Utilization Research Institute.

116V.02 AGRICULTURAL PROJECT UTILIZATION ACCOUNT.

The agricultural project utilization account is an account in the special revenue fund. Money in the account is appropriated to the Agricultural Utilization Research Institute to be used for agricultural research grants as provided in section 116V.01, subdivision 5, and for the Agricultural Utilization Research Institute.

116V.03 APPROPRIATION.

\$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the general fund to the Agricultural Utilization Research Institute established under section 116V.01.