

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 5365

(SENATE AUTHORS: PUTNAM)

DATE	D-PG	OFFICIAL STATUS
04/08/2024	13537	Introduction and first reading Referred to Agriculture, Broadband, and Rural Development

1.1A bill for an act

1.2relating to agriculture; modifying agriculture provisions; appropriating money;

1.3amending Minnesota Statutes 2022, sections 18C.70, subdivision 5; 18C.71,

1.4subdivision 4; 18C.80, subdivision 2; 31.94; 32D.30; 41B.039, subdivision 2;

1.541B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045,

1.6subdivision 2; 41B.047, subdivision 1; Minnesota Statutes 2023 Supplement,

1.7sections 18C.425, subdivision 6; 18K.06; 41B.0391, subdivision 1; Laws 2023,

1.8chapter 43, article 1, section 2.

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

1.10ARTICLE 1

1.11APPROPRIATIONS

1.12Section 1. Laws 2023, chapter 43, article 1, section 2, is amended to read:

1.13Sec. 2. DEPARTMENT OF AGRICULTURE

1.14			92,025,000	72,223,000
1.15	Subdivision 1. Total Appropriation	\$	<u>88,025,000</u>	\$ <u>83,223,000</u>

1.16	Appropriations by Fund			
1.17		2024	2025	
1.18		91,626,000	71,824,000	
1.19	General	<u>87,626,000</u>	<u>82,824,000</u>	
1.20	Remediation	399,000	399,000	

1.21The amounts that may be spent for each

1.22purpose are specified in the following

1.23subdivisions.

Subd. 2. **Protection Services**

Appropriations by Fund

	2024	2025
	32,034,000	18,743,000
General	<u>32,034,000</u>	<u>21,743,000</u>
Remediation	399,000	399,000

(a) \$399,000 the first year and \$399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) \$625,000 the first year and \$625,000 the second year are for the soil health financial assistance program under Minnesota Statutes, section 17.134. The commissioner may award no more than \$50,000 of the appropriation each year to a single recipient. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available in the second year.

Appropriations encumbered under contract on or before June 30, 2025, for soil health financial assistance grants are available until June 30, 2027. The base for this appropriation is \$639,000 in fiscal year 2026 and each year thereafter.

(c) \$800,000 the first year is for transfer to the pollinator research account established under Minnesota Statutes, section 18B.051. The base for this transfer is \$100,000 in fiscal year 2026 and each year thereafter.

(d) \$150,000 the first year and \$150,000 the second year are for transfer to the noxious weed and invasive plant species assistance

account established under Minnesota Statutes, section 18.89, to award grants under Minnesota Statutes, section 18.90, to counties, municipalities, and other weed management entities, including Minnesota Tribal governments as defined in Minnesota Statutes, section 10.65. This is a onetime appropriation.

(e) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2023. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock. If the commissioner receives federal dollars to pay claims for destroyed or crippled livestock, an equivalent amount of this appropriation may be used to reimburse nonlethal prevention methods performed by federal wildlife services staff.

(f) \$155,000 the first year and \$155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's

4.1 approved agent to investigate and resolve
4.2 claims, as well as for costs associated with
4.3 training for approved agents. The
4.4 commissioner may use up to \$40,000 of the
4.5 appropriation each year to make grants to
4.6 producers for measures to protect stored crops
4.7 from elk damage. If the commissioner
4.8 determines that claims made under Minnesota
4.9 Statutes, section 3.737 or 3.7371, are
4.10 unusually high, amounts appropriated for
4.11 either program may be transferred to the
4.12 appropriation for the other program.

4.13 (g) \$825,000 the first year and \$825,000 the
4.14 second year are to replace capital equipment
4.15 in the Department of Agriculture's analytical
4.16 laboratory.

4.17 (h) \$75,000 the first year and \$75,000 the
4.18 second year are to support a meat processing
4.19 liaison position to assist new or existing meat
4.20 and poultry processing operations in getting
4.21 started, expanding, growing, or transitioning
4.22 into new business models.

4.23 (i) \$2,200,000 the first year and \$1,650,000
4.24 the second year are additional funding to
4.25 maintain the current level of service delivery
4.26 for programs under this subdivision. The base
4.27 for this appropriation is \$1,925,000 for fiscal
4.28 year 2026 and each year thereafter.

4.29 (j) \$250,000 the first year and \$250,000 the
4.30 second year are for grants to organizations in
4.31 Minnesota to develop enterprises, supply
4.32 chains, and markets for continuous-living
4.33 cover crops and cropping systems in the early
4.34 stages of commercial development. For the
4.35 purposes of this paragraph, "continuous-living

5.1 cover crops and cropping systems" refers to
5.2 agroforestry, perennial biomass, perennial
5.3 forage, perennial grains, and winter-annual
5.4 cereal grains and oilseeds that have market
5.5 value as harvested or grazed commodities. By
5.6 February 1 each year, the commissioner must
5.7 submit a report to the chairs and ranking
5.8 minority members of the legislative
5.9 committees with jurisdiction over agriculture
5.10 finance and policy detailing uses of the funds
5.11 in this paragraph, including administrative
5.12 costs, and the achievements these funds
5.13 contributed to. The commissioner may use up
5.14 to 6.5 percent of this appropriation for
5.15 administrative costs. This is a onetime
5.16 appropriation.

5.17 (k) \$45,000 the first year and \$45,000 the
5.18 second year are appropriated for
5.19 wolf-livestock conflict-prevention grants. The
5.20 commissioner may use some of this
5.21 appropriation to support nonlethal prevention
5.22 work performed by federal wildlife services.
5.23 This is a onetime appropriation.

5.24 (l) \$10,000,000 the first year is for transfer to
5.25 the grain indemnity account established in
5.26 Minnesota Statutes, section 223.24. This is a
5.27 onetime transfer.

5.28 (m) \$125,000 the first year and \$125,000 the
5.29 second year are for the PFAS in pesticides
5.30 review. This is a onetime appropriation.

5.31 (n) \$1,941,000 the first year is for transfer to
5.32 the food handler license account. This is a
5.33 onetime transfer.

6.1 (o) \$3,000,000 the second year is for nitrate
6.2 treatment. This appropriation is available until
6.3 June 30, 2027.

6.4 Subd. 3. **Agricultural Marketing and**
6.5 **Development** 5,165,000 4,985,000

6.6 (a) \$150,000 the first year and \$150,000 the
6.7 second year are to expand international trade
6.8 opportunities and markets for Minnesota
6.9 agricultural products.

6.10 (b) \$186,000 the first year and \$186,000 the
6.11 second year are for transfer to the Minnesota
6.12 grown account and may be used as grants for
6.13 Minnesota grown promotion under Minnesota
6.14 Statutes, section 17.102. Notwithstanding
6.15 Minnesota Statutes, section 16A.28, the
6.16 appropriations encumbered under contract on
6.17 or before June 30, 2025, for Minnesota grown
6.18 grants in this paragraph are available until June
6.19 30, 2027.

6.20 (c) \$634,000 the first year and \$634,000 the
6.21 second year are for the continuation of the
6.22 dairy development and profitability
6.23 enhancement programs, including dairy
6.24 profitability teams and dairy business planning
6.25 grants under Minnesota Statutes, section
6.26 32D.30.

6.27 (d) The commissioner may use funds
6.28 appropriated in this subdivision for annual
6.29 cost-share payments to resident farmers or
6.30 entities that sell, process, or package
6.31 agricultural products in this state for the costs
6.32 of organic certification. The commissioner
6.33 may allocate these funds for assistance to
6.34 persons transitioning from conventional to
6.35 organic agriculture.

(e) \$600,000 the first year and \$420,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~\$490,000~~ \$510,000 for fiscal year 2026 and each year thereafter.

(f) \$100,000 the first year and \$100,000 the second year are for mental health outreach and support to farmers, ranchers, and others in the agricultural community and for farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(g) \$100,000 the first year and \$100,000 the second year are to award and administer grants ~~for infrastructure~~ and other forms of financial assistance to support EBT, SNAP, SFMNP, and related programs at farmers markets. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(h) \$200,000 the first year and \$200,000 the second year are to award cooperative grants under Minnesota Statutes, section 17.1016. The commissioner may use up to 6.5 percent of the appropriation each year to administer the grant program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered

8.1 balance does not cancel at the end of the first
8.2 year and is available in the second year. This
8.3 is a onetime appropriation.

8.4	Subd. 4. Agriculture, Bioenergy, and Bioproduct	37,809,000	33,809,000
8.5	Advancement	<u>33,809,000</u>	<u>41,809,000</u>

8.6 (a) \$10,702,000 the first year and \$10,702,000
8.7 the second year are for the agriculture
8.8 research, education, extension, and technology
8.9 transfer program under Minnesota Statutes,
8.10 section 41A.14. Except as provided below,
8.11 the appropriation each year is for transfer to
8.12 the agriculture research, education, extension,
8.13 and technology transfer account under
8.14 Minnesota Statutes, section 41A.14,
8.15 subdivision 3, and the commissioner shall
8.16 transfer funds each year to the Board of
8.17 Regents of the University of Minnesota for
8.18 purposes of Minnesota Statutes, section
8.19 41A.14. To the extent practicable, money
8.20 expended under Minnesota Statutes, section
8.21 41A.14, subdivision 1, clauses (1) and (2),
8.22 must supplement and not supplant existing
8.23 sources and levels of funding. The
8.24 commissioner may use up to one percent of
8.25 this appropriation for costs incurred to
8.26 administer the program.

8.27 Of the amount appropriated for the agriculture
8.28 research, education, extension, and technology
8.29 transfer grant program under Minnesota
8.30 Statutes, section 41A.14:

8.31 (1) \$600,000 the first year and \$600,000 the
8.32 second year are for the Minnesota Agricultural
8.33 Experiment Station's agriculture rapid
8.34 response fund under Minnesota Statutes,
8.35 section 41A.14, subdivision 1, clause (2);

9.1 (2) up to \$1,000,000 the first year and up to
9.2 \$1,000,000 the second year are for research
9.3 on avian influenza, salmonella, and other
9.4 turkey-related diseases and disease prevention
9.5 measures;

9.6 (3) \$2,250,000 the first year and \$2,250,000
9.7 the second year are for grants to the Minnesota
9.8 Agricultural Education Leadership Council to
9.9 enhance agricultural education with priority
9.10 given to Farm Business Management
9.11 challenge grants;

9.12 (4) \$450,000 the first year is for the cultivated
9.13 wild rice breeding project at the North Central
9.14 Research and Outreach Center to include a
9.15 tenure track/research associate plant breeder;

9.16 (5) \$350,000 the first year and \$350,000 the
9.17 second year are for potato breeding;

9.18 (6) \$802,000 the first year and \$802,000 the
9.19 second year are to fund the Forever Green
9.20 Initiative and protect the state's natural
9.21 resources while increasing the efficiency,
9.22 profitability, and productivity of Minnesota
9.23 farmers by incorporating perennial and
9.24 winter-annual crops into existing agricultural
9.25 practices. The base for the allocation under
9.26 this clause is \$802,000 in fiscal year 2026 and
9.27 each year thereafter. By February 1 each year,
9.28 the dean of the College of Food, Agricultural
9.29 and Natural Resource Sciences must submit
9.30 a report to the chairs and ranking minority
9.31 members of the legislative committees with
9.32 jurisdiction over agriculture finance and policy
9.33 and higher education detailing uses of the
9.34 funds in this paragraph, including

10.1 administrative costs, and the achievements
10.2 these funds contributed to; and
10.3 (7) \$350,000 each year is for farm-scale winter
10.4 greenhouse research and development
10.5 coordinated by University of Minnesota
10.6 Extension Regional Sustainable Development
10.7 Partnerships. The allocation in this clause is
10.8 onetime.

10.9 (b) The base for the agriculture research,
10.10 education, extension, and technology transfer
10.11 program is \$10,352,000 in fiscal year 2026
10.12 and \$10,352,000 in fiscal year 2027.

10.13 (c) ~~\$27,107,000~~ \$23,107,000 the first year ~~and~~
10.14 ~~\$23,107,000 the second year are~~ is for the
10.15 agricultural growth, research, and innovation
10.16 program under Minnesota Statutes, section
10.17 41A.12. Except as provided below, the
10.18 commissioner may allocate this appropriation
10.19 ~~each year~~ among the following areas:
10.20 facilitating the start-up, modernization,
10.21 improvement, or expansion of livestock
10.22 operations, including beginning and
10.23 transitioning livestock operations with
10.24 preference given to robotic dairy-milking
10.25 equipment; assisting value-added agricultural
10.26 businesses to begin or expand, to access new
10.27 markets, or to diversify, including aquaponics
10.28 systems, with preference given to hemp fiber
10.29 processing equipment; facilitating the start-up,
10.30 modernization, or expansion of other
10.31 beginning and transitioning farms, including
10.32 by providing loans under Minnesota Statutes,
10.33 section 41B.056; sustainable agriculture
10.34 on-farm research and demonstration; the
10.35 development or expansion of food hubs and

11.1 other alternative community-based food
11.2 distribution systems; enhancing renewable
11.3 energy infrastructure and use; crop research,
11.4 including basic and applied turf seed research;
11.5 Farm Business Management tuition assistance;
11.6 and good agricultural practices and good
11.7 handling practices certification assistance. The
11.8 commissioner may use up to 6.5 percent of
11.9 this appropriation for costs incurred to
11.10 administer the program.

11.11 Of the amount appropriated for the agricultural
11.12 growth, research, and innovation program
11.13 under Minnesota Statutes, section 41A.12:

11.14 (1) \$1,000,000 the first year ~~and \$1,000,000~~
11.15 ~~the second year are~~ is for distribution in equal
11.16 amounts to each of the state's county fairs to
11.17 preserve and promote Minnesota agriculture;

11.18 (2) \$5,750,000 the first year ~~and \$5,750,000~~
11.19 ~~the second year are~~ is for incentive payments
11.20 under Minnesota Statutes, sections 41A.16,
11.21 41A.17, 41A.18, and 41A.20. Notwithstanding
11.22 Minnesota Statutes, section 16A.28, the first
11.23 year appropriation is available until June 30,
11.24 2025, ~~and the second year appropriation is~~
11.25 ~~available until June 30, 2026.~~ If this
11.26 appropriation exceeds the total amount for
11.27 which all producers are eligible in a fiscal
11.28 year, the balance of the appropriation is
11.29 available for other purposes under this
11.30 paragraph. ~~The base under this clause is~~
11.31 ~~\$3,000,000 in fiscal year 2026 and each year~~
11.32 ~~thereafter;~~

11.33 (3) \$3,375,000 the first year ~~and \$3,375,000~~
11.34 ~~the second year are~~ is for grants that enable
11.35 retail petroleum dispensers, fuel storage tanks,

12.1 and other equipment to dispense biofuels to
12.2 the public in accordance with the biofuel
12.3 replacement goals established under
12.4 Minnesota Statutes, section 239.7911. A retail
12.5 petroleum dispenser selling petroleum for use
12.6 in spark ignition engines for vehicle model
12.7 years after 2000 is eligible for grant money
12.8 under this clause if the retail petroleum
12.9 dispenser has no more than 10 retail petroleum
12.10 dispensing sites and each site is located in
12.11 Minnesota. The grant money must be used to
12.12 replace or upgrade equipment that does not
12.13 have the ability to be certified for E25. A grant
12.14 award must not exceed 65 percent of the cost
12.15 of the appropriate technology. A grant award
12.16 must not exceed \$200,000 per station. The
12.17 commissioner must cooperate with biofuel
12.18 stakeholders in the implementation of the grant
12.19 program. The commissioner, in cooperation
12.20 with any economic or community development
12.21 financial institution and any other entity with
12.22 which the commissioner contracts, must
12.23 submit a report on the biofuels infrastructure
12.24 financial assistance program by January 15 of
12.25 each year to the chairs and ranking minority
12.26 members of the legislative committees and
12.27 divisions with jurisdiction over agriculture
12.28 policy and finance. The annual report must
12.29 include but not be limited to a summary of the
12.30 following metrics: (i) the number and types
12.31 of projects financed; (ii) the amount of dollars
12.32 leveraged or matched per project; (iii) the
12.33 geographic distribution of financed projects;
12.34 (iv) any market expansion associated with
12.35 upgraded infrastructure; (v) the demographics
12.36 of the areas served; (vi) the costs of the

13.1 program; and (vii) the number of grants to
13.2 minority-owned or female-owned businesses.
13.3 ~~The base under this clause is \$3,000,000 for~~
13.4 ~~fiscal year 2026 and each year thereafter;~~
13.5 (4) \$1,250,000 the first year ~~and \$1,250,000~~
13.6 ~~the second year are~~ is for grants to facilitate
13.7 the start-up, modernization, or expansion of
13.8 meat, poultry, egg, and milk processing
13.9 facilities. A grant award under this clause must
13.10 not exceed \$200,000. Any unencumbered
13.11 balance at the end of the second year does not
13.12 cancel until June 30, 2026, and may be used
13.13 for other purposes under this paragraph. ~~The~~
13.14 ~~base under this clause is \$250,000 in fiscal~~
13.15 ~~year 2026 and each year thereafter;~~
13.16 (5) \$1,150,000 the first year ~~and \$1,150,000~~
13.17 ~~the second year are~~ is for providing more
13.18 fruits, vegetables, meat, poultry, grain, and
13.19 dairy for children in school and early
13.20 childhood education ~~centers~~ settings,
13.21 including, at the commissioner's discretion,
13.22 providing grants to reimburse schools and
13.23 early childhood education ~~centers~~ and child
13.24 care providers for purchasing equipment and
13.25 agricultural products. Organizations must
13.26 participate in the National School Lunch
13.27 Program or the Child and Adult Care Food
13.28 Program to be eligible. Of the amount
13.29 appropriated, \$150,000 ~~each year~~ is for a
13.30 statewide coordinator of farm-to-institution
13.31 strategy and programming. The coordinator
13.32 must consult with relevant stakeholders and
13.33 provide technical assistance and training for
13.34 participating farmers and eligible grant
13.35 recipients. ~~The base under this clause is~~

14.1 ~~\$1,294,000 in fiscal year 2026 and each year~~
14.2 ~~thereafter;~~

14.3 ~~(6) \$4,000,000 the first year is for Dairy~~
14.4 ~~Assistance, Investment, Relief Initiative~~
14.5 ~~(DAIRI) grants and other forms of financial~~
14.6 ~~assistance to Minnesota dairy farms that enroll~~
14.7 ~~in coverage under a federal dairy risk~~
14.8 ~~protection program and produced no more~~
14.9 ~~than 16,000,000 pounds of milk in 2022. The~~
14.10 ~~commissioner must make DAIRI payments~~
14.11 ~~based on the amount of milk produced in~~
14.12 ~~2022, up to 5,000,000 pounds per participating~~
14.13 ~~farm, at a rate determined by the commissioner~~
14.14 ~~within the limits of available funding. Any~~
14.15 ~~unencumbered balance does not cancel at the~~
14.16 ~~end of the first year and is available in the~~
14.17 ~~second year. Any unencumbered balance at~~
14.18 ~~the end of the second year does not cancel~~
14.19 ~~until June 30, 2026, and may be used for other~~
14.20 ~~purposes under this paragraph. The allocation~~
14.21 ~~in this clause is onetime;~~

14.22 ~~(7) (6) \$2,000,000 the first year and~~
14.23 ~~\$2,000,000 the second year are is for urban~~
14.24 ~~youth agricultural education or urban~~
14.25 ~~agriculture community development; and~~

14.26 ~~(8) (7) \$1,000,000 the first year and~~
14.27 ~~\$1,000,000 the second year are is for the good~~
14.28 ~~food access program under Minnesota~~
14.29 ~~Statutes, section 17.1017.~~

14.30 Notwithstanding Minnesota Statutes, section
14.31 16A.28, any unencumbered balance does not
14.32 cancel at the end of the first year and is
14.33 available for the second year, and
14.34 appropriations encumbered under contract on
14.35 or before June 30, 2025, for agricultural

15.1 growth, research, and innovation grants are
15.2 available until June 30, 2028.

15.3 (d) \$31,107,000 the second year is for the
15.4 agricultural growth, research, and innovation
15.5 program under Minnesota Statutes, section
15.6 41A.12. Except as provided below, the
15.7 commissioner may allocate this appropriation
15.8 among the following areas: facilitating the
15.9 start-up, modernization, improvement, or
15.10 expansion of livestock operations, including
15.11 beginning and transitioning livestock
15.12 operations with preference given to robotic
15.13 dairy-milking equipment; assisting
15.14 value-added agricultural businesses to begin
15.15 or expand, to access new markets, or to
15.16 diversify, including aquaponics systems, with
15.17 preference given to hemp fiber processing
15.18 equipment; facilitating the start-up,
15.19 modernization, or expansion of other
15.20 beginning and transitioning farms, including
15.21 by providing loans under Minnesota Statutes,
15.22 section 41B.056; sustainable agriculture
15.23 on-farm research and demonstration; the
15.24 development or expansion of food hubs and
15.25 other alternative community-based food
15.26 distribution systems; enhancing renewable
15.27 energy infrastructure and use; crop research,
15.28 including basic and applied turf seed research;
15.29 Farm Business Management tuition assistance;
15.30 and good agricultural practices and good
15.31 handling practices certification assistance. The
15.32 commissioner may use up to 6.5 percent of
15.33 this appropriation for costs incurred to
15.34 administer the program.

16.1 Of the amount appropriated for the agricultural
16.2 growth, research, and innovation program
16.3 under Minnesota Statutes, section 41A.12:

16.4 (1) \$1,000,000 the second year is for
16.5 distribution in equal amounts to each of the
16.6 state's county fairs to preserve and promote
16.7 Minnesota agriculture;

16.8 (2) \$5,750,000 the second year is for incentive
16.9 payments under Minnesota Statutes, sections
16.10 41A.16, 41A.17, 41A.18, and 41A.20.

16.11 Notwithstanding Minnesota Statutes, section
16.12 16A.28, this appropriation is available until
16.13 June 30, 2027. If this appropriation exceeds
16.14 the total amount for which all producers are
16.15 eligible in a fiscal year, the balance of the
16.16 appropriation is available for other purposes
16.17 under this paragraph. The base under this
16.18 clause is \$3,000,000 in fiscal year 2026 and
16.19 each year thereafter;

16.20 (3) \$3,375,000 the second year is for grants
16.21 that enable retail petroleum dispensers, fuel
16.22 storage tanks, and other equipment to dispense
16.23 biofuels to the public in accordance with the
16.24 biofuel replacement goals established under
16.25 Minnesota Statutes, section 239.7911. A retail
16.26 petroleum dispenser selling petroleum for use
16.27 in spark ignition engines for vehicle model
16.28 years after 2000 is eligible for grant money
16.29 under this clause if the retail petroleum
16.30 dispenser has no more than ten retail
16.31 petroleum dispensing sites and each site is
16.32 located in Minnesota. The grant money must
16.33 be used to replace or upgrade equipment that
16.34 does not have the ability to be certified for
16.35 E25. A grant award must not exceed 65

17.1 percent of the cost of the appropriate
17.2 technology. A grant award must not exceed
17.3 \$200,000 per station. The commissioner must
17.4 cooperate with biofuel stakeholders in the
17.5 implementation of the grant program. The
17.6 commissioner, in cooperation with any
17.7 economic or community development
17.8 financial institution and any other entity with
17.9 which the commissioner contracts, must
17.10 submit a report on the biofuels infrastructure
17.11 financial assistance program by January 15 of
17.12 each year to the chairs and ranking minority
17.13 members of the legislative committees and
17.14 divisions with jurisdiction over agriculture
17.15 policy and finance. The annual report must
17.16 include but not be limited to a summary of the
17.17 following metrics: (i) the number and types
17.18 of projects financed; (ii) the amount of dollars
17.19 leveraged or matched per project; (iii) the
17.20 geographic distribution of financed projects;
17.21 (iv) any market expansion associated with
17.22 upgraded infrastructure; (v) the demographics
17.23 of the areas served; (vi) the costs of the
17.24 program; and (vii) the number of grants to
17.25 minority-owned or female-owned businesses.
17.26 The base under this clause is \$3,000,000 for
17.27 fiscal year 2026 and each year thereafter;
17.28 (4) \$1,250,000 the second year is for grants
17.29 to facilitate the start-up, modernization, or
17.30 expansion of meat, poultry, egg, and milk
17.31 processing facilities. A grant award under this
17.32 clause must not exceed \$200,000. Any
17.33 unencumbered balance at the end of the second
17.34 year does not cancel until June 30, 2027, and
17.35 may be used for other purposes under this
17.36 paragraph. The base under this clause is

18.1 \$250,000 in fiscal year 2026 and each year
18.2 thereafter;

18.3 (5) \$1,150,000 the second year is for providing
18.4 more fruits, vegetables, meat, poultry, grain,
18.5 and dairy for children in school and early
18.6 childhood education settings, including, at the
18.7 commissioner's discretion, providing grants
18.8 to reimburse schools and early childhood
18.9 education and child care providers for
18.10 purchasing equipment and agricultural
18.11 products. Organizations must participate in
18.12 the National School Lunch Program or the
18.13 Child and Adult Care Food Program to be
18.14 eligible. Of the amount appropriated, \$150,000
18.15 is for a statewide coordinator of
18.16 farm-to-institution strategy and programming.
18.17 The coordinator must consult with relevant
18.18 stakeholders and provide technical assistance
18.19 and training for participating farmers and
18.20 eligible grant recipients. The base under this
18.21 clause is \$1,294,000 in fiscal year 2026 and
18.22 each year thereafter;

18.23 (6) \$4,000,000 the second year is for Dairy
18.24 Assistance, Investment, Relief Initiative
18.25 (DAIRI) grants and other forms of financial
18.26 assistance to Minnesota dairy farms that enroll
18.27 in coverage under a federal dairy risk
18.28 protection program and produced no more
18.29 than 16,000,000 pounds of milk in 2022. The
18.30 commissioner must make DAIRI payments
18.31 based on the amount of milk produced in
18.32 2022, up to 5,000,000 pounds per participating
18.33 farm, at a rate determined by the commissioner
18.34 within the limits of available funding. Any
18.35 unencumbered balance on June 30, 2026, may

19.1 be used for other purposes under this
19.2 paragraph. The allocation in this clause is
19.3 onetime;
19.4 (7) \$2,000,000 the second year is for urban
19.5 youth agricultural education or urban
19.6 agriculture community development; and
19.7 (8) \$1,000,000 the second year is for the good
19.8 food access program under Minnesota
19.9 Statutes, section 17.1017.
19.10 Notwithstanding Minnesota Statutes, section
19.11 16A.28, any unencumbered balance does not
19.12 cancel at the end of the second year and is
19.13 available until June 30, 2027. Appropriations
19.14 encumbered under contract on or before June
19.15 30, 2027, for agricultural growth, research,
19.16 and innovation grants are available until June
19.17 30, 2030.
19.18 ~~(d)~~ (e) The base for the agricultural growth,
19.19 research, and innovation program is
19.20 \$16,294,000 in fiscal year 2026 and each year
19.21 thereafter and includes \$200,000 each year for
19.22 cooperative development grants.

19.23 **Subd. 5. Administration and Financial**
19.24 **Assistance**

19.25 (a) \$474,000 the first year and \$474,000 the
19.26 second year are for payments to county and
19.27 district agricultural societies and associations
19.28 under Minnesota Statutes, section 38.02,
19.29 subdivision 1. Aid payments to county and
19.30 district agricultural societies and associations
19.31 must be disbursed no later than July 15 of each
19.32 year. These payments are the amount of aid
19.33 from the state for an annual fair held in the
19.34 previous calendar year.

16,618,000

14,287,000

20.1 (b) \$350,000 the first year and \$350,000 the
20.2 second year are for grants to the Minnesota
20.3 Agricultural Education and Leadership
20.4 Council for programs of the council under
20.5 Minnesota Statutes, chapter 41D. The base for
20.6 this appropriation is \$250,000 in fiscal year
20.7 2026 and each year thereafter.

20.8 (c) \$2,000 the first year is for a grant to the
20.9 Minnesota State Poultry Association. This is
20.10 a onetime appropriation. Notwithstanding
20.11 Minnesota Statutes, section 16A.28, any
20.12 unencumbered balance does not cancel at the
20.13 end of the first year and is available for the
20.14 second year.

20.15 (d) \$18,000 the first year and \$18,000 the
20.16 second year are for grants to the Minnesota
20.17 Livestock Breeders Association. This is a
20.18 onetime appropriation.

20.19 (e) \$60,000 the first year and \$60,000 the
20.20 second year are for grants to the Northern
20.21 Crops Institute that may be used to purchase
20.22 equipment. This is a onetime appropriation.

20.23 (f) \$34,000 the first year and \$34,000 the
20.24 second year are for grants to the Minnesota
20.25 State Horticultural Society. This is a onetime
20.26 appropriation.

20.27 (g) \$25,000 the first year and \$25,000 the
20.28 second year are for grants to the Center for
20.29 Rural Policy and Development. This is a
20.30 onetime appropriation.

20.31 (h) \$75,000 the first year and \$75,000 the
20.32 second year are appropriated from the general
20.33 fund to the commissioner of agriculture for
20.34 grants to the Minnesota Turf Seed Council for

21.1 basic and applied research on: (1) the
21.2 improved production of forage and turf seed
21.3 related to new and improved varieties; and (2)
21.4 native plants, including plant breeding,
21.5 nutrient management, pest management,
21.6 disease management, yield, and viability. The
21.7 Minnesota Turf Seed Council may subcontract
21.8 with a qualified third party for some or all of
21.9 the basic or applied research. Any
21.10 unencumbered balance does not cancel at the
21.11 end of the first year and is available in the
21.12 second year. The Minnesota Turf Seed Council
21.13 must prepare a report outlining the use of the
21.14 grant money and related accomplishments. No
21.15 later than January 15, 2025, the council must
21.16 submit the report to the chairs and ranking
21.17 minority members of the legislative
21.18 committees and divisions with jurisdiction
21.19 over agriculture finance and policy. This is a
21.20 onetime appropriation.

21.21 (i) \$100,000 the first year and \$100,000 the
21.22 second year are for grants to GreenSeam for
21.23 assistance to agriculture-related businesses to
21.24 support business retention and development,
21.25 business attraction and creation, talent
21.26 development and attraction, and regional
21.27 branding and promotion. These are onetime
21.28 appropriations. No later than December 1,
21.29 2024, and December 1, 2025, GreenSeam
21.30 must report to the chairs and ranking minority
21.31 members of the legislative committees with
21.32 jurisdiction over agriculture and rural
21.33 development with information on new and
21.34 existing businesses supported, number of new
21.35 jobs created in the region, new educational

22.1 partnerships and programs supported, and
22.2 regional branding and promotional efforts.

22.3 (j) \$1,950,000 the first year and \$1,950,000
22.4 the second year are for grants to Second
22.5 Harvest Heartland on behalf of Minnesota's
22.6 six Feeding America food banks for the
22.7 following purposes:

22.8 (1) at least \$850,000 each year must be
22.9 allocated to purchase milk for distribution to
22.10 Minnesota's food shelves and other charitable
22.11 organizations that are eligible to receive food
22.12 from the food banks. Milk purchased under
22.13 the grants must be acquired from Minnesota
22.14 milk processors and based on low-cost bids.
22.15 The milk must be allocated to each Feeding
22.16 America food bank serving Minnesota
22.17 according to the formula used in the
22.18 distribution of United States Department of
22.19 Agriculture commodities under The
22.20 Emergency Food Assistance Program. Second
22.21 Harvest Heartland may enter into contracts or
22.22 agreements with food banks for shared funding
22.23 or reimbursement of the direct purchase of
22.24 milk. Each food bank that receives funding
22.25 under this clause may use up to two percent
22.26 for administrative expenses. Notwithstanding
22.27 Minnesota Statutes, section 16A.28, any
22.28 unencumbered balance the first year does not
22.29 cancel and is available the second year;

22.30 (2) to compensate agricultural producers and
22.31 processors for costs incurred to harvest and
22.32 package for transfer surplus fruits, vegetables,
22.33 and other agricultural commodities that would
22.34 otherwise go unharvested, be discarded, or be
22.35 sold in a secondary market. Surplus

23.1 commodities must be distributed statewide to
23.2 food shelves and other charitable organizations
23.3 that are eligible to receive food from the food
23.4 banks. Surplus food acquired under this clause
23.5 must be from Minnesota producers and
23.6 processors. Second Harvest Heartland may
23.7 use up to 15 percent of each grant awarded
23.8 under this clause for administrative and
23.9 transportation expenses; and

23.10 (3) to purchase and distribute protein products,
23.11 including but not limited to pork, poultry, beef,
23.12 dry legumes, cheese, and eggs to Minnesota's
23.13 food shelves and other charitable organizations
23.14 that are eligible to receive food from the food
23.15 banks. Second Harvest Heartland may use up
23.16 to two percent of each grant awarded under
23.17 this clause for administrative expenses. Protein
23.18 products purchased under the grants must be
23.19 acquired from Minnesota processors and
23.20 producers.

23.21 Second Harvest Heartland must submit
23.22 quarterly reports to the commissioner and the
23.23 chairs and ranking minority members of the
23.24 legislative committees with jurisdiction over
23.25 agriculture finance in the form prescribed by
23.26 the commissioner. The reports must include
23.27 but are not limited to information on the
23.28 expenditure of funds, the amount of milk or
23.29 other commodities purchased, and the
23.30 organizations to which this food was
23.31 distributed. The base for this appropriation is
23.32 \$1,700,000 for fiscal year 2026 and each year
23.33 thereafter.

23.34 (k) \$25,000 the first year and \$25,000 the
23.35 second year are for grants to the Southern

24.1 Minnesota Initiative Foundation to promote
24.2 local foods through an annual event that raises
24.3 public awareness of local foods and connects
24.4 local food producers and processors with
24.5 potential buyers.

24.6 (l) \$300,000 the first year and \$300,000 the
24.7 second year are for grants to The Good Acre
24.8 for the Local Emergency Assistance Farmer
24.9 Fund (LEAFF) program to compensate
24.10 emerging farmers for crops donated to hunger
24.11 relief organizations in Minnesota. This is a
24.12 onetime appropriation.

24.13 (m) \$750,000 the first year and \$750,000 the
24.14 second year are to expand the Emerging
24.15 Farmers Office and provide services to
24.16 beginning and emerging farmers to increase
24.17 connections between farmers and market
24.18 opportunities throughout the state. This
24.19 appropriation may be used for grants,
24.20 translation services, training programs, or
24.21 other purposes in line with the
24.22 recommendations of the Emerging Farmer
24.23 Working Group established under Minnesota
24.24 Statutes, section 17.055, subdivision 1. The
24.25 base for this appropriation is \$1,000,000 in
24.26 fiscal year 2026 and each year thereafter.

24.27 (n) \$50,000 the first year is to provide
24.28 technical assistance and leadership in the
24.29 development of a comprehensive and
24.30 well-documented state aquaculture plan. The
24.31 commissioner must provide the state
24.32 aquaculture plan to the legislative committees
24.33 with jurisdiction over agriculture finance and
24.34 policy by February 15, 2025.

25.1 (o) \$337,000 the first year and \$337,000 the
25.2 second year are for farm advocate services.
25.3 Of these amounts, \$50,000 the first year and
25.4 \$50,000 the second year are for the
25.5 continuation of the farmland transition
25.6 programs and may be used for grants to
25.7 farmland access teams to provide technical
25.8 assistance to potential beginning farmers.
25.9 Farmland access teams must assist existing
25.10 farmers and beginning farmers with
25.11 transitioning farm ownership and farm
25.12 operation. Services provided by teams may
25.13 include but are not limited to mediation
25.14 assistance, designing contracts, financial
25.15 planning, tax preparation, estate planning, and
25.16 housing assistance.

25.17 (p) \$260,000 the first year and \$260,000 the
25.18 second year are for a pass-through grant to
25.19 Region Five Development Commission to
25.20 provide, in collaboration with Farm Business
25.21 Management, statewide mental health
25.22 counseling support to Minnesota farm
25.23 operators, families, and employees, and
25.24 individuals who work with Minnesota farmers
25.25 in a professional capacity. Region Five
25.26 Development Commission may use up to 6.5
25.27 percent of the grant awarded under this
25.28 paragraph for administration.

25.29 (q) \$1,000,000 the first year is for transfer to
25.30 the agricultural emergency account established
25.31 under Minnesota Statutes, section 17.041.

25.32 (r) \$1,084,000 the first year and \$500,000 the
25.33 second year are to support IT modernization
25.34 efforts, including laying the technology
25.35 foundations needed for improving customer

26.1 interactions with the department for licensing
26.2 and payments. This is a onetime appropriation.

26.3 (s) \$275,000 the first year is for technical
26.4 assistance grants to certified community
26.5 development financial institutions that
26.6 participate in United States Department of
26.7 Agriculture loan or grant programs for small
26.8 or emerging farmers, including but not limited
26.9 to the Increasing Land, Capital, and Market
26.10 Access Program. For purposes of this
26.11 paragraph, "emerging farmer" has the meaning
26.12 given in Minnesota Statutes, section 17.055,
26.13 subdivision 1. The commissioner may use up
26.14 to 6.5 percent of this appropriation for costs
26.15 incurred to administer the program.

26.16 Notwithstanding Minnesota Statutes, section
26.17 16A.28, any unencumbered balance does not
26.18 cancel at the end of the first year and is
26.19 available in the second year. This is a onetime
26.20 appropriation.

26.21 (t) \$1,425,000 the first year and \$1,425,000
26.22 the second year are for transfer to the
26.23 agricultural and environmental revolving loan
26.24 account established under Minnesota Statutes,
26.25 section 17.117, subdivision 5a, for low-interest
26.26 loans under Minnesota Statutes, section
26.27 17.117.

26.28 (u) \$150,000 the first year and \$150,000 the
26.29 second year are for administrative support for
26.30 the Rural Finance Authority.

26.31 (v) The base in fiscal years 2026 and 2027 is
26.32 \$150,000 each year to coordinate
26.33 climate-related activities and services within
26.34 the Department of Agriculture and
26.35 counterparts in local, state, and federal

27.1 agencies and to hire a full-time climate
27.2 implementation coordinator. The climate
27.3 implementation coordinator must coordinate
27.4 efforts seeking federal funding for Minnesota's
27.5 agricultural climate adaptation and mitigation
27.6 efforts and develop strategic partnerships with
27.7 the private sector and nongovernment
27.8 organizations.

27.9 (w) \$1,200,000 the first year and \$930,000 the
27.10 second year are to maintain the current level
27.11 of service delivery. The base for this
27.12 appropriation is \$1,085,000 in fiscal year 2026
27.13 and ~~\$1,085,000~~ \$1,065,000 in fiscal year 2027
27.14 and each year thereafter.

27.15 (x) \$250,000 the first year is for a grant to the
27.16 Board of Regents of the University of
27.17 Minnesota to purchase equipment for the
27.18 Veterinary Diagnostic Laboratory to test for
27.19 chronic wasting disease, African swine fever,
27.20 avian influenza, and other animal diseases.
27.21 The Veterinary Diagnostic Laboratory must
27.22 report expenditures under this paragraph to
27.23 the legislative committees with jurisdiction
27.24 over agriculture finance and higher education
27.25 with a report submitted by January 3, 2024,
27.26 and a final report submitted by December 31,
27.27 2024. The reports must include a list of
27.28 equipment purchased, including the cost of
27.29 each item.

27.30 (y) \$1,000,000 the first year and \$1,000,000
27.31 the second year are to award and administer
27.32 down payment assistance grants under
27.33 Minnesota Statutes, section 17.133, with
27.34 priority given to emerging farmers as defined
27.35 in Minnesota Statutes, section 17.055,

28.1 subdivision 1. Notwithstanding Minnesota
28.2 Statutes, section 16A.28, any unencumbered
28.3 balance at the end of the first year does not
28.4 cancel and is available in the second year and
28.5 appropriations encumbered under contract by
28.6 June 30, 2025, are available until June 30,
28.7 2027.

28.8 (z) \$222,000 the first year and \$322,000 the
28.9 second year are for meat processing training
28.10 and retention incentive grants under section
28.11 5. The commissioner may use up to 6.5
28.12 percent of this appropriation for costs incurred
28.13 to administer the program. Notwithstanding
28.14 Minnesota Statutes, section 16A.28, any
28.15 unencumbered balance does not cancel at the
28.16 end of the first year and is available in the
28.17 second year. This is a onetime appropriation.

28.18 (aa) \$300,000 the first year and \$300,000 the
28.19 second year are for transfer to the Board of
28.20 Regents of the University of Minnesota to
28.21 evaluate, propagate, and maintain the genetic
28.22 diversity of oilseeds, grains, grasses, legumes,
28.23 and other plants including flax, timothy,
28.24 barley, rye, triticale, alfalfa, orchard grass,
28.25 clover, and other species and varieties that
28.26 were in commercial distribution and use in
28.27 Minnesota before 1970, excluding wild rice.
28.28 This effort must also protect traditional seeds
28.29 brought to Minnesota by immigrant
28.30 communities. This appropriation includes
28.31 funding for associated extension and outreach
28.32 to small and Black, Indigenous, and People of
28.33 Color (BIPOC) farmers. This is a onetime
28.34 appropriation.

29.1 (bb) The commissioner shall continue to
29.2 increase connections with ethnic minority and
29.3 immigrant farmers to farming opportunities
29.4 and farming programs throughout the state.

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

29.6 **ARTICLE 2**

29.7 **AGRICULTURE STATUTORY CHANGES**

29.8 Section 1. Minnesota Statutes 2023 Supplement, section 18C.425, subdivision 6, is amended
29.9 to read:

29.10 Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the
29.11 state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall
29.12 pay the inspection fee to the commissioner.

29.13 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person
29.14 not required to be so licensed shall pay the inspection fee to the commissioner, except as
29.15 exempted under section 18C.421, subdivision 1, paragraph (b).

29.16 (c) The person responsible for payment of the inspection fees for fertilizers, soil
29.17 amendments, or plant amendments sold and used in this state must pay the inspection fee
29.18 set under paragraph (e), and until June 30, ~~2024~~ 2029, an additional 40 cents per ton, of
29.19 fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a
29.20 minimum of \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner
29.21 must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer
29.22 research and education account in section 18C.80. Products sold or distributed to
29.23 manufacturers or exchanged between them are exempt from the inspection fee imposed by
29.24 this subdivision if the products are used exclusively for manufacturing purposes.

29.25 (d) A registrant or licensee must retain invoices showing proof of fertilizer, plant
29.26 amendment, or soil amendment distribution amounts and inspection fees paid for a period
29.27 of three years.

29.28 (e) By commissioner's order, the commissioner must set the inspection fee at no less
29.29 than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a
29.30 public meeting before increasing the fee by more than five cents per ton.

29.31 Sec. 2. Minnesota Statutes 2022, section 18C.70, subdivision 5, is amended to read:

29.32 Subd. 5. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 3. Minnesota Statutes 2022, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 4. Minnesota Statutes 2022, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 5. Minnesota Statutes 2023 Supplement, section 18K.06, is amended to read:

18K.06 RULEMAKING.

(a) The commissioner ~~shall adopt rules governing the production, testing, processing, and licensing of industrial hemp. Notwithstanding the two-year limitation for exempt rules under section 14.388, subdivision 1, Minnesota Rules, chapter 1565, published in the State Register on August 16, 2021, is effective until August 16, 2025, or until permanent rules implementing chapter 18K are adopted, whichever occurs first~~ may adopt or amend rules governing the production, testing, processing, and licensing of industrial hemp using the procedure in section 14.386, paragraph (a). Section 14.386, paragraph (b), does not apply to rules adopted or amended under this section.

(b) Rules adopted under paragraph (a) must include but not be limited to provisions governing:

(1) the supervision and inspection of industrial hemp during its growth and harvest;

(2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

(3) the use of background check results required under section 18K.04 to approve or deny a license application; and

(4) any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

Sec. 6. Minnesota Statutes 2022, 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;

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

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

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

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

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

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

31.24 (1) three organic farmers;

31.25 (2) one wholesaler or distributor of organic products;

31.26 (3) one representative of organic certification agencies;

31.27 (4) two organic processors;

31.28 (5) one representative from University of Minnesota Extension;

31.29 (6) one University of Minnesota faculty member;

31.30 (7) one representative from a nonprofit organization representing producers;

31.31 (8) two public members;

32.1 (9) one representative from the United States Department of Agriculture;

32.2 (10) one retailer of organic products; and

32.3 (11) one organic consumer representative.

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

32.8 Compensation and removal of members are governed by section 15.059, subdivision 6.
32.9 The task force must meet at least twice each year and expires on June 30, ~~2024~~ 2034.

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

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

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

32.21 Sec. 7. Minnesota Statutes 2022, section 32D.30, is amended to read:

32.22 **32D.30 DAIRY DEVELOPMENT AND PROFITABILITY ENHANCEMENT.**

32.23 Subdivision 1. **Program.** The commissioner must implement a dairy development and
32.24 profitability enhancement program consisting of a dairy profitability enhancement ~~teams~~
32.25 and program, dairy business planning grants, and other services to support the dairy industry.

32.26 Subd. 2. **Dairy profitability enhancement ~~teams~~ program.** (a) The dairy profitability
32.27 enhancement ~~teams~~ program must provide ~~one-on-one~~ information and technical assistance
32.28 to dairy farms of all sizes to enhance their financial success and long-term sustainability.
32.29 ~~Teams~~ The program must assist dairy producers in all dairy-producing regions of the state
32.30 and. Assistance to producers from the program may consist of be provided individually, as
32.31 a team, or through other methods by farm business management instructors, dairy extension
32.32 specialists, and other dairy industry partners. ~~Teams~~ The program may engage in activities

33.1 ~~including such as~~ comprehensive financial analysis, risk management education, enhanced
33.2 milk marketing tools and technologies, ~~and~~ facilitating or improving production systems,
33.3 including rotational grazing and other sustainable agriculture methods, and value-added
33.4 opportunities.

33.5 (b) The commissioner must make grants to regional or statewide organizations qualified
33.6 to manage the various components of the ~~teams~~ program and serve as program administrators.
33.7 Each regional or statewide organization must designate a coordinator responsible for
33.8 overseeing the program and submitting periodic reports to the commissioner regarding
33.9 aggregate changes in producer financial stability, productivity, product quality, animal
33.10 health, environmental protection, and other performance measures attributable to the program.
33.11 The organizations must submit this information in a format that maintains the confidentiality
33.12 of individual dairy producers.

33.13 Subd. 3. **Dairy business planning grants.** The commissioner may award dairy business
33.14 planning grants of up to \$5,000 per producer or dairy processor to develop comprehensive
33.15 ~~business plans~~ use technical assistance services for evaluating operations, transitional
33.16 changes, expansions, improvements, and other business modifications. Producers and
33.17 processors must not use dairy business planning grants for capital improvements.

33.18 Subd. 4. **Funding allocation.** Except as specified in law, the commissioner may allocate
33.19 dairy development and profitability enhancement program dollars ~~among~~ for the permissible
33.20 uses specified in this section and other needs to support the dairy industry, including efforts
33.21 to improve the quality of milk produced in the state, in the proportions that the commissioner
33.22 deems most beneficial to the state's dairy farmers.

33.23 Subd. 5. **Reporting.** No later than July 1 each year, the commissioner must submit a
33.24 detailed accomplishment report and work plan detailing future plans for, and the actual and
33.25 anticipated accomplishments from, expenditures under this section to the chairs and ranking
33.26 minority members of the legislative committees and divisions with jurisdiction over
33.27 agriculture policy and finance. If the commissioner significantly modifies a submitted work
33.28 plan during the fiscal year, the commissioner must notify the chairs and ranking minority
33.29 members.

33.30 Sec. 8. Minnesota Statutes 2022, section 41B.039, subdivision 2, is amended to read:

33.31 Subd. 2. **State participation.** The state may participate in a new real estate loan with
33.32 an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount
33.33 of the loan or ~~\$400,000~~ \$500,000, whichever is less. The interest rates and repayment terms

34.1 of the authority's participation interest may be different than the interest rates and repayment
34.2 terms of the lender's retained portion of the loan.

34.3 Sec. 9. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 1, is amended
34.4 to read:

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

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

34.9 (c) "Beginning farmer" means an individual or LLC owned by an individual who:

34.10 (1) is a resident of Minnesota;

34.11 (2) is seeking entry, or has entered within the last ten years, into farming;

34.12 (3) intends to farm land located within the state borders of Minnesota;

34.13 (4) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
34.14 family member of the owner of the agricultural assets from whom the beginning farmer is
34.15 seeking to purchase or rent agricultural assets;

34.16 (5) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
34.17 family member of a partner, member, shareholder, or trustee of the owner of agricultural
34.18 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;
34.19 and

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

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

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

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

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

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

(vi) 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) "Emerging farmer" means an emerging farmer within the meaning of section 17.055, subdivision 1.

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

(f) "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.

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

(h) "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.

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

(j) "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.

36.1 Sec. 10. Minnesota Statutes 2022, section 41B.04, subdivision 8, is amended to read:

36.2 Subd. 8. **State participation.** With respect to loans that are eligible for restructuring
36.3 under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall
36.4 enter into a participation agreement or other financial arrangement whereby it shall participate
36.5 in a restructured loan to the extent of 45 percent of the primary principal or ~~\$525,000~~
36.6 \$625,000, whichever is less. The authority's portion of the loan must be protected during
36.7 the authority's participation by the first mortgage held by the eligible lender to the extent
36.8 of its participation in the loan.

36.9 Sec. 11. Minnesota Statutes 2022, section 41B.042, subdivision 4, is amended to read:

36.10 Subd. 4. **Participation limit; interest.** The authority may participate in new
36.11 seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or
36.12 ~~\$400,000~~ \$500,000, whichever is less. The interest rates and repayment terms of the
36.13 authority's participation interest may be different than the interest rates and repayment terms
36.14 of the seller's retained portion of the loan.

36.15 Sec. 12. Minnesota Statutes 2022, section 41B.043, subdivision 1b, is amended to read:

36.16 Subd. 1b. **Loan participation.** The authority may participate in an agricultural
36.17 improvement loan with an eligible lender to a farmer who meets the requirements of section
36.18 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in farming.
36.19 Participation is limited to 45 percent of the principal amount of the loan or ~~\$400,000~~
36.20 \$500,000, whichever is less. The interest rates and repayment terms of the authority's
36.21 participation interest may be different than the interest rates and repayment terms of the
36.22 lender's retained portion of the loan.

36.23 Sec. 13. Minnesota Statutes 2022, section 41B.045, subdivision 2, is amended to read:

36.24 Subd. 2. **Loan participation.** The authority may participate in a livestock expansion
36.25 and modernization loan with an eligible lender to a livestock farmer who meets the
36.26 requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively
36.27 engaged in a livestock operation. A prospective borrower must have a total net worth,
36.28 including assets and liabilities of the borrower's spouse and dependents, of less than
36.29 \$1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by
36.30 multiplying that amount by the cumulative inflation rate as determined by the United States
36.31 All-Items Consumer Price Index.

37.1 Participation is limited to 45 percent of the principal amount of the loan or ~~\$525,000~~
37.2 \$625,000, whichever is less. The interest rates and repayment terms of the authority's
37.3 participation interest may be different from the interest rates and repayment terms of the
37.4 lender's retained portion of the loan.

37.5 Sec. 14. Minnesota Statutes 2022, section 41B.047, subdivision 1, is amended to read:

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

37.8 (1) clean up, repair, or replace farm structures and septic and water systems, as well as
37.9 replace seed, other crop inputs, feed, and livestock;

37.10 (2) purchase watering systems, irrigation systems, ~~and~~ other drought mitigation systems
37.11 and practices, and feed when drought is the cause of the purchase;

37.12 (3) restore farmland;

37.13 (4) replace flocks or livestock, make building improvements, or cover the loss of revenue
37.14 when the replacement, improvements, or loss of revenue is due to the confirmed presence
37.15 of a highly contagious animal disease in a commercial poultry or game flock, or a commercial
37.16 livestock operation, located in Minnesota; or

37.17 (5) cover the loss of revenue when the revenue loss is due to an infectious human disease
37.18 for which the governor has declared a peacetime emergency under section 12.31.