

SENATE

STATE OF MINNESOTA

EIGHTY-EIGHTH LEGISLATURE

S.F. No. 845

(SENATE AUTHORS: SCHMIT, Koenen and Eken)

DATE	D-PG	OFFICIAL STATUS
02/28/2013	443	Introduction and first reading Joint rule 2.03, referred to Rules and Administration
03/05/2013	492	Comm report: Re-referred to Jobs, Agriculture and Rural Development

1.1

A bill for an act

1.2

relating to agriculture; establishing the governor's budget for agriculture;

1.3

appropriating money to the Department of Agriculture, the Board of Animal

1.4

Health, and the Agricultural Utilization Research Institute; modifying provisions

1.5

related to animal waste technicians; making technical changes; amending

1.6

Minnesota Statutes 2012, sections 17.03, subdivision 3; 17.1015; 18C.430;

1.7

18C.433, subdivision 1.

1.8

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

1.9

Section 1. SUMMARY OF APPROPRIATIONS.

1.10

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

1.11

in this article.

1.12

1.13

		<u>2014</u>		<u>2015</u>		<u>Total</u>
<u>General</u>	\$	<u>39,259,000</u>	\$	<u>39,259,000</u>	\$	<u>78,518,000</u>
<u>Agricultural</u>	\$	<u>388,000</u>	\$	<u>388,000</u>	\$	<u>776,000</u>
<u>Remediation</u>	\$	<u>800,000</u>	\$	<u>800,000</u>	\$	<u>1,600,000</u>
<u>Total</u>	\$	<u>40,447,000</u>	\$	<u>40,447,000</u>	\$	<u>80,894,000</u>

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1.15

1.16

1.17

Sec. 2. AGRICULTURE APPROPRIATIONS.

1.18

The sums shown in the columns marked "Appropriations" are appropriated to the

1.19

agencies and for the purposes specified in this act. The appropriations are from the general

1.20

fund, or another named fund, and are available for the fiscal years indicated for each

1.21

purpose. The figures "2014" and "2015" used in this act mean that the appropriations

1.22

listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015,

1.23

respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015.

1.24

"The biennium" is fiscal years 2014 and 2015.

2.1	APPROPRIATIONS		
2.2	Available for the Year		
2.3	Ending June 30		
2.4		<u>2014</u>	<u>2015</u>
2.5	Sec. 3. <u>DEPARTMENT OF AGRICULTURE</u>		
2.6	Subdivision 1. <u>Total Appropriation</u>	\$ <u>32,823,000</u>	\$ <u>32,823,000</u>
2.7	<u>Appropriations by Fund</u>		
2.8		<u>2014</u>	<u>2015</u>
2.9	<u>General</u>	<u>31,635,000</u>	<u>31,635,000</u>
2.10	<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>
2.11	<u>Agricultural</u>	<u>800,000</u>	<u>800,000</u>
2.12	<u>The amounts that may be spent for each</u>		
2.13	<u>purpose are specified in the following</u>		
2.14	<u>subdivisions.</u>		
2.15	Subd. 2. <u>Protection Services</u>	<u>12,283,000</u>	<u>12,283,000</u>
2.16	<u>Appropriations by Fund</u>		
2.17	<u>General</u>	<u>11,895,000</u>	<u>11,895,000</u>
2.18	<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>
2.19	<u>\$388,000 the first year and \$388,000 the</u>		
2.20	<u>second year are from the remediation fund</u>		
2.21	<u>for administrative funding for the voluntary</u>		
2.22	<u>cleanup program.</u>		
2.23	<u>\$75,000 the first year and \$75,000 the second</u>		
2.24	<u>year are for compensation for destroyed or</u>		
2.25	<u>crippled animals under Minnesota Statutes,</u>		
2.26	<u>section 3.737. If the amount in the first year</u>		
2.27	<u>is insufficient, the amount in the second year</u>		
2.28	<u>is available in the first year.</u>		
2.29	<u>\$75,000 the first year and \$75,000 the second</u>		
2.30	<u>year are for compensation for crop damage</u>		
2.31	<u>under Minnesota Statutes, section 3.7371. If</u>		
2.32	<u>the amount in the first year is insufficient, the</u>		
2.33	<u>amount in the second year is available in the</u>		
2.34	<u>first year.</u>		

3.1 If the commissioner determines that claims
 3.2 made under Minnesota Statutes, section
 3.3 3.737 or 3.7371, are unusually high, amounts
 3.4 appropriated for either program may be
 3.5 transferred to the appropriation for the other
 3.6 program.

3.7 \$335,000 the first year and \$335,000 the
 3.8 second year are for an increase in the
 3.9 operating budget for the laboratory services
 3.10 division.

3.11 Subd. 3. **Agricultural Marketing and**
 3.12 **Development**

3,062,000

3,062,000

3.13 \$186,000 the first year and \$186,000 the
 3.14 second year are for transfer to the Minnesota
 3.15 grown account and may be used as grants
 3.16 for Minnesota grown promotion under
 3.17 Minnesota Statutes, section 17.102. Grants
 3.18 may be made for one year. Notwithstanding
 3.19 Minnesota Statutes, section 16A.28, the
 3.20 appropriations encumbered under contract
 3.21 on or before June 30, 2015, for Minnesota
 3.22 grown grants in this paragraph are available
 3.23 until June 30, 2017.

3.24 Up to \$100,000 each year of this
 3.25 appropriation may be used for grants to
 3.26 farmers for demonstration projects involving
 3.27 sustainable agriculture as authorized in
 3.28 Minnesota Statutes, section 17.116. Of the
 3.29 amount for grants, up to \$20,000 may be
 3.30 used for dissemination of information about
 3.31 the demonstration projects. Notwithstanding
 3.32 Minnesota Statutes, section 16A.28, the
 3.33 appropriations encumbered under contract
 3.34 on or before June 30, 2015, for sustainable
 3.35 agriculture grants in this paragraph are
 3.36 available until June 30, 2017.

4.1 \$10,000 the first year and \$10,000 the second
 4.2 year are for annual cost-share payments to
 4.3 resident farmers or entities that sell, process,
 4.4 or package agricultural products in this state
 4.5 for the costs of organic certification. Annual
 4.6 cost-share payments must be two-thirds of the
 4.7 cost of the certification or \$350, whichever
 4.8 is less. A certified organic operation
 4.9 is eligible to receive annual cost-share
 4.10 payments for up to five years. In any year
 4.11 when federal organic cost-share program
 4.12 funds are available or when there is any
 4.13 excess appropriation in either fiscal year, the
 4.14 commissioner may allocate these funds for
 4.15 organic market and program development,
 4.16 including organic producer education efforts,
 4.17 assistance for persons transitioning from
 4.18 conventional to organic agriculture, or
 4.19 sustainable agriculture demonstration grants
 4.20 authorized under Minnesota Statutes, section
 4.21 17.116, and pertaining to organic research or
 4.22 demonstration. Any unencumbered balance
 4.23 does not cancel at the end of the first year
 4.24 and is available for the second year.

4.25 **Subd. 4. Bioenergy and Value-Added**
 4.26 **Agriculture**

10,235,000

10,235,000

4.27 \$10,235,000 in the first year and \$10,235,000
 4.28 in the second year are for the agricultural
 4.29 growth, research, and innovation program
 4.30 in Minnesota Statutes, section 41A.12. The
 4.31 commissioner may use up to 4.5 percent
 4.32 of this appropriation for costs incurred to
 4.33 administer the program. Any unencumbered
 4.34 balance does not cancel at the end of the first
 4.35 year and is available for the second year.
 4.36 Notwithstanding Minnesota Statutes, section

5.1 16A.28, the appropriations encumbered
5.2 under contract on or before June 30, 2015, for
5.3 agricultural growth, research, and innovation
5.4 grants in this paragraph are available until
5.5 June 30, 2017.

5.6 Funds in this appropriation may be used
5.7 for bioenergy grants. The NextGen
5.8 Energy Board, established in Minnesota
5.9 Statutes, section 41A.105, shall make
5.10 recommendations to the commissioner on
5.11 grants for owners of Minnesota facilities
5.12 producing bioenergy, organizations that
5.13 provide for on-station, on-farm field scale
5.14 research and outreach to develop and test
5.15 the agronomic and economic requirements
5.16 of diverse stands of prairie plants and other
5.17 perennials for bioenergy systems or grants
5.18 for certain nongovernmental entities. For
5.19 the purposes of this paragraph, "bioenergy"
5.20 includes transportation fuels derived from
5.21 cellulosic material, as well as the generation
5.22 of energy for commercial heat, industrial
5.23 process heat, or electrical power from
5.24 cellulosic materials via gasification or
5.25 other processes. Grants are limited to 50
5.26 percent of the cost of research, technical
5.27 assistance, or equipment related to bioenergy
5.28 production or \$500,000, whichever is less.

5.29 Grants to nongovernmental entities for the
5.30 development of business plans and structures
5.31 related to community ownership of eligible
5.32 bioenergy facilities together may not exceed
5.33 \$150,000. The board shall make a good-faith
5.34 effort to select projects that have merit, and,
5.35 when taken together, represent a variety of
5.36 bioenergy technologies, biomass feedstocks,

6.1 and geographic regions of the state. Projects
6.2 must have a qualified engineer provide
6.3 certification on the technology and fuel
6.4 source. Grantees must provide reports at
6.5 the request of the commissioner. No later
6.6 than February 1, 2015, the commissioner
6.7 shall report on the projects funded under this
6.8 appropriation to the legislative committees
6.9 with jurisdiction over agriculture finance.

6.10	<u>Subd. 5. Administration and Financial</u>		
6.11	<u>Assistance</u>	<u>7,243,000</u>	<u>7,243,000</u>

6.12	<u>Appropriations by Fund</u>		
6.13		<u>2014</u>	<u>2015</u>
6.14	<u>General</u>	<u>6,443,000</u>	<u>6,443,000</u>
6.15	<u>Agricultural</u>	<u>800,000</u>	<u>800,000</u>

6.16 \$634,000 the first year and \$634,000 the
6.17 second year are for continuation of the dairy
6.18 development and profitability enhancement
6.19 and dairy business planning grant programs
6.20 established under Laws 1997, chapter
6.21 216, section 7, subdivision 2, and Laws
6.22 2001, First Special Session chapter 2,
6.23 section 9, subdivision 2. The commissioner
6.24 may allocate the available sums among
6.25 permissible activities, including efforts to
6.26 improve the quality of milk produced in the
6.27 state in the proportions that the commissioner
6.28 deems most beneficial to Minnesota's
6.29 dairy farmers. The commissioner must
6.30 submit a detailed accomplishment report
6.31 and a work plan detailing future plans for,
6.32 and anticipated accomplishments from,
6.33 expenditures under this program to the
6.34 chairs and ranking minority members of the
6.35 legislative committees with jurisdiction over
6.36 agricultural policy and finance on or before

7.1 the start of each fiscal year. If significant
7.2 changes are made to the plans in the course
7.3 of the year, the commissioner must notify the
7.4 chairs and ranking minority members.

7.5 \$47,000 the first year and \$47,000 the second
7.6 year are for the Northern Crops Institute.
7.7 These appropriations may be spent to
7.8 purchase equipment.

7.9 \$18,000 the first year and \$18,000 the
7.10 second year are for a grant to the Minnesota
7.11 Livestock Breeders Association.

7.12 \$235,000 the first year and \$235,000 the
7.13 second year are for grants to the Minnesota
7.14 Agricultural Education and Leadership
7.15 Council for programs of the council under
7.16 Minnesota Statutes, chapter 41D.

7.17 \$474,000 the first year and \$474,000 the
7.18 second year are for payments to county and
7.19 district agricultural societies and associations
7.20 under Minnesota Statutes, section 38.02,
7.21 subdivision 1. Aid payments to county and
7.22 district agricultural societies and associations
7.23 shall be disbursed no later than July 15 of
7.24 each year. These payments are the amount of
7.25 aid from the state for an annual fair held in
7.26 the previous calendar year.

7.27 \$1,000 the first year and \$1,000 the second
7.28 year are for grants to the Minnesota State
7.29 Poultry Association.

7.30 \$108,000 the first year and \$108,000 the
7.31 second year are for annual grants to the
7.32 Minnesota Turf Seed Council for basic
7.33 and applied research on: (1) the improved
7.34 production of forage and turf seed related to
7.35 new and improved varieties; and (2) native

8.1 plants, including plant breeding, nutrient
8.2 management, pest management, disease
8.3 management, yield, and viability. The grant
8.4 recipient may subcontract with a qualified
8.5 third party for some or all of the basic or
8.6 applied research.

8.7 \$500,000 the first year and \$500,000 the
8.8 second year are for grants to Second Harvest
8.9 Heartland on behalf of Minnesota's six
8.10 Second Harvest food banks for the purchase
8.11 of milk for distribution to Minnesota's food
8.12 shelves and other charitable organizations
8.13 that are eligible to receive food from the food
8.14 banks. Milk purchased under the grants must
8.15 be acquired from Minnesota milk processors
8.16 and based on low-cost bids. The milk must be
8.17 allocated to each Second Harvest food bank
8.18 serving Minnesota according to the formula
8.19 used in the distribution of United States
8.20 Department of Agriculture commodities
8.21 under The Emergency Food Assistance
8.22 Program (TEFAP). Second Harvest
8.23 Heartland must submit quarterly reports
8.24 to the commissioner on forms prescribed
8.25 by the commissioner. The reports must
8.26 include, but are not limited to, information
8.27 on the expenditure of funds, the amount
8.28 of milk purchased, and the organizations
8.29 to which the milk was distributed. Second
8.30 Harvest Heartland may enter into contracts
8.31 or agreements with food banks for shared
8.32 funding or reimbursement of the direct
8.33 purchase of milk. Each food bank receiving
8.34 money from this appropriation may use up to
8.35 two percent of the grant for administrative
8.36 expenses.

9.1 \$94,000 the first year and \$94,000 the
 9.2 second year are for transfer to the Board of
 9.3 Trustees of the Minnesota State Colleges
 9.4 and Universities for statewide mental health
 9.5 counseling support to farm families and
 9.6 business operators through farm business
 9.7 management programs at Central Lakes
 9.8 College and Ridgewater College.

9.9 \$17,000 the first year and \$17,000 the
 9.10 second year are for grants to the Minnesota
 9.11 Horticultural Society.

9.12 Notwithstanding Minnesota Statutes,
 9.13 section 18C.131, \$800,000 the first year
 9.14 and \$800,000 the second year are from the
 9.15 fertilizer account in the agricultural fund
 9.16 for grants for fertilizer research as awarded
 9.17 by the Minnesota Agricultural Fertilizer
 9.18 Research and Education Council under
 9.19 Minnesota Statutes, section 18C.71. The
 9.20 amount appropriated in either fiscal year
 9.21 must not exceed 57 percent of the inspection
 9.22 fee revenue collected under Minnesota
 9.23 Statutes, section 18C.425, subdivision 6,
 9.24 during the previous fiscal year. No later
 9.25 than February 1, 2015, the commissioner
 9.26 shall report to the legislative committees
 9.27 with jurisdiction over agriculture finance.
 9.28 The report must include the progress and
 9.29 outcome of funded projects as well as the
 9.30 sentiment of the council concerning the need
 9.31 for additional research funds.

9.32 Sec. 4. **BOARD OF ANIMAL HEALTH** **\$** **4,841,000** **\$** **4,841,000**

9.33 \$2,276,000 the first year and \$2,276,000
 9.34 the second year are for bovine tuberculosis
 9.35 eradication efforts in cattle herds.

10.1 \$100,000 the first year and \$100,000 the
10.2 second year are for a program to control
10.3 paratuberculosis (Johne's disease) in
10.4 domestic bovine herds.

10.5 \$389,000 the first year and \$389,000 the
10.6 second year are for the purposes of cervidae
10.7 inspection as authorized in Minnesota
10.8 Statutes, section 35.155.

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

\$ 2,783,000 \$ 2,783,000

10.11 Money in this appropriation is available for
10.12 technical assistance and technology transfer
10.13 to bioenergy crop producers and users.

10.14 Sec. 6. Minnesota Statutes 2012, section 17.03, subdivision 3, is amended to read:

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

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

Sec. 7. Minnesota Statutes 2012, section 17.1015, is amended to read:

17.1015 PROMOTIONAL EXPENDITURES.

In order to accomplish the purposes of section 17.101, the commissioner may participate jointly with private persons in appropriate programs and projects and may enter into contracts to carry out those programs and projects. The contracts may not include the acquisition of land or buildings and are not subject to the provisions of chapter 16C relating to competitive bidding.

The commissioner may spend money appropriated for the purposes of section 17.101 in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes, and expenditures made pursuant to section 17.101 for food, lodging, or travel are not governed by the travel rules of the commissioner of management and budget.

Sec. 8. Minnesota Statutes 2012, section 18C.430, is amended to read:

18C.430 COMMERCIAL ANIMAL WASTE TECHNICIAN.

Subdivision 1. **Requirement.** ~~(a) Except as provided in paragraph (c), after March 1, 2000, A person may not manage or apply animal wastes to the land for hire without a valid commercial animal waste technician license. This section does not apply to a person managing or applying animal waste on land managed by the person's employer.:~~

(1) without a valid commercial animal waste technician applicator license;

(2) without a valid commercial animal waste technician site manager license; or

(3) as a sole proprietorship, company, partnership, or corporation unless a commercial animal waste technician company license is held and a commercial animal waste technical site manager is employed by the entity.

(b) A person managing or applying animal wastes for hire must have a valid license identification card when managing or applying animal wastes for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

~~(c) A person who is not a licensed commercial animal waste technician who has had at least two hours of training or experience in animal waste management may manage or apply animal waste for hire under the supervision of a commercial animal waste technician. A commercial animal waste technician applicator must have a minimum of two hours of certification training in animal waste management and may only manage or apply animal waste for hire under the supervision of a commercial animal waste technician~~

12.1 site manager. The commissioner shall prescribe the conditions of the supervision and the
12.2 form and format required on the certification training.

12.3 (d) This section does not apply to a person managing or applying animal waste on
12.4 land managed by the person's employer.

12.5 Subd. 2. **Responsibility.** A person required to be licensed under this section who
12.6 performs animal waste management or application for hire or who employs a person to
12.7 perform animal waste management or application for compensation is responsible for
12.8 proper management or application of the animal wastes.

12.9 Subd. 3. **License.** (a) A commercial animal waste technician license, including
12.10 applicator, site manager, and company:

12.11 (1) is valid for ~~three years~~ one year and expires on December 31 of the ~~third~~ year for
12.12 which it is issued, unless suspended or revoked before that date;

12.13 (2) is not transferable to another person; and

12.14 (3) must be prominently displayed to the public in the commercial animal waste
12.15 technician's place of business.

12.16 (b) The commercial animal waste technician company license number assigned by
12.17 the commissioner must appear on the application equipment when a person manages
12.18 or applies animal waste for hire.

12.19 Subd. 4. **Application.** (a) A person must apply to the commissioner for a commercial
12.20 animal waste technician license on forms and in the manner required by the commissioner
12.21 and must include the application fee. The commissioner shall prescribe and administer
12.22 an examination or equivalent measure to determine if the applicant is eligible for the
12.23 commercial animal waste technician license, site manager license or applicator license.

12.24 (b) The commissioner of agriculture, in cooperation with the University of
12.25 Minnesota Extension Service and appropriate educational institutions, shall establish and
12.26 implement a program for training and licensing commercial animal waste technicians.

12.27 Subd. 5. **Renewal application.** (a) A person must apply to the commissioner of
12.28 agriculture to renew a commercial animal waste technician license and must include the
12.29 application fee. The commissioner may renew a commercial animal waste technician
12.30 applicator or site manager license, subject to reexamination, attendance at workshops
12.31 approved by the commissioner, or other requirements imposed by the commissioner to
12.32 provide the animal waste technician with information regarding changing technology and
12.33 to help ensure a continuing level of competence and ability to manage and apply animal
12.34 wastes properly. The applicant may renew a commercial animal waste technician license
12.35 within 12 months after expiration of the license without having to meet initial testing
12.36 requirements. The commissioner may require additional demonstration of animal waste

technician qualification if a person has had a license suspended or revoked or has had a history of violations of this section.

(b) An applicant who meets renewal requirements by reexamination instead of attending workshops must pay a fee for the reexamination as determined by the commissioner.

Subd. 6. **Financial responsibility.** (a) A commercial animal waste technician license may not be issued unless the applicant furnishes proof of financial responsibility. The financial responsibility may be demonstrated by (1) proof of net assets equal to or greater than \$50,000, or (2) a performance bond or insurance of the kind and in an amount determined by the commissioner of agriculture.

(b) The bond or insurance must cover a period of time at least equal to the term of the applicant's license. The commissioner shall immediately suspend the license of a person who fails to maintain the required bond or insurance.

(c) An employee of a licensed person is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under paragraph (b) must be accompanied by proof of satisfaction of judgments previously rendered.

Subd. 7. **Application fee.** (a) A person initially applying for or renewing a commercial animal waste technician applicator license must pay a nonrefundable application fee of \$50 and a fee of \$10 for each additional identification card requested. \$25. A person initially applying for or renewing a commercial animal waste technician site manager license must pay a nonrefundable application fee of \$50. A person initially applying for or renewing a commercial animal waste technician company license must pay a nonrefundable application fee of \$100.

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

(c) An application for a duplicate commercial animal waste technician license must be accompanied by a nonrefundable fee of \$10.

Sec. 9. Minnesota Statutes 2012, section 18C.433, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Beginning January 1, 2006, only a commercial animal waste technician; site manager or commercial animal waste technician applicator may apply animal waste from a feedlot that:

(1) has a capacity of 300 animal units or more; and

- 14.1
- (2) does not have an updated manure management plan that meets the requirements
- 14.2
- of Pollution Control Agency rules.