

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1687

03/01/2021 Authored by Vang
The bill was read for the first time and referred to the Committee on Agriculture Finance and Policy

1.1 A bill for an act
1.2 relating to agriculture; providing an agriculture cooperative grant program;
1.3 authorizing rulemaking; amending Minnesota Statutes 2020, section 17.101,
1.4 subdivisions 2, 5, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2020, section 17.101, subdivision 2, is amended to read:

1.7 Subd. 2. Agricultural development grants and contracts. In order to carry out the
1.8 duties in subdivision 1, the commissioner, in addition to whatever other resources the
1.9 department may commit, shall make grants and enter into contracts to fulfill the obligations
1.10 of subdivision 1. The commissioner may enter into partnerships or seek gifts to carry out
1.11 subdivision 1. The commissioner may contract with, among others, agricultural commodity
1.12 organizations, the University of Minnesota, and agriculture related businesses to fulfill the
1.13 duties. The commissioner shall make permanent rules for the administration of these grants
1.14 and contracts, including the grants authorized under subdivision 7. The rules shall specify
1.15 at a minimum:

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

2.1 Contracts entered into by the commissioner pursuant to this subdivision shall not exceed  
2.2 75 percent of the cost of the project supported by the commissioner's grant. In any year, no  
2.3 organization shall receive more than \$70,000 in grants from the commissioner.

2.4 Sec. 2. Minnesota Statutes 2020, section 17.101, subdivision 5, is amended to read:

2.5 Subd. 5. **Definitions.** For purposes of this section:

2.6 (1) "agricultural commodity" means a material produced for use in or as food, feed,  
2.7 seed, or fiber and includes crops for fiber, food, oilseeds, seeds, livestock, livestock products,  
2.8 dairy, dairy products, poultry, poultry products, and other products or by-products of the  
2.9 farm produced for the same or similar use, except ethanol; ~~and~~

2.10 (2) "agricultural product processing facility" means land, buildings, structures, fixtures,  
2.11 and improvements located or to be located in Minnesota and used or operated primarily for  
2.12 the processing or production of marketable products from agricultural commodities produced  
2.13 in Minnesota; and

2.14 (3) "agricultural service" means an action made under the direction of a farmer that  
2.15 provides value to another entity. Agricultural service includes grazing to manage vegetation.

2.16 Sec. 3. Minnesota Statutes 2020, section 17.101, is amended by adding a subdivision to  
2.17 read:

2.18 Subd. 7. **Cooperative grants.** (a) To carry out the duties in subdivision 1, the  
2.19 commissioner must establish and implement a value-added agricultural product processing  
2.20 and marketing grant program to help farmers finance new cooperatives that organize for  
2.21 the purposes of operating agricultural product processing facilities, forming marketing  
2.22 cooperatives, or otherwise marketing an agricultural service or an agricultural product.

2.23 (b) To be eligible for this program, a grantee must:

2.24 (1) be a cooperative organized under chapter 308A;

2.25 (2) certify that all control and equity in the cooperative is from farmers, family farm  
2.26 partnerships, family farm limited liability companies, or family farm corporations as defined  
2.27 in section 500.24, subdivision 2, who are actively engaged in agricultural commodity  
2.28 production;

2.29 (3) be operated primarily for the processing or marketing of agricultural commodities  
2.30 or services produced in Minnesota; and

3.1 (4) receive agricultural commodities produced primarily by shareholders or members  
3.2 of the cooperative.

3.3 (c) The commissioner may receive applications from eligible cooperatives and make  
3.4 grants up to \$50,000 for feasibility, marketing analysis, assistance with organizational  
3.5 development, financing and managing new cooperatives, product development, development  
3.6 of business and marketing plans, and predesign of facilities including site analysis,  
3.7 development of bid specifications, preliminary blueprints and schematics, and completion  
3.8 of purchase agreements and other necessary legal documents.