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State of Minnesota

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Page No. **384**

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **4133**

- 03/21/2018 Authored by Anderson, P.; Backer; Lueck and Hamilton
The bill was read for the first time and referred to the Committee on Agriculture Policy
- 03/29/2018 Adoption of Report: Amended and re-referred to the Committee on Taxes
- 04/23/2018 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 05/14/2018 Calendar for the Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act

1.2 relating to agriculture; making policy and technical changes to various agricultural

1.3 provisions; modifying various agriculture programs and requirements; modifying

1.4 the cottage foods exemption; modifying certain rulemaking authority; making

1.5 changes to certain production incentive programs; amending Minnesota Statutes

1.6 2016, sections 17.117, subdivisions 1, 4, 11; 17.494; 17.4982, by adding

1.7 subdivisions; 18.83, subdivision 7; 18B.34, subdivision 5; 25.33, subdivision 8;

1.8 28A.04, subdivision 1; 28A.08, subdivision 3; 28A.152, as amended; 29.26; 34A.11,

1.9 subdivision 7; 41A.15, subdivision 10, by adding a subdivision; 41A.16,

1.10 subdivisions 1, 4; 41A.17, subdivisions 1, 2, 3; 41A.18, subdivisions 1, 3; 41B.02,

1.11 subdivision 10a; 41B.047, subdivisions 1, 3; 41B.049, subdivision 5; 41B.055,

1.12 subdivision 3; 41B.057, subdivision 3; 103H.275, subdivision 1; Minnesota Statutes

1.13 2017 Supplement, sections 28A.05; 32D.13, by adding a subdivision; 32D.20,

1.14 subdivision 2; 32D.22; proposing coding for new law in Minnesota Statutes, chapter

1.15 17; repealing Minnesota Statutes 2016, section 41A.15, subdivisions 2a, 2b.

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

1.17 Section 1. Minnesota Statutes 2016, section 17.117, subdivision 1, is amended to read:

1.18 Subdivision 1. **Purpose.** The purpose of the agriculture best management practices loan

1.19 program is to provide low or no interest financing to farmers, agriculture supply businesses,

1.20 rural landowners, chapter 103E drainage authorities, and water-quality cooperatives for the

1.21 implementation of agriculture and other best management practices that reduce environmental

1.22 pollution.

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

1.24 Sec. 2. Minnesota Statutes 2016, section 17.117, subdivision 4, is amended to read:

1.25 Subd. 4. **Definitions.** (a) For the purposes of this section, the terms defined in this

1.26 subdivision have the meanings given them.

2.1 (b) "Agricultural and environmental revolving accounts" means accounts in the
2.2 agricultural fund, controlled by the commissioner, which hold funds available to the program.

2.3 (c) "Agriculture supply business" means a person, partnership, joint venture, corporation,
2.4 limited liability company, association, firm, public service company, or cooperative that
2.5 provides materials, equipment, or services to farmers or agriculture-related enterprises.

2.6 (d) "Allocation" means the funds awarded to an applicant for implementation of best
2.7 management practices through a competitive or noncompetitive application process.

2.8 (e) "Applicant" means a local unit of government eligible to participate in this program
2.9 that requests an allocation of funds as provided in subdivision 6b.

2.10 (f) "Best management practices" has the meaning given in sections 103F.711, subdivision
2.11 3, and 103H.151, subdivision 2. Best management practices also means other practices,
2.12 techniques, and measures that have been demonstrated to the satisfaction of the
2.13 commissioner: (1) to prevent or reduce adverse environmental impacts by using the most
2.14 effective and practicable means of achieving environmental goals; or (2) to achieve drinking
2.15 water quality standards under chapter 103H or under Code of Federal Regulations, title 40,
2.16 parts 141 and 143, as amended.

2.17 (g) "Borrower" means a farmer, an agriculture supply business, ~~or~~ a rural landowner, or
2.18 a chapter 103E drainage authority applying for a low-interest loan.

2.19 (h) "Commissioner" means the commissioner of agriculture, including when the
2.20 commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee
2.21 of the commissioner.

2.22 (i) "Committed project" means an eligible project scheduled to be implemented at a
2.23 future date:

2.24 (1) that has been approved and certified by the local government unit; and

2.25 (2) for which a local lender has obligated itself to offer a loan.

2.26 (j) "Comprehensive water management plan" means a state-approved and locally adopted
2.27 plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or
2.28 103D.405.

2.29 (k) "Cost incurred" means expenses for implementation of a project accrued because
2.30 the borrower has agreed to purchase equipment or is obligated to pay for services or materials
2.31 already provided as a result of implementing an approved eligible project.

3.1 (l) "Farmer" means a person, partnership, joint venture, corporation, limited liability
3.2 company, association, firm, public service company, or cooperative that regularly participates
3.3 in physical labor or operations management of farming and files a Schedule F as part of
3.4 filing United States Internal Revenue Service Form 1040 or indicates farming as the primary
3.5 business activity under Schedule C, K, or S, or any other applicable report to the United
3.6 States Internal Revenue Service.

3.7 (m) "Lender agreement" means an agreement entered into between the commissioner
3.8 and a local lender which contains terms and conditions of participation in the program.

3.9 (n) "Local government unit" means a county, soil and water conservation district, or an
3.10 organization formed for the joint exercise of powers under section 471.59 with the authority
3.11 to participate in the program.

3.12 (o) "Local lender" means a local government unit as defined in paragraph (n), a state or
3.13 federally chartered bank, a savings association, a state or federal credit union, Agribank
3.14 and its affiliated organizations, or a nonprofit economic development organization or other
3.15 financial lending institution approved by the commissioner.

3.16 (p) "Local revolving loan account" means the account held by a local government unit
3.17 and a local lender into which principal repayments from borrowers are deposited and new
3.18 loans are issued in accordance with the requirements of the program and lender agreements.

3.19 (q) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

3.20 (r) "Program" means the agriculture best management practices loan program in this
3.21 section.

3.22 (s) "Project" means one or more components or activities located within Minnesota that
3.23 are required by the local government unit to be implemented for satisfactory completion of
3.24 an eligible best management practice.

3.25 (t) "Rural landowner" means the owner of record of Minnesota real estate located in an
3.26 area determined by the local government unit to be rural after consideration of local land
3.27 use patterns, zoning regulations, jurisdictional boundaries, local community definitions,
3.28 historical uses, and other pertinent local factors.

3.29 (u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d),
3.30 except as expressly limited in this section.

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

4.1 Sec. 3. Minnesota Statutes 2016, section 17.117, subdivision 11, is amended to read:

4.2 Subd. 11. **Loans issued to borrower.** (a) Local lenders may issue loans only for projects
4.3 that are approved and certified by the local government unit as meeting priority needs
4.4 identified in a comprehensive water management plan or other local planning documents,
4.5 are in compliance with accepted practices, standards, specifications, or criteria, and are
4.6 eligible for financing under Environmental Protection Agency or other applicable guidelines.

4.7 (b) The local lender may use any additional criteria considered necessary to determine
4.8 the eligibility of borrowers for loans.

4.9 (c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

4.10 (1) no loan to a borrower may exceed \$200,000;

4.11 (2) no loan for a project may exceed \$200,000; and

4.12 (3) no borrower shall, at any time, have multiple loans from this program with a total
4.13 outstanding loan balance of more than \$200,000.

4.14 Notwithstanding the limits in clauses (1) to (3), a chapter 103E drainage authority may
4.15 request a loan to finance projects implemented on behalf of multiple landowners and the
4.16 loan must not exceed an amount equal to the number of landowners represented in the
4.17 drainage system multiplied by the limit in clause (1).

4.18 (d) The maximum term length for projects in this paragraph is ten years.

4.19 (e) Fees charged at the time of closing must:

4.20 (1) be in compliance with normal and customary practices of the local lender;

4.21 (2) be in accordance with published fee schedules issued by the local lender;

4.22 (3) not be based on participation program; and

4.23 (4) be consistent with fees charged other similar types of loans offered by the local
4.24 lender.

4.25 (f) The interest rate assessed to an outstanding loan balance by the local lender must not
4.26 exceed three percent per year.

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

4.28 Sec. 4. Minnesota Statutes 2016, section 17.494, is amended to read:

4.29 **17.494 AQUACULTURE PERMITS; RULES.**

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

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

5.11 (c) Nothing in this section modifies any state agency's regulatory authority over
5.12 aquaculture production.

5.13 Sec. 5. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
5.14 read:

5.15 Subd. 20a. **Saltwater aquaculture.** "Saltwater aquaculture" means the commercial
5.16 propagation and rearing of saltwater aquatic life including, but not limited to, crustaceans,
5.17 primarily for consumption as human food.

5.18 Sec. 6. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
5.19 read:

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

5.24 Sec. 7. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
5.25 read:

5.26 Subd. 20c. **Saltwater aquatic life.** "Saltwater aquatic life" means aquatic species that
5.27 are saltwater obligates or perform optimally when raised in salinities closer to that of natural
5.28 seawater and need saltwater to survive.

6.1 Sec. 8. [17.499] TRANSPORTATION OR IMPORTATION OF SALTWATER
6.2 AQUATIC LIFE; QUARANTINE REQUIREMENT.

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

6.8 Subd. 2. Transportation permit. (a) Notwithstanding the requirements in section
6.9 17.4985, saltwater aquatic life transportation and importation requirements are governed
6.10 by this section. A transportation permit is required prior to any importation or intrastate
6.11 transportation of saltwater aquatic life not exempted under subdivision 3. A transportation
6.12 permit may be used for multiple shipments within the 30-day term of the permit if the source
6.13 and the destination remain the same. Transportation permits must be obtained from the
6.14 commissioner prior to shipment of saltwater aquatic life.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.25 or

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

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

8.1 Sec. 9. Minnesota Statutes 2016, section 18.83, subdivision 7, is amended to read:

8.2 Subd. 7. **Expenses; reimbursements.** A claim for the expense of controlling or
8.3 eradicating noxious weeds, which may include the costs of serving notices, is a legal charge
8.4 against the county in which the land is located. The officers having the work done must file
8.5 with the county auditor a verified and itemized statement of cost for all services rendered
8.6 on each separate tract or lot of land. The county auditor shall immediately issue proper
8.7 warrants to the persons named on the statement as having rendered services. To reimburse
8.8 the county for its expenditure in this regard, the county auditor shall certify the total amount
8.9 due and, unless an appeal is made in accordance with section 18.84, enter it on the tax roll
8.10 as a tax upon the land and it must be collected as other real estate taxes are collected.

8.11 If ~~public~~ publicly owned or managed land is involved, the amount due must be paid
8.12 from ~~funds provided~~ money appropriated for maintenance of the land or from the general
8.13 revenue or operating fund of the agency responsible for the land. Each claim for control or
8.14 eradication of noxious weeds on public lands must first be approved by the commissioner
8.15 of agriculture.

8.16 Sec. 10. Minnesota Statutes 2016, section 18B.34, subdivision 5, is amended to read:

8.17 Subd. 5. **Fees.** (a) A person initially applying for or renewing a noncommercial applicator
8.18 license must pay a nonrefundable application fee of \$50, except an applicant who ~~is~~ uses
8.19 pesticides in the course of performing official duties as: (1) a government employee; (2) a
8.20 contractor providing rest area custodial services for the commissioner of transportation; or
8.21 (3) a Conservation Corps Minnesota employee who uses pesticides in the course of
8.22 performing official duties must pay a nonrefundable application fee of \$10.

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

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

8.28 Sec. 11. Minnesota Statutes 2016, section 25.33, subdivision 8, is amended to read:

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

9.1 Sec. 12. Minnesota Statutes 2016, section 28A.04, subdivision 1, is amended to read:

9.2 Subdivision 1. **Application; date of issuance.** (a) No person shall engage in the business
9.3 of manufacturing, processing, selling, handling, or storing food without having first obtained
9.4 from the commissioner a license for doing such business. Applications for such license shall
9.5 be made to the commissioner in such manner and time as required and upon such forms as
9.6 provided by the commissioner and shall contain the name and address of the applicant,
9.7 address or description of each place of business, and the nature of the business to be
9.8 conducted at each place, and such other pertinent information as the commissioner may
9.9 require.

9.10 (b) A retail or wholesale food handler license shall be issued for the period July 1 to
9.11 June 30 following and shall be renewed thereafter by the licensee on or before July 1 each
9.12 year, except that:

9.13 (1) licenses for all mobile food concession units and retail mobile units must be issued
9.14 for the period April 1 to March 31, and must be renewed thereafter by the licensee on or
9.15 before April 1 each year; and

9.16 (2) a license issued for a temporary food concession stand must have a license issuance
9.17 and renewal date consistent with appropriate statutory provisions.

9.18 (c) A custom exempt food handler license shall be issued for the period July 1 to June
9.19 30 following and shall be renewed thereafter by the licensee on or before July 1 each year.
9.20 The custom exempt food handler license is for businesses that only conduct custom exempt
9.21 operations and mark all products as "Not For Sale." Food handlers that conduct retail exempt
9.22 operations or other operations other than custom exempt processing or slaughter are not
9.23 eligible for this license.

9.24 (d) A license for a food broker or for a food processor or manufacturer shall be issued
9.25 for the period January 1 to December 31 following and shall be renewed thereafter by the
9.26 licensee on or before January 1 of each year, except that a license for a wholesale food
9.27 processor or manufacturer operating only at the state fair shall be issued for the period July
9.28 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1
9.29 of each year. A penalty for a late renewal shall be assessed in accordance with section
9.30 28A.08.

9.31 ~~(e)~~ (e) A person applying for a new license up to 14 calendar days before the effective
9.32 date of the new license period under paragraph (b) must be issued a license for the 14 days
9.33 and the next license year as a single license and pay a single license fee as if the 14 days
9.34 were part of the upcoming license period.

10.1 Sec. 13. Minnesota Statutes 2017 Supplement, section 28A.05, is amended to read:

10.2 **28A.05 CLASSIFICATION.**

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

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

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

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

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

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

10.27 Sec. 14. Minnesota Statutes 2016, section 28A.08, subdivision 3, is amended to read:

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

		Penalties		
Type of food handler	License Fee Effective July 1, 2003	Late Renewal	No License	
10.33 1. <u>Retail food handler or custom exempt food</u> 10.34 <u>handler</u>				

11.1	(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner			
11.2				
11.3				
11.4				
11.5		\$ 50	\$ 17	\$ 33
11.6	(b) Having under \$15,000 gross sales or service including food preparation or having \$15,000 to \$50,000 gross sales or service for the immediately previous license or fiscal year			
11.7				
11.8				
11.9				
11.10		\$ 77	\$ 25	\$ 51
11.11	(c) Having \$50,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year			
11.12				
11.13		\$155	\$ 51	\$102
11.14	(d) Having \$250,001 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year			
11.15				
11.16		\$276	\$ 91	\$182
11.17	(e) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year			
11.18				
11.19		\$799	\$264	\$527
11.20	(f) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year			
11.21				
11.22		\$1,162	\$383	\$767
11.23	(g) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year			
11.24				
11.25		\$1,376	\$454	\$908
11.26	(h) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year			
11.27				
11.28		\$1,607	\$530	\$1,061
11.29	(i) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year			
11.30				
11.31		\$1,847	\$610	\$1,219
11.32	(j) Having over \$25,000,001 gross sales or service for the immediately previous license or fiscal year			
11.33				
11.34		\$2,001	\$660	\$1,321
11.35	2. Wholesale food handler			
11.36	(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year			
11.37				
11.38		\$ 57	\$ 19	\$ 38
11.39	(b) Having \$25,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year			
11.40				
11.41		\$284	\$ 94	\$187
11.42	(c) Having \$250,001 to \$1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year			
11.43				
11.44				
11.45		\$444	\$147	\$293
11.46	(d) Having \$250,001 to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year			
11.47				
11.48				
11.49		\$590	\$195	\$389

12.1	(e) Having \$1,000,001 to \$5,000,000 gross			
12.2	sales or service for the immediately previous			
12.3	license or fiscal year	\$769	\$254	\$508
12.4	(f) Having \$5,000,001 to \$10,000,000 gross			
12.5	sales or service for the immediately previous			
12.6	license or fiscal year	\$920	\$304	\$607
12.7	(g) Having \$10,000,001 to \$15,000,000			
12.8	gross sales or service for the immediately			
12.9	previous license or fiscal year	\$990	\$327	\$653
12.10	(h) Having \$15,000,001 to \$20,000,000			
12.11	gross sales or service for the immediately			
12.12	previous license or fiscal year	\$1,156	\$381	\$763
12.13	(i) Having \$20,000,001 to \$25,000,000			
12.14	gross sales or service for the immediately			
12.15	previous license or fiscal year	\$1,329	\$439	\$877
12.16	(j) Having over \$25,000,001 or more gross			
12.17	sales or service for the immediately previous			
12.18	license or fiscal year	\$1,502	\$496	\$991
12.19	3. Food broker	\$150	\$ 50	\$ 99
12.20	4. Wholesale food processor or manufacturer			
12.21	(a) Having gross sales or service of less than			
12.22	\$125,000 for the immediately previous			
12.23	license or fiscal year	\$169	\$ 56	\$112
12.24	(b) Having \$125,001 to \$250,000 gross sales			
12.25	or service for the immediately previous			
12.26	license or fiscal year	\$392	\$129	\$259
12.27	(c) Having \$250,001 to \$1,000,000 gross			
12.28	sales or service for the immediately previous			
12.29	license or fiscal year	\$590	\$195	\$389
12.30	(d) Having \$1,000,001 to \$5,000,000 gross			
12.31	sales or service for the immediately previous			
12.32	license or fiscal year	\$769	\$254	\$508
12.33	(e) Having \$5,000,001 to \$10,000,000 gross			
12.34	sales or service for the immediately previous			
12.35	license or fiscal year	\$920	\$304	\$607
12.36	(f) Having \$10,000,001 to \$15,000,000			
12.37	gross sales or service for the immediately			
12.38	previous license or fiscal year	\$1,377	\$454	\$909
12.39	(g) Having \$15,000,001 to \$20,000,000			
12.40	gross sales or service for the immediately			
12.41	previous license or fiscal year	\$1,608	\$531	\$1,061
12.42	(h) Having \$20,000,001 to \$25,000,000			
12.43	gross sales or service for the immediately			
12.44	previous license or fiscal year	\$1,849	\$610	\$1,220
12.45	(i) Having \$25,000,001 to \$50,000,000			
12.46	gross sales or service for the immediately			
12.47	previous license or fiscal year	\$2,090	\$690	\$1,379

13.1	(j) Having \$50,000,001 to \$100,000,000			
13.2	gross sales or service for the immediately			
13.3	previous license or fiscal year	\$2,330	\$769	\$1,538
13.4	(k) Having \$100,000,000 or more gross			
13.5	sales or service for the immediately previous			
13.6	license or fiscal year	\$2,571	\$848	\$1,697
13.7	5. Wholesale food processor of meat or poultry			
13.8	products under supervision of the U.S.			
13.9	Department of Agriculture			
13.10	(a) Having gross sales or service of less than			
13.11	\$125,000 for the immediately previous			
13.12	license or fiscal year	\$112	\$ 37	\$ 74
13.13	(b) Having \$125,001 to \$250,000 gross sales			
13.14	or service for the immediately previous			
13.15	license or fiscal year	\$214	\$ 71	\$141
13.16	(c) Having \$250,001 to \$1,000,000 gross			
13.17	sales or service for the immediately previous			
13.18	license or fiscal year	\$333	\$110	\$220
13.19	(d) Having \$1,000,001 to \$5,000,000 gross			
13.20	sales or service for the immediately previous			
13.21	license or fiscal year	\$425	\$140	\$281
13.22	(e) Having \$5,000,001 to \$10,000,000 gross			
13.23	sales or service for the immediately previous			
13.24	license or fiscal year	\$521	\$172	\$344
13.25	(f) Having over \$10,000,001 gross sales or			
13.26	service for the immediately previous license			
13.27	or fiscal year	\$765	\$252	\$505
13.28	(g) Having \$15,000,001 to \$20,000,000			
13.29	gross sales or service for the immediately			
13.30	previous license or fiscal year	\$893	\$295	\$589
13.31	(h) Having \$20,000,001 to \$25,000,000			
13.32	gross sales or service for the immediately			
13.33	previous license or fiscal year	\$1,027	\$339	\$678
13.34	(i) Having \$25,000,001 to \$50,000,000			
13.35	gross sales or service for the immediately			
13.36	previous license or fiscal year	\$1,161	\$383	\$766
13.37	(j) Having \$50,000,001 to \$100,000,000			
13.38	gross sales or service for the immediately			
13.39	previous license or fiscal year	\$1,295	\$427	\$855
13.40	(k) Having \$100,000,001 or more gross			
13.41	sales or service for the immediately previous			
13.42	license or fiscal year	\$1,428	\$471	\$942
13.43	6. Wholesale food processor or manufacturer			
13.44	operating only at the State Fair	\$125	\$ 40	\$ 50
13.45	7. Wholesale food manufacturer having the			
13.46	permission of the commissioner to use the			
13.47	name Minnesota Farmstead cheese	\$ 30	\$ 10	\$ 15

14.1	8. Wholesale food manufacturer processing			
14.2	less than 700,000 pounds per year of raw			
14.3	milk	\$ 30	\$ 10	\$ 15
14.4	9. A milk marketing organization without			
14.5	facilities for processing or manufacturing			
14.6	that purchases milk from milk producers for			
14.7	delivery to a licensed wholesale food			
14.8	processor or manufacturer	\$ 50	\$ 15	\$ 25

14.9 Sec. 15. Minnesota Statutes 2016, section 28A.152, as amended by Laws 2017, chapter
 14.10 88, article 2, section 53, is amended to read:

14.11 **28A.152 COTTAGE FOODS EXEMPTION.**

14.12 Subdivision 1. **Licensing provisions applicability.** (a) The licensing provisions of
 14.13 sections 28A.01 to 28A.16 do not apply to the following:

14.14 (1) an ~~individual who~~ eligible entity that prepares and sells food that is not potentially
 14.15 hazardous food, as defined in Minnesota Rules, part 4626.0020, subpart 62, if the following
 14.16 requirements are met:

14.17 (i) the prepared food offered for sale under this clause is labeled to accurately reflect
 14.18 the name and address of the ~~individual~~ eligible entity preparing and selling the food, the
 14.19 date on which the food was prepared, and the ingredients and any possible allergens; and

14.20 (ii) the ~~individual~~ eligible entity displays at the point of sale a clearly legible sign or
 14.21 placard stating: "These products are homemade and not subject to state inspection."; and

14.22 (2) an ~~individual who~~ eligible entity that prepares and sells home-processed and
 14.23 home-canned food products if the following requirements are met:

14.24 (i) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6
 14.25 or lower;

14.26 (ii) the products are home-processed and home-canned in Minnesota;

14.27 (iii) the ~~individual~~ eligible entity displays at the point of sale a clearly legible sign or
 14.28 placard stating: "These canned goods are homemade and not subject to state inspection."; and
 14.29 and

14.30 (iv) each container of the product sold or offered for sale under this clause is accurately
 14.31 labeled to provide the name and address of the ~~individual who~~ eligible entity that processed
 14.32 and canned the goods, the date on which the goods were processed and canned, and
 14.33 ingredients and any possible allergens.

15.1 (b) An ~~individual who~~ eligible entity that qualifies for an exemption under paragraph
15.2 (a), clause (2), is also exempt from the provisions of sections 31.31 and 31.392.

15.3 **Subd. 1a. Definition.** For purposes of this section, "eligible entity" means a limited
15.4 liability company that satisfies the insurance requirements under subdivision 8, or an
15.5 individual.

15.6 **Subd. 2. Direct sales to consumers.** (a) An ~~individual~~ eligible entity qualifying for an
15.7 exemption under subdivision 1 may sell the exempt food:

15.8 (1) directly to the ultimate consumer at a community event or farmers' market;

15.9 (2) directly from the ~~individual's~~ eligible entity's home to the ultimate consumer, to the
15.10 extent allowed by local ordinance; or

15.11 (3) through donation to a community event with the purpose of fund-raising for an
15.12 individual, or fund-raising for an educational, charitable, or religious organization.

15.13 (b) If an exempt food product will be delivered to the ultimate consumer upon sale of
15.14 the food product, the ~~individual who~~ eligible entity that prepared the food product must be
15.15 the person who delivers the food product to the ultimate consumer.

15.16 (c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be
15.17 sold outside of Minnesota.

15.18 (d) Food products exempt under subdivision 1 may be sold over the Internet but must
15.19 be delivered directly to the ultimate consumer by the ~~individual who~~ eligible entity that
15.20 prepared the food product. The statement "These products are homemade and not subject
15.21 to state inspection." must be displayed on the Web site that offers the exempt foods for
15.22 purchase.

15.23 **Subd. 3. Limitation on sales.** An ~~individual~~ eligible entity selling exempt foods under
15.24 this section is limited to total sales with gross receipts of \$18,000 or less in a calendar year.

15.25 **Subd. 4. Registration.** An ~~individual who~~ eligible entity that prepares and sells exempt
15.26 food under subdivision 1 must register annually with the commissioner. The annual
15.27 registration fee is \$50. An ~~individual~~ eligible entity with \$5,000 or less in annual gross
15.28 receipts from the sale of exempt food under this section is not required to pay the registration
15.29 fee.

15.30 **Subd. 5. Training.** (a) An ~~individual~~ eligible entity with gross receipts between \$5,000
15.31 and \$18,000 in a calendar year from the sale of exempt food under this section must complete
15.32 a safe food handling training course that is approved by the commissioner before registering

16.1 under subdivision 4. The training shall not exceed eight hours and must be completed every
16.2 three years while the ~~individual~~ eligible entity is registered under subdivision 4.

16.3 (b) An ~~individual~~ eligible entity with gross receipts of less than \$5,000 in a calendar
16.4 year from the sale of exempt food under this section must satisfactorily complete an online
16.5 course and exam as approved by the commissioner before registering under subdivision 4.
16.6 The commissioner shall offer the online course and exam under this paragraph at no cost
16.7 to the ~~individual~~ eligible entity.

16.8 Subd. 6. **Local ordinances.** This section does not preempt the application of any business
16.9 licensing requirement or sanitation, public health, or zoning ordinance of a political
16.10 subdivision.

16.11 Subd. 7. **Account established.** A cottage foods account is created as a separate account
16.12 in the agricultural fund in the state treasury for depositing money received by the
16.13 commissioner under this section. Money in the account, including interest, is appropriated
16.14 to the commissioner for purposes of this section.

16.15 Subd. 8. **Insurance required.** The commissioner must not register a limited liability
16.16 company under subdivision 4 unless the limited liability company furnishes sufficient proof
16.17 that it maintains liability insurance coverage of at least \$1,000,000. The insurance must
16.18 cover a period of time at least equal to the term of the registration. The commissioner must
16.19 immediately suspend the registration of a limited liability company that fails to maintain
16.20 the required insurance. The insurance policy must contain a provision requiring the insurance
16.21 company to notify the commissioner no later than ten days before the effective date of any
16.22 cancellation, termination, or other material change to the insurance coverage. If there is
16.23 recovery against the insurance, the limited liability company must secure additional coverage
16.24 if necessary to maintain coverage of at least \$1,000,000.

16.25 Sec. 16. Minnesota Statutes 2016, section 29.26, is amended to read:

16.26 **29.26 EGGS IN POSSESSION OF RETAILER.**

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

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

17.4 Sec. 17. Minnesota Statutes 2017 Supplement, section 32D.13, is amended by adding a
17.5 subdivision to read:

17.6 Subd. 11. **Milk storage requirement.** (a) A milk hauler may only pick up milk from a
17.7 farm if the farm's bulk tank is in proper working order.

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

17.12 Sec. 18. Minnesota Statutes 2017 Supplement, section 32D.20, subdivision 2, is amended
17.13 to read:

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

17.18 (b) Milk and dairy products must be labeled:

17.19 (1) with the plant number where the product was produced; or

17.20 (2) if produced in a state where official plant numbers are not assigned, with the name
17.21 and address of the manufacturer and the address of the plant where it was manufactured or
17.22 distributor.

17.23 Sec. 19. Minnesota Statutes 2017 Supplement, section 32D.22, is amended to read:

17.24 **32D.22 MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

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

18.1 (b) Any cheese described in paragraph (a), clause (3), that has been made from
18.2 unpasteurized milk must be labeled with a statement that the cheese is more than 60 days
18.3 of age.

18.4 Sec. 20. Minnesota Statutes 2016, section 34A.11, subdivision 7, is amended to read:

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

18.12 Sec. 21. Minnesota Statutes 2016, section 41A.15, is amended by adding a subdivision to
18.13 read:

18.14 Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable
18.15 or recurring basis, including agricultural crops and trees, wood and wood waste and residues,
18.16 plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic
18.17 portion of solid wastes.

18.18 Sec. 22. Minnesota Statutes 2016, section 41A.15, subdivision 10, is amended to read:

18.19 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with biobased~~
18.20 ~~content~~, polymer, monomer, plastic, or composite material that is entirely produced from
18.21 biomass.

18.22 Sec. 23. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

18.23 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
18.24 source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass
18.25 used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from
18.26 the state border, ~~raw materials~~ biomass used to produce an advanced biofuel may be sourced
18.27 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from
18.28 within a 100-mile radius of the facility or from within Minnesota. ~~Raw materials must be~~
18.29 ~~from agricultural or forestry sources or from solid waste.~~ The facility must be located in
18.30 Minnesota, must begin production at a specific location by June 30, 2025, and must not
18.31 begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July

19.1 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced
19.2 biofuel production capacity, or retrofitting existing capacity, as well as new companies and
19.3 facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible.
19.4 Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced
19.5 biofuel quarterly.

19.6 (b) No payments shall be made for advanced biofuel production that occurs after June
19.7 30, 2035, for those eligible biofuel producers under paragraph (a).

19.8 (c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility
19.9 for payments under this section to an advanced biofuel facility at a different location.

19.10 (d) A producer that ceases production for any reason is ineligible to receive payments
19.11 under this section until the producer resumes production.

19.12 (e) Renewable chemical production for which payment has been received under section
19.13 41A.17, and biomass thermal production for which payment has been received under section
19.14 41A.18, are not eligible for payment under this section.

19.15 (f) Biobutanol is eligible under this section.

19.16 Sec. 24. Minnesota Statutes 2016, section 41A.16, subdivision 4, is amended to read:

19.17 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
19.18 biomass must be produced using Minnesota ~~state~~ forest biomass harvesting guidelines or
19.19 the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota
19.20 brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent.
19.21 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
19.22 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
19.23 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and
19.24 federal land must be harvested by a logger who has completed training for biomass harvesting
19.25 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
19.26 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

19.27 Sec. 25. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

19.28 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section
19.29 must source from Minnesota at least 80 percent ~~biobased content from Minnesota.~~ of the
19.30 biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or
19.31 less from the state border, ~~biobased content must~~ biomass used to produce a renewable
19.32 chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the

20.1 biomass is sourced from within a 100-mile radius of the facility or from within Minnesota.
20.2 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The
20.3 facility must be located in Minnesota, must begin production at a specific location by June
20.4 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly
20.5 before January 1, 2015. Eligible facilities include existing companies and facilities that are
20.6 adding production capacity, or retrofitting existing capacity, as well as new companies and
20.7 facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000
20.8 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes
20.9 that are fully commercial before January 1, 2000, are not eligible.

20.10 (b) No payments shall be made for renewable chemical production that occurs after June
20.11 30, 2035, for those eligible renewable chemical producers under paragraph (a).

20.12 (c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility
20.13 for payments under this section to a renewable chemical facility at a different location.

20.14 (d) A producer that ceases production for any reason is ineligible to receive payments
20.15 under this section until the producer resumes production.

20.16 (e) Advanced biofuel production for which payment has been received under section
20.17 41A.16, and biomass thermal production for which payment has been received under section
20.18 41A.18, are not eligible for payment under this section.

20.19 Sec. 26. Minnesota Statutes 2016, section 41A.17, subdivision 2, is amended to read:

20.20 Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments
20.21 to eligible producers of renewable chemicals located in the state. The amount of the payment
20.22 for each producer's annual production is \$0.03 per pound of sugar-derived renewable
20.23 chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived
20.24 renewable chemical produced at a specific location for ten years after the start of production.

20.25 (b) An eligible facility producing renewable chemicals using agricultural cellulosic
20.26 biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural
20.27 biomass that is derived from perennial crop or cover crop biomass.

20.28 (c) Total payments under this section to an eligible renewable chemical producer in a
20.29 fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
20.30 chemical production. Total payments under this section to all eligible renewable chemical
20.31 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
20.32 renewable chemical production. The commissioner shall award payments on a first-come,
20.33 first-served basis within the limits of available funding.

21.1 (d) An eligible facility may blend renewable chemicals with other chemicals that are
 21.2 not renewable chemicals, but only the percentage attributable to renewable chemicals in
 21.3 the blended product is eligible to receive payment.

21.4 ~~(d)~~ (e) For purposes of this section, an entity that holds a controlling interest in more
 21.5 than one renewable chemical production facility is considered a single eligible producer.

21.6 Sec. 27. Minnesota Statutes 2016, section 41A.17, subdivision 3, is amended to read:

21.7 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 21.8 biomass must be produced using Minnesota ~~state~~ forest biomass harvesting guidelines or
 21.9 the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota
 21.10 brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent.
 21.11 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
 21.12 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
 21.13 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and
 21.14 federal land must be harvested by a logger who has completed training for biomass harvesting
 21.15 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
 21.16 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

21.17 Sec. 28. Minnesota Statutes 2016, section 41A.18, subdivision 1, is amended to read:

21.18 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 21.19 source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass
 21.20 used for biomass thermal production, except that, if a facility is sited 50 miles or less from
 21.21 the state border, raw materials should biomass used for biomass thermal production may
 21.22 be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is
 21.23 sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw~~
 21.24 ~~materials~~ Biomass must be from agricultural or forestry sources. The facility must be located
 21.25 in Minnesota, must have begun production at a specific location by June 30, 2025, and must
 21.26 not begin before July 1, 2015. Eligible facilities include existing companies and facilities
 21.27 that are adding production capacity, or retrofitting existing capacity, as well as new
 21.28 companies and facilities. Eligible biomass thermal production facilities must produce at
 21.29 least 250 MMbtu of biomass thermal quarterly.

21.30 (b) No payments shall be made for biomass thermal production that occurs after June
 21.31 30, 2035, for those eligible biomass thermal producers under paragraph (a).

22.1 (c) An eligible producer of biomass thermal production shall not transfer the producer's
 22.2 eligibility for payments under this section to a biomass thermal production facility at a
 22.3 different location.

22.4 (d) A producer that ceases production for any reason is ineligible to receive payments
 22.5 under this section until the producer resumes production.

22.6 (e) Biofuel production for which payment has been received under section 41A.16, and
 22.7 renewable chemical production for which payment has been received under section 41A.17,
 22.8 are not eligible for payment under this section.

22.9 Sec. 29. Minnesota Statutes 2016, section 41A.18, subdivision 3, is amended to read:

22.10 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 22.11 biomass must be produced using Minnesota ~~state forest~~ biomass harvesting guidelines or
 22.12 the equivalent. All cellulosic biomass from brushland brushlands must be produced using
 22.13 Minnesota brushland ~~harvesting~~ biomass harvesting guidelines or the equivalent.
 22.14 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
 22.15 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
 22.16 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and
 22.17 federal land must be harvested by a logger who has completed training for biomass harvesting
 22.18 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
 22.19 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

22.20 Sec. 30. Minnesota Statutes 2016, section 41B.02, subdivision 10a, is amended to read:

22.21 Subd. 10a. **Livestock expansion.** "Livestock expansion" means the purchase of a
 22.22 livestock farm or improvements to a livestock operation, including the purchase and
 22.23 construction or installation of improvements to land, buildings, and other permanent
 22.24 structures, including equipment incorporated in or permanently affixed to the land, buildings,
 22.25 or structures, which are useful for and intended to be used for the purpose of raising livestock.

22.26 Sec. 31. Minnesota Statutes 2016, section 41B.047, subdivision 1, is amended to read:

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

22.29 (1) clean up, repair, or replace farm structures and septic and water systems, as well as
 22.30 replace seed, other crop inputs, feed, and livestock, ~~when damaged by high winds, hail,~~
 22.31 ~~tornado, or flood;~~

23.1 (2) purchase watering systems, irrigation systems, and other drought mitigation systems
23.2 and practices when drought is the cause of the purchase;

23.3 (3) restore farmland; or

23.4 (4) replace flocks, make building improvements, or cover the loss of revenue when the
23.5 replacement, improvements, or loss of revenue is due to the confirmed presence of the
23.6 highly pathogenic avian influenza in a commercial poultry or game flock located in
23.7 Minnesota.

23.8 Sec. 32. Minnesota Statutes 2016, section 41B.047, subdivision 3, is amended to read:

23.9 Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

23.10 (1) meet the requirements of section 41B.03, subdivision 1;

23.11 (2) certify that the damage or loss was (i) sustained within a county that was the subject
23.12 of a state or federal disaster declaration, ~~or~~ (ii) due to the confirmed presence of the highly
23.13 pathogenic avian influenza in a commercial poultry or game flock located in Minnesota, or
23.14 (iii) due to a market disaster or emergency as determined by the commissioner;

23.15 (3) demonstrate an ability to repay the loan; and

23.16 (4) have received at least 50 percent of average annual gross income from farming for
23.17 the past three years.

23.18 Sec. 33. Minnesota Statutes 2016, section 41B.049, subdivision 5, is amended to read:

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

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

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

23.24 ~~(d) A borrower who has previously received a loan under subdivision 1 is prohibited~~
23.25 ~~from receiving another methane digester loan under subdivision 1.~~

23.26 Sec. 34. Minnesota Statutes 2016, section 41B.055, subdivision 3, is amended to read:

23.27 Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal
23.28 to 90 percent of the purchased equipment value with an eligible lender to a farmer who is
23.29 eligible under subdivision 2. Participation is limited to 45 percent of the principal amount
23.30 of the loan or ~~\$40,000~~ \$100,000, whichever is less. The interest rates and repayment terms

24.1 of the authority's participation interest may differ from the interest rates and repayment
24.2 terms of the lender's retained portion of the loan, but the authority's interest rate must not
24.3 exceed three percent. The authority may review the interest annually and make adjustments
24.4 as necessary.

24.5 (b) Standards for loan amortization must be set by the Rural Finance Authority and must
24.6 not exceed ten years.

24.7 (c) Security for a livestock equipment loan must be a personal note executed by the
24.8 borrower and whatever other security is required by the eligible lender or the authority.

24.9 (d) Refinancing of existing debt is not an eligible purpose.

24.10 (e) The authority may impose a reasonable, nonrefundable application fee for a livestock
24.11 equipment loan. The authority may review the fee annually and make adjustments as
24.12 necessary. The initial application fee is \$50. Application fees received by the authority must
24.13 be deposited in the Rural Finance Authority administrative account established in section
24.14 41B.03.

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

24.17 Sec. 35. Minnesota Statutes 2016, section 41B.057, subdivision 3, is amended to read:

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

24.26 Sec. 36. Minnesota Statutes 2016, section 103H.275, subdivision 1, is amended to read:

24.27 Subdivision 1. **Areas where groundwater pollution is detected.** (a) If groundwater
24.28 pollution is detected, a state agency or political subdivision that regulates an activity causing
24.29 or potentially causing a contribution to the pollution identified shall promote implementation
24.30 of best management practices to prevent or minimize the source of pollution to the extent
24.31 practicable.

25.1 (b) The Pollution Control Agency, or for agricultural chemicals and practices, the
25.2 commissioner of agriculture may adopt water source protection requirements under
25.3 subdivision 2 that are consistent with the goal of section 103H.001 and are commensurate
25.4 with the groundwater pollution if the implementation of best management practices has
25.5 proven to be ineffective.

25.6 (c) The water resources protection requirements must be:

25.7 (1) designed to prevent and minimize the pollution to the extent practicable;

25.8 (2) designed to prevent the pollution from exceeding the health risk limits; and

25.9 (3) submitted to the house of representatives and senate committees with jurisdiction
25.10 over the environment, natural resources, and agriculture.

25.11 (d) The commissioner of agriculture shall not adopt water resource protection
25.12 requirements under subdivision 2 for nitrogen fertilizer unless the water resource protection
25.13 requirements are specifically approved by law.

25.14 Sec. 37. **REPEALER.**

25.15 Minnesota Statutes 2016, section 41A.15, subdivisions 2a and 2b, are repealed.

41A.15 DEFINITIONS.

Subd. 2a. **Biobased content.** "Biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866.

Subd. 2b. **Biobased formulated product.** "Biobased formulated product" means a product that is not sold primarily for use as food, feed, or fuel and that has a biobased content percentage of at least ten percent as determined by testing representative samples using American Society for Testing and Materials specification D6866, or that contains a biobased chemical constituent that displaces a known hazardous or toxic constituent previously used in the product formulation.