

ARTICLE 19

AGRICULTURE STATUTORY CHANGES

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ARTICLE 2

AGRICULTURE STATUTORY CHANGES

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304.20 Section 1. Minnesota Statutes 2016, section 17.494, is amended to read:

304.21 **17.494 AQUACULTURE PERMITS; RULES.**

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

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

304.32 Nothing in this section modifies any state agency's regulatory authority over aquaculture
304.33 production.

305.1 Sec. 2. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
305.2 read:

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

305.6 Sec. 3. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
305.7 read:

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

305.12 Sec. 4. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
305.13 read:

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

305.17 Sec. 5. **[17.499] TRANSPORTATION OR IMPORTATION OF SALTWATER**
305.18 **AQUATIC LIFE; QUARANTINE REQUIREMENT.**

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

305.24 Subd. 2. **Transportation permit.** (a) Notwithstanding the requirements in section
305.25 17.4985, saltwater aquatic life transportation and importation requirements are governed
305.26 by this section. A transportation permit is required prior to any importation or intrastate
305.27 transportation of saltwater aquatic life not exempted under subdivision 3. A transportation
305.28 permit may be used for multiple shipments within the 30-day term of the permit if the source
305.29 and the destination remain the same. Transportation permits must be obtained from the
305.30 commissioner prior to shipment of saltwater aquatic life.

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

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

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

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

306.14 If a shipment authorized by the commissioner under clause (1) includes saltwater aquatic
306.15 life that originated in a foreign country, the shipment must be quarantined at the receiving
306.16 facility according to a quarantine plan approved by the commissioner. A shipment authorized

306.17 by the commissioner under clause (2) must be quarantined at the receiving facility according
306.18 to a quarantine plan approved by the commissioner.

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

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

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

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

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

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

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

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

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

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

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

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

307.18 Sec. 6. Minnesota Statutes 2016, section 18.83, subdivision 7, is amended to read:

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

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

308.1 Sec. 7. Minnesota Statutes 2016, section 18C.425, subdivision 6, is amended to read:

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

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

308.8 (c) The person responsible for payment of the inspection fees for fertilizers, soil
 308.9 amendments, or plant amendments sold and used in this state must pay an inspection fee of
 308.10 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer,
 308.11 soil amendment, and plant amendment sold or distributed in this state, with a minimum of
 308.12 \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit
 308.13 all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and
 308.14 education account in section 18C.80. Products sold or distributed to manufacturers or
 308.15 exchanged between them are exempt from the inspection fee imposed by this subdivision
 308.16 if the products are used exclusively for manufacturing purposes.

15.31 Section 1. Minnesota Statutes 2016, section 18C.425, subdivision 6, is amended to read:

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

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

16.7 (c) The person responsible for payment of the inspection fees for fertilizers, soil
 16.8 amendments, or plant amendments sold and used in this state must pay an inspection fee of
 16.9 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer,
 16.10 soil amendment, and plant amendment sold or distributed in this state, with a minimum of
 16.11 \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit
 16.12 all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and
 16.13 education account in section 18C.80. Products sold or distributed to manufacturers or
 16.14 exchanged between them are exempt from the inspection fee imposed by this subdivision
 16.15 if the products are used exclusively for manufacturing purposes.

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

308.20 Sec. 8. Minnesota Statutes 2017 Supplement, section 18C.70, subdivision 5, is amended
 308.21 to read:

308.22 Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

308.23 Sec. 9. Minnesota Statutes 2017 Supplement, section 18C.71, subdivision 4, is amended
 308.24 to read:

308.25 Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

308.26 Sec. 10. Minnesota Statutes 2016, section 18C.80, subdivision 2, is amended to read:

308.27 Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

308.28 Sec. 11. Minnesota Statutes 2016, section 21.89, subdivision 2, is amended to read:

308.29 Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit to
 308.30 the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold
 309.1 for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92.
 309.2 The categories of permits are as follows:

309.3 (1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar
 309.4 year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph
 309.5 (b);

309.6 (2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use
 309.7 in home gardens or household plantings, ~~and initial labelers who sell native grasses and~~
 309.8 ~~wildflower seed in commercial or agricultural quantities~~; an annual permit issued for a fee
 309.9 established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from
 309.10 the previous year; and

309.11 (3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar
 309.12 year, a permanent permit issued for a fee established in section 21.891, subdivision 2,
 309.13 paragraph (d).

309.14 In addition, the person shall furnish to the commissioner an itemized statement of all
 309.15 seeds sold in Minnesota for the periods established by the commissioner. This statement
 309.16 shall be delivered, along with the payment of the fee, based upon the amount and type of

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

16.19 Sec. 2. Minnesota Statutes 2017 Supplement, section 18C.70, subdivision 5, is amended
 16.20 to read:

16.21 Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

16.22 Sec. 3. Minnesota Statutes 2017 Supplement, section 18C.71, subdivision 4, is amended
 16.23 to read:

16.24 Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

16.25 Sec. 4. Minnesota Statutes 2016, section 18C.80, subdivision 2, is amended to read:

16.26 Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

309.17 seed sold, to the commissioner no later than 30 days after the end of each reporting period.
 309.18 Any person holding a permit shall show as part of the analysis labels or invoices on all
 309.19 agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the
 309.20 commissioner requires. The commissioner may revoke any permit in the event of failure to
 309.21 comply with applicable laws and rules.

16.27 Sec. 5. Minnesota Statutes 2016, section 28A.152, as amended by Laws 2017, chapter 88,
 16.28 article 2, section 53, is amended to read:

16.29 **28A.152 COTTAGE FOODS EXEMPTION.**

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

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

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

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

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

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

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

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

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

- 17.23 (b) An ~~individual who~~ eligible entity that qualifies for an exemption under paragraph
17.24 (a), clause (2), is also exempt from the provisions of sections 31.31 and 31.392.
- 17.25 **Subd. 1a. Definition.** For purposes of this section, "eligible entity" means a limited
17.26 liability company that satisfies the insurance requirements under subdivision 8, or an
17.27 individual.
- 17.28 **Subd. 2. Direct sales to consumers.** (a) An ~~individual~~ eligible entity qualifying for an
17.29 exemption under subdivision 1 may sell the exempt food:
- 17.30 (1) directly to the ultimate consumer at a community event or farmers' market;
- 17.31 (2) directly from the ~~individual's~~ eligible entity's home to the ultimate consumer, to the
17.32 extent allowed by local ordinance; or
- 18.1 (3) through donation to a community event with the purpose of fund-raising for an
18.2 individual, or fund-raising for an educational, charitable, or religious organization.
- 18.3 (b) If an exempt food product will be delivered to the ultimate consumer upon sale of
18.4 the food product, the ~~individual who~~ eligible entity that prepared the food product must be
18.5 the person who delivers the food product to the ultimate consumer.
- 18.6 (c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be
18.7 sold outside of Minnesota.
- 18.8 (d) Food products exempt under subdivision 1 may be sold over the Internet but must
18.9 be delivered directly to the ultimate consumer by the ~~individual who~~ eligible entity that
18.10 prepared the food product. The statement "These products are homemade and not subject
18.11 to state inspection." must be displayed on the Web site that offers the exempt foods for
18.12 purchase.
- 18.13 **Subd. 3. Limitation on sales.** An ~~individual~~ eligible entity selling exempt foods under
18.14 this section is limited to total sales with gross receipts of \$18,000 or less in a calendar year.
- 18.15 **Subd. 4. Registration.** An ~~individual who~~ eligible entity that prepares and sells exempt
18.16 food under subdivision 1 must register annually with the commissioner. The annual
18.17 registration fee is \$50. An ~~individual~~ eligible entity with \$5,000 or less in annual gross
18.18 receipts from the sale of exempt food under this section is not required to pay the registration
18.19 fee.
- 18.20 **Subd. 5. Training.** (a) An ~~individual~~ eligible entity with gross receipts between \$5,000
18.21 and \$18,000 in a calendar year from the sale of exempt food under this section must complete

18.22 a safe food handling training course that is approved by the commissioner before registering
 18.23 under subdivision 4. The training shall not exceed eight hours and must be completed every
 18.24 three years while the ~~individual~~ eligible entity is registered under subdivision 4.

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

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

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

19.5 Subd. 8. **Insurance required.** The commissioner must not register a limited liability
 19.6 company under subdivision 4 unless the limited liability company furnishes sufficient proof
 19.7 that it maintains liability insurance coverage of at least \$1,000,000. The insurance must
 19.8 cover a period of time at least equal to the term of the registration. The commissioner must
 19.9 immediately suspend the registration of a limited liability company that fails to maintain
 19.10 the required insurance. The insurance policy must contain a provision requiring the insurance
 19.11 company to notify the commissioner no later than ten days before the effective date of any
 19.12 cancellation, termination, or other material change to the insurance coverage. If there is
 19.13 recovery against the insurance, the limited liability company must secure additional coverage
 19.14 if necessary to maintain coverage of at least \$1,000,000.

19.15 Sec. 6. Minnesota Statutes 2016, section 28A.16, is amended to read:

19.16 **28A.16 PERSONS SELLING LIQUOR.**

19.17 (a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01
 19.18 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent
 19.19 malt liquor "on-sale" as provided in section 340A.403, or to persons licensed to sell
 19.20 intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407,
 19.21 provided that these persons sell only ice manufactured and packaged by another, or bottled
 19.22 or canned soft drinks and prepacked candy at retail.

19.23 (b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner
 19.24 must exclude all gross sales of off-sale alcoholic beverages when determining the applicable

309.22 Sec. 12. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

309.23 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 309.24 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
 309.25 less from the state border, raw materials may be sourced from within a 100-mile radius.
 309.26 Raw materials must be from agricultural or forestry sources or from solid waste. The facility
 309.27 must be located in Minnesota, must begin production at a specific location by June 30, 2025,
 309.28 and must not begin operating above ~~23,750~~ 1,500 MMbtu of quarterly advanced biofuel
 309.29 production before July 1, 2015. Eligible facilities include existing companies and facilities
 309.30 that are adding advanced biofuel production capacity, or retrofitting existing capacity, as
 309.31 well as new companies and facilities. Production of conventional corn ethanol and
 309.32 conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at
 309.33 least ~~23,750~~ 1,500 MMbtu of advanced biofuel quarterly.

310.1 (b) No payments shall be made for advanced biofuel production that occurs after June
 310.2 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

19.25 license fee under section 28A.08, subdivision 3. For purposes of this paragraph, "exclusive
 19.26 liquor store" and "alcoholic beverage" have the meanings given in section 340A.101.

19.27 Sec. 7. Minnesota Statutes 2016, section 41A.15, is amended by adding a subdivision to
 19.28 read:

19.29 Subd. 2c. **Biomass.** "Biomass" means any organic matter that is available on a renewable
 19.30 or recurring basis, including agricultural crops and trees, wood and wood waste and residues,
 19.31 plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic
 19.32 portion of solid wastes.

20.1 Sec. 8. Minnesota Statutes 2016, section 41A.15, subdivision 10, is amended to read:

20.2 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with bio-based~~
 20.3 ~~content,~~ polymer, monomer, plastic, or composite material that is entirely produced from
 20.4 biomass.

20.5 Sec. 9. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

20.6 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 20.7 source ~~from Minnesota at least 80 percent raw materials from Minnesota.~~ of the biomass
 20.8 used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from
 20.9 the state border, raw materials biomass used to produce an advanced biofuel may be sourced
 20.10 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from
 20.11 within a 100-mile radius of the facility or from within Minnesota. Raw materials must be
 20.12 from agricultural or forestry sources or from solid waste. The facility must be located in
 20.13 Minnesota, must begin production at a specific location by June 30, 2025, and must not
 20.14 begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July
 20.15 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced
 20.16 biofuel production capacity, or retrofitting existing capacity, as well as new companies and
 20.17 facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible.
 20.18 Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced
 20.19 biofuel quarterly.

20.20 (b) No payments shall be made for advanced biofuel production that occurs after June
 20.21 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

310.7 (e) Renewable chemical production for which payment has been received under section
 310.8 41A.17, and biomass thermal production for which payment has been received under section
 310.9 41A.18, are not eligible for payment under this section.

310.10 (f) Biobutanol is eligible under this section.

310.11 Sec. 13. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

310.12 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to
 310.13 eligible producers of advanced biofuel. The amount of the payment for each eligible
 310.14 producer's annual production is \$2.1053 per MMBtu for advanced biofuel production from
 310.15 cellulosic biomass, and \$1.053 per MMBtu for advanced biofuel production from sugar ~~or~~₂
 310.16 starch, oil, or animal fat at a specific location for ten years after the start of production.

310.17 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
 310.18 not exceed the amount necessary for 2,850,000 MMBtu of biofuel production. Total payments
 310.19 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
 310.20 necessary for 17,100,000 MMBtu of biofuel production. The commissioner shall award
 310.21 payments on a first-come, first-served basis within the limits of available funding.

310.22 (c) For purposes of this section, an entity that holds a controlling interest in more than
 310.23 one advanced biofuel facility is considered a single eligible producer.

310.24 Sec. 14. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

310.25 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program must
 310.26 source at least 80 percent of the biobased content used to produce a renewable chemical
 310.27 from the state of Minnesota. If a facility is sited 50 miles or less from the state border, the
 310.28 facility must source at least 80 percent of the biobased content must be sourced used to
 310.29 produce a renewable chemical from within a 100-mile radius of the facility. Biobased content
 310.30 must be from agricultural or forestry sources or from solid waste. The facility must be
 310.31 located in Minnesota, must begin production at a specific location by June 30, 2025, and
 310.32 must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly before January
 311.1 1, 2015. Eligible facilities include existing companies and facilities that are adding production
 311.2 capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible
 311.3 renewable chemical facilities must produce at least ~~750,000~~ 250,000 pounds of renewable
 311.4 chemicals quarterly. Renewable chemicals produced through processes that are fully
 311.5 commercial before January 1, 2000, are not eligible.

311.6 (b) No payments shall be made for renewable chemical production that occurs after June
 311.7 30, 2035, for those eligible renewable chemical producers under paragraph (a).

20.26 (e) Renewable chemical production for which payment has been received under section
 20.27 41A.17, and biomass thermal production for which payment has been received under section
 20.28 41A.18, are not eligible for payment under this section.

20.29 (f) Biobutanol is eligible under this section.

20.30 Sec. 10. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

20.31 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to
 20.32 eligible producers of advanced biofuel. The amount of the payment for each eligible
 21.1 producer's annual production is \$2.1053 per MMBtu for advanced biofuel production from
 21.2 cellulosic biomass, and \$1.053 per MMBtu for advanced biofuel production from sugar ~~or~~₂
 21.3 starch, oil, or animal fat at a specific location for ten years after the start of production.

21.4 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
 21.5 not exceed the amount necessary for 2,850,000 MMBtu of biofuel production. Total payments
 21.6 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
 21.7 necessary for 17,100,000 MMBtu of biofuel production. The commissioner shall award
 21.8 payments on a first-come, first-served basis within the limits of available funding.

21.9 (c) For purposes of this section, an entity that holds a controlling interest in more than
 21.10 one advanced biofuel facility is considered a single eligible producer.

21.11 Sec. 11. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

21.12 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section
 21.13 must source from Minnesota at least 80 percent biobased content from Minnesota, of the
 21.14 biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or
 21.15 less from the state border, biobased content must biomass used to produce a renewable
 21.16 chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the
 21.17 biomass is sourced from within a 100-mile radius of the facility or from within Minnesota.
 21.18 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The
 21.19 facility must be located in Minnesota, must begin production at a specific location by June
 21.20 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly
 21.21 before January 1, 2015. Eligible facilities include existing companies and facilities that are
 21.22 adding production capacity, or retrofitting existing capacity, as well as new companies and
 21.23 facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000
 21.24 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes
 21.25 that are fully commercial before January 1, 2000, are not eligible.

21.26 (b) No payments shall be made for renewable chemical production that occurs after June
 21.27 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

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

311.12 (e) Advanced biofuel production for which payment has been received under section
311.13 41A.16, and biomass thermal production for which payment has been received under section
311.14 41A.18, are not eligible for payment under this section.

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

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

22.1 (e) Advanced biofuel production for which payment has been received under section
22.2 41A.16, and biomass thermal production for which payment has been received under section
22.3 41A.18, are not eligible for payment under this section.

22.4 Sec. 12. Minnesota Statutes 2016, section 41A.18, subdivision 1, is amended to read:

22.5 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
22.6 source from Minnesota at least 80 percent raw materials from Minnesota. of the biomass
22.7 used for biomass thermal production, except that, if a facility is sited 50 miles or less from
22.8 the state border, raw materials should biomass used for biomass thermal production may
22.9 be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is
22.10 sourced from within a 100-mile radius of the facility, or from within Minnesota. Raw
22.11 materials Biomass must be from agricultural or forestry sources. The facility must be located
22.12 in Minnesota, must have begun production at a specific location by June 30, 2025, and must
22.13 not begin before July 1, 2015. Eligible facilities include existing companies and facilities
22.14 that are adding production capacity, or retrofitting existing capacity, as well as new
22.15 companies and facilities. Eligible biomass thermal production facilities must produce at
22.16 least 250 MMbtu of biomass thermal quarterly.

22.17 (b) No payments shall be made for biomass thermal production that occurs after June
22.18 30, 2035, for those eligible biomass thermal producers under paragraph (a).

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

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

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

22.27 Sec. 13. Minnesota Statutes 2016, section 41B.056, subdivision 2, is amended to read:

22.28 Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

22.29 (b) "Intermediary" means any lending institution or other organization of a for-profit or
 22.30 nonprofit nature that is in good standing with the state of Minnesota that has the appropriate
 22.31 business structure and trained personnel suitable to providing efficient disbursement of loan
 22.32 funds and the servicing and collection of loans.

23.1 (c) "Specialty crops" means crops produced in an aquaculture system and agricultural
 23.2 crops, such as annuals, flowers, perennials, and other horticultural products, that are
 23.3 intensively cultivated.

23.4 (d) "Eligible livestock" means fish produced in an aquaculture system, beef cattle, dairy
 23.5 cattle, swine, poultry, goats, mules, farmed Cervidae, Ratitae, bison, sheep, horses, and
 23.6 llamas.

23.7 Sec. 14. **41B.058] RURAL ENERGY FEASIBILITY PROGRAM.**

23.8 Subdivision 1. Establishment. The authority must establish a rural energy feasibility
 23.9 loan program to provide feasibility study loans to farmers, local units of government,
 23.10 municipalities, and nonprofit entities to explore feasibility of renewable energy projects.

23.11 Subd. 2. Loan criteria. (a) The authority may impose a reasonable, nonrefundable
 23.12 application fee for a rural energy feasibility loan. The authority may review the fee annually
 23.13 and make adjustments as necessary. The initial application fee is \$50. Application fees
 23.14 received by the authority must be deposited in the Rural Finance Authority administrative
 23.15 account established in section 41B.03.

23.16 (b) Standards for loan amortization must be set by the authority and must not exceed
 23.17 five years.

23.18 (c) The borrower must demonstrate ability to repay the loan.

23.19 (d) Loans under this program must be made using money in the revolving loan account
 23.20 established in section 41B.06.

23.21 Subd. 3. Loan participation. The authority may participate in a rural energy feasibility
 23.22 loan with an eligible lender, as defined in section 41B.02, subdivision 8. Participation is
 23.23 limited to 90 percent of the principal amount of the loan or \$50,000 per project, whichever
 23.24 is less.

23.25 Sec. 15. Minnesota Statutes 2016, section 41B.06, is amended to read:

23.26 **41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.**

311.15 Sec. 15. Minnesota Statutes 2016, section 103H.275, subdivision 1, is amended to read:

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

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

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

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

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

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

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

23.27 There is established in the rural finance administration fund a Rural Finance Authority
23.28 revolving loan account that is eligible to receive appropriations and the transfer of loan
23.29 funds from other programs. All repayments of financial assistance granted from this account,
23.30 including principal and interest, must be deposited into this account. Interest earned on
23.31 money in the account accrues to the account, and the money in the account is appropriated
24.1 to the commissioner of agriculture for purposes of the Rural Finance Authority livestock
24.2 equipment, methane digester, disaster recovery, value-added agricultural product,
24.3 agroforestry, agricultural microloan, ~~and~~ farm opportunity loan, and rural energy feasibility
24.4 programs, including costs incurred by the authority to establish and administer the programs.

24.5 Sec. 16. Minnesota Statutes 2016, section 103H.275, subdivision 1, is amended to read:

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

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

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

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

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

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

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