ARTICLE 2

AGRICULTURE POLICY

Section 1. [17.033] LICENSE AND PERMIT SURCHARGES. The commissioner may collect license and permit surcharges on all licensing and permitting transactions conducted by the Department of Agriculture for which a fee is charged. The surcharge applies to all initial and renewal license and permit applications and is calculated based on the license or permit base fee. Late penalties or other assessments are not included in the calculation of the surcharge. The fee is set at five percent beginning August 1, 2023, with a minimum fee of $5 for each transaction. The surcharge rate must be reviewed and set annually by the commissioner and may be assessed at a rate of between three and eight percent of the licensing or permitting fee, with a minimum fee of $5 for each transaction. The fees collected for this surcharge must be deposited in a dedicated account in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for the information technology improvement activities needed to create electronic systems for conducting licensing and permitting transactions and to modernize the department’s inspection and customer management systems.

Sec. 2. Minnesota Statutes 2022, section 17.055, subdivision 1, is amended to read:

Subdivision 1. Emerging farmer working group. To advise the commissioner and legislature regarding the development and implementation of programs and initiatives that support emerging farmers in this state, the commissioner must periodically convene a working group consisting, to the extent possible, of persons who are; and organizations that represent; farmers or aspiring farmers who are women, veterans, persons with disabilities, American Indian or Alaskan Natives, members of a community of color, young, and lesbian, gay, bisexual, transgender, queer, intersex, or asexual (LGBTQIA+), or urban, and any other emerging farmers as determined by the commissioner. No later than January 15 each year, the commissioner must update the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture regarding the working group’s activities and recommendations.

Sec. 3. Minnesota Statutes 2022, section 17.055, is amended by adding a subdivision to read:

Subd. 2a. Emerging Farmers Office. The Emerging Farmers Office exists to support emerging farmers. For purposes of this subdivision, “emerging farmer” has the meaning given in subdivision 1. At a minimum, the office must coordinate the emerging farmer working group under subdivision 1 and the beginning farmer equipment and infrastructure grant program under subdivision 3.
Sec. 4. Minnesota Statutes 2022, section 17.055, is amended by adding a subdivision to read:

Subd. 3. Beginning farmer equipment and infrastructure grants. (a) The commissioner may award and administer equipment and infrastructure grants to beginning farmers. The commissioner shall give preference to applicants who are emerging farmers as defined in subdivision 1. Grant money may be used for equipment and infrastructure development. 

(b) The commissioner shall develop competitive eligibility criteria and may allocate grants on a needs basis.

(c) Grant projects may continue for up to two years.

Sec. 5. Minnesota Statutes 2022, section 17.055, is amended by adding a subdivision to read:

Subd. 4. Report. No later than February 1 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture regarding the emerging farmer working group's activities, recommendations, and any grants awarded under this section.

Sec. 6. Minnesota Statutes 2022, section 17.1016, subdivision 2, is amended to read:

Subd. 2. Grant program. (a) The commissioner may establish and implement a grant program to help farmers finance new cooperatives that organize for purposes of operating an agricultural product processing facility or marketing an agricultural product or agricultural service.

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

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

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

(3) be operated primarily to process agricultural commodities or market agricultural products or services produced in Minnesota; and

(4) receive agricultural commodities produced primarily by shareholders or members of the cooperative; and

(5) not allow nonpatron voting rights.

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

(d) Grants must be matched dollar-for-dollar with other money or in-kind contributions.

Sec. 7. Minnesota Statutes 2022, section 17.116, subdivision 3, is amended to read:

Subd. 3. Awarding of grants. (a) Applications for grants must be made to the
commissioner on forms prescribed by the commissioner:

(b) The applications must be reviewed, ranked, and recommended by a technical review
panel appointed by the commissioner. The technical review panel shall consist of a soil
scientist, an agronomist, a representative from a postsecondary educational institution, an
agricultural marketing specialist, two resident farmers of the state using sustainable
agriculture methods, two resident farmers of the state using organic agriculture methods,
and a chair from the department.

(c) The technical review panel shall rank applications according to the following criteria:

1. direct or indirect energy savings or production;
2. environmental benefit;
3. farm profitability;
4. the number of farms able to apply the techniques or the technology proposed;
5. the effectiveness of the project as a demonstration;
6. the immediate transferability of the project to farms; and
7. the ability of the project to accomplish its goals.

(d) The commissioner shall consider the recommendations of the technical review panel
and may award grants for eligible projects. Priority must be given to applicants who are
farmers or groups of farmers.

(e) Grants for eligible projects may not exceed $25,000 unless the portion above $25,000
is matched on an equal basis by the applicant's cash or in-kind land use contribution.

(f) A project may continue for up to three years. Multiyear projects must be reevaluated
by the technical review panel and the commissioner before second or third year funding is
approved. A project is limited to one grant for its funding.
Sec. 2. Minnesota Statutes 2022, section 17.133, subdivision 2, is amended to read:

Subd. 2. **Grants.** The commissioner may award farm down payment assistance grants of up to $15,000 per eligible farmer. An eligible farmer must match the grant with at least an equivalent amount. Each award must be matched with at least $5,000 of other funding. The commissioner must accept grant applications for at least 30 days. An eligible farmer must commit to own and farm the land purchased with assistance provided under this section for at least five years. For each year that a grant recipient does not own and farm the land during the five-year period, the grant recipient must pay a penalty to the commissioner equal to 20 percent of the grant amount.

Sec. 8. Minnesota Statutes 2022, section 17.133, subdivision 3, is amended to read:

Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture and rural development, in compliance with sections 3.195 and 3.197, on the farm down payment assistance grants under this section. The report must include:

1. background information on beginning farmers in Minnesota and any other information that the commissioner and authority find relevant to evaluating the effect of the grants on increasing opportunities for and the number of beginning farmers;
2. the number and amount of grants;
3. the geographic distribution of grants by county;
4. the number of grant recipients who are emerging farmers;
5. disaggregated data regarding the gender, race, and ethnicity of grant recipients;
6. (6) the number of farmers who cease to own land and are subject to payment of a penalty, along with the reasons for the land ownership cessation; and
7. (7) the number and amount of grant applications that exceeded the allocation available in each year.

Sec. 9. [17.134] **SOIL HEALTH FINANCIAL ASSISTANCE PROGRAM.**

Subdivision 1. **Establishment.** The commissioner must establish and administer a program to support healthy soil management practices in accordance with this section.

Subd. 2. **Eligible projects.** The commissioner may award a grant under this section for any project on agricultural land in Minnesota that will:
(1) increase the quantity of organic carbon in soil through practices, including but not limited to reduced tillage, cover cropping, manure management, precision agriculture, crop rotations, and changes in grazing management;

(2) integrate perennial vegetation into the management of agricultural lands;

(3) reduce nitrous oxide and methane emissions through changes to livestock, soil management, or nutrient optimization;

(4) increase the usage of precision agricultural practices;

(5) enable the development of site-specific management plans; or

(6) enable the purchase of equipment, parts and materials, technology, subscriptions, technical assistance, seeds, seedlings, or amendments that will further any of the purposes in clauses (1) to (5).

Subd. 3. Grant eligibility. Any owner or lessee of farmland may apply for a grant under this section. Local government units, including cities, towns, counties, soil and water conservation districts, Tribal Nations, and joint powers boards, are also eligible for a grant. A local government unit that receives a grant for equipment or technology must make those purchases available for use by the public.

Subd. 4. Report. By January 15 each year, the commissioner must submit a report on the grants awarded under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The report must include the number of grants awarded by county and the combined value of those grants.

Subd. 5. Administrative costs. The commissioner may use up to five percent of any funds appropriated for this program for costs incurred to administer the program.

Sec. 10. Minnesota Statutes 2022, section 18B.01, subdivision 2b, is amended to read:

Subd. 2b. Bee owner. "Bee owner" means a person who owns an apiary a bee colony or colonies.

Sec. 11. Minnesota Statutes 2022, section 18B.01, is amended by adding a subdivision to read:

Subd. 2c. Bee kill incident. "Bee kill incident" means an acute pesticide poisoning of a bee colony or colonies located within one-half mile of each other at a single time point.

Sec. 12. Minnesota Statutes 2022, section 18B.01, is amended by adding a subdivision to read:

Subd. 18a. Pesticide-treated seed. "Pesticide-treated seed" means seed that has a pesticide directly applied to the seed before planting and is classified by the United States Department of Agriculture.
Environmental Protection Agency as a treated article under Code of Federal Regulations; title 40, section 152.25(a), and exempt from regulation under the federal Insecticide, Fungicide, and Rodenticide Act.

Sec. 13. Minnesota Statutes 2022, section 18B.01, is amended by adding a subdivision to read:

Subd. 30b. Systemic pesticide. "Systemic pesticide" means a pesticide designed to be absorbed by plants and translocated throughout plant tissue. Systemic pesticides include:

1. acetamiprid, dinotefuran, clothianidin, thiamethoxam, imidacloprid, nitenpyram, thiacloprid, fipronil, flupyradifurone, sulfoxaflor, cyantraniliprole, or chlorantraniliprole;

2. any other pesticide determined by the commissioner to be a systemic pesticide, including any chemical belonging to the neonicotinoid or anthranilic diamide class.

Sec. 14. Minnesota Statutes 2022, section 18B.03, subdivision 1, is amended to read:

Subdivision 1. Administration by commissioner. The commissioner shall administer, implement, and enforce this chapter and the Department of Agriculture is the lead state agency for the regulation of pesticides and pesticide-treated seed. The commissioner has the sole regulatory authority over the terrestrial application of pesticides, including, but not limited to, the application of pesticides to agricultural crops, structures, and other nonaquatic environments. Except as provided in subdivision 3, a state agency other than the Department of Agriculture shall not regulate or require permits for the terrestrial or nonaquatic application of pesticides.

Sec. 15. Minnesota Statutes 2022, section 18B.04, is amended to read:

18B.04 PESTICIDE IMPACT ON ENVIRONMENT.

(a) The commissioner shall:

1. determine the impact of pesticides and pesticide-treated seed on the environment, including the impacts on surface water and groundwater in this state;

2. develop best management practices involving pesticide or pesticide-treated seed distribution, storage, handling, use, and disposal; and

3. cooperate with and assist other state agencies and local governments to protect public health, pollinators, and the environment from harmful exposure to pesticides.

(b) The commissioner may assemble a group of experts under section 16C.10, subdivision 2, to consult in the investigation of pollinator deaths or illnesses. The group of experts may include representatives from local, state, and federal agencies; academia; including the University of Minnesota; the state pollinator bank; or other professionals as deemed necessary by the commissioner. The amount necessary for the purposes of this paragraph, not to exceed...
$100,000 per fiscal year, is appropriated from the pesticide regulatory account in section 18B.05.

Sec. 16. Minnesota Statutes 2022, section 18B.051, is amended to read:

18B.051 POLLINATOR RESEARCH ACCOUNT.

Subdivision 1. Account established. A pollinator research account is established in the agricultural fund. Money in the account, including interest, is appropriated to the Board of Regents of the University of Minnesota for pollinator research and outreach, including but not limited to science-based best practices and the identification and establishment of habitat beneficial to pollinators:

1) the identification and establishment of habitat beneficial to pollinators;
2) the development and promotion of science-based best management practices;
3) the development and promotion of practices that can reduce the effects of pesticides on pollinators;
4) the effects of seed treatments on pollinators; and
5) the development and promotion of integrated pest management, including pest economic thresholds.

The University of Minnesota must select projects in consultation with the Minnesota Department of Agriculture.

Subd. 2. Expiration. This section expires July 1, 2027.

Sec. 17. [18B.052] SYSTEMIC PESTICIDE-TREATED SEED.

Subdivision 1. Systemic pesticide-treated seed program. The commissioner must develop a program for systemic pesticide-treated seed and do the following:

1) develop guidance on appropriate use of systemic pesticide-treated seeds in Minnesota;
2) collaborate with the University of Minnesota and other interested parties to evaluate national and international research on efficacy of seed treatment rates, scouting techniques, pest pressures, economic thresholds, and planting or other technology to determine their applicability to Minnesota-specific conditions;
3) identify the research needs and projects that may be funded to help identify the times and locations where the use of systemic pesticide-treated seed would be effective in addressing a pest problem in Minnesota, including but not limited to consideration of cropping systems, pest pressures, soil types, geographic location, and feasibility of alternatives to systemic pesticide treatments; and
(4) develop science-based best management practices for situations where use of systemic pesticide-treated seed is appropriate in Minnesota. This shall include a process for public comment on proposed BMPs.

Subd. 2. Education and outreach. The commissioner shall, in coordination with the University of Minnesota and other interested parties, develop and disseminate educational materials on best management practices and other related information for the use of systemic pesticide-treated seed and alternatives to the use of systemic pesticide-treated seed.

Subd. 3. Engagement. The commissioner may engage with and provide grants to the University of Minnesota and others in conducting research, demonstration projects, and developing recommended best management practices for the use of pesticide-treated seed.

Sec. 18. [18B.053] PESTICIDE-TREATED SEED RESEARCH ACCOUNT.

A pesticide-treated seed research account is established in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner to provide grants to the University of Minnesota or other parties for research related to the use of pesticide-treated seed and alternatives to the use of pesticide-treated seed. Funding in the account may be used to:

(1) determine situations where the use of pesticide-treated seed is necessary in Minnesota, including but not limited to consideration of cropping systems, pest pressures, soil types, geographic location, and feasibility of alternatives to systemic pesticide treatments;

(2) evaluate nonchemical pest prevention methods that may be used instead of pesticide-treated seed;

(3) develop science-based best management practices for situations where use of systemic pesticide-treated seed is appropriate in Minnesota; and

(4) develop and conduct demonstration, educational, and promotional activities for best management practices and other recommended practices related to the use, or minimization of the use, of pesticide-treated seed.

Sec. 19. Minnesota Statutes 2022, section 18B.055, is amended to read:

18B.055 COMPENSATION FOR BEES KILLED BY PESTICIDE; APPROPRIATION.

Subdivision 1. Compensation required. (a) The commissioner must compensate a person bee owner for an acute pesticide poisoning resulting in the death of bees or loss of bee colonies owned by the person, provided: bee owner.

(1) the person who applied the pesticide cannot be determined;

(2) the person who applied the pesticide did so in a manner consistent with the pesticide product's label or labeling; or
(a) the person who applied the pesticide did so in a manner inconsistent with the pesticide product's label or labeling.

(b) Except as provided in this section, the bee owner is entitled to the fair market value of the dead bees and bee colonies losses as determined by the commissioner upon recommendation by academic experts and beekeepers. In any fiscal year, a bee owner must not be compensated for a claim that is less than $100 or compensated more than $20,000 for all eligible claims; $10,000 for a bee kill incident. A bee owner may only make one claim for a single bee kill incident.

(c) A bee owner must not be compensated more than $20,000 in a fiscal year for bee kill incidents.

(d) To be eligible for compensation under this section, the bee owner and the affected apiary must be registered prior to the bee kill incident with a commonly utilized pesticide registry program, as designated by the commissioner.

Subd. 2. Applicator responsible. In the event a person applies a pesticide in a manner inconsistent with the pesticide product's label or labeling requirements as approved by the commissioner and is determined to have caused the acute pesticide poisoning of bees, resulting in death or loss of a bee colony kept for commercial purposes, then the person so identified must bear the responsibility of restitution for the value of the bees to the owner. In these cases the commissioner must not provide compensation as provided in this section.

Subd. 3. Claim form. Within three months of the commissioner making a determination of whether the death of bees or loss of bee colonies was caused by acute pesticide poisoning, the bee owner must file a claim on forms provided by the commissioner and available on the Department of Agriculture's website.

Subd. 4. Determination. The commissioner must determine whether the death of the bees or loss of bee colonies was caused by an acute pesticide poisoning, whether the pesticide applicator can be determined, and whether the pesticide applicator applied the pesticide product in a manner consistent with the pesticide product's label or labeling.

Subd. 5. Payments; denial of compensation. (a) If the commissioner determines the bee death or loss of bee colony was caused by an acute pesticide poisoning and either the pesticide applicator cannot be determined or the pesticide applicator applied the pesticide product in a manner consistent with the pesticide product's label or labeling, the commissioner may award compensation from the pesticide regulatory account. If the pesticide applicator can be determined and the applicator applied the pesticide product in a manner inconsistent with the product's label or labeling, the commissioner may collect a penalty from the pesticide applicator sufficient to compensate the bee owner for the fair market value of the dead bees and bee colonies losses, and must award the money to the bee owner.

(b) If the commissioner denies compensation claimed by a bee owner under this section, the commissioner must issue a written decision based upon the available evidence. The decision must include specification of the facts upon which the decision is based and

PAGE R9
the conclusions on the material issues of the claim. The commissioner must mail a copy of
the decision to the bee owner:

44.6 (a) A decision to deny compensation claimed under this section is not subject to the
contested case review procedures of chapter 14, but may be reviewed upon a trial de novo
in a court in the county where the loss occurred. The decision of the court may be appealed
as in other civil cases. Review in court may be obtained by filing a petition for review with
the administrator of the court within 60 days following receipt of a decision under this
section. Upon the filing of a petition, the administrator must mail a copy to the commissioner
and set a time for hearing within 90 days of the filing;

44.13 Subd. 6. Deduction from payment. The commissioner must reduce payments made
under this section by any compensation received by the bee owner for dead bees and bee
colonies losses as proceeds from an insurance policy or from another source;

44.16 Subd. 6a. Enhanced penalty factor. If the commissioner determines that a bee death
or loss of bee colony was caused by acute pesticide poisoning, is able to determine the
pesticide applicator that was responsible, and determines that the applicator applied the
pesticide in a manner inconsistent with the product's label or labeling; the commissioner
may add the amount that the bee owner received from the bee owner's claim to any penalty
amount assessed by the commissioner under any penalty actions against the pesticide
applicator under section 18D.315 or 18D.325;

44.23 Subd. 7. Appropriation. The amount necessary to pay claims under this section, not to
exceed $150,000 per fiscal year, is appropriated from the pesticide regulatory account in
section 18B.05;

44.26 Sec. 20. [18B.075] PESTICIDE-TREATED SEED.
A person may not use, store, handle, distribute, or dispose of seed treated with pesticide
in a manner that:

1) endangers humans, food, livestock, fish, or wildlife; or

2) will cause unreasonable adverse effects on the environment;

45.1 Sec. 21. [18B.117] REGISTRATION PROHIBITED,
The commissioner must not register under section 18B.26 a pesticide product that contains
a perfluoroalkyl or polyfluoroalkyl substance as an active or inert ingredient;

EFFECTIVE DATE. This section is effective July 1, 2024;

45.5 Sec. 22. Minnesota Statutes 2022, section 18C.425, subdivision 6, is amended to read:
Subd. 6. Payment of inspection fee. (a) The person who registers and distributes in the
state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall
pay the inspection fee to the commissioner:
(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of 44 64 cents per ton, and until June 30, 2024, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of $10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

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

Sec. 23. Minnesota Statutes 2022, section 18H.02, is amended by adding a subdivision to read:

Subd. 15a. Live plant dealer. "Live plant dealer" means an entity who:

(1) raises, grows, or propagates nursery stock for sale, outdoors or indoors;

(2) acquires and further distributes nursery stock, including through landscaping or distribution with a tree spade; or

(3) operates a business in Minnesota selling nursery stock with or without taking ownership or handling the nursery stock.

Sec. 24. Minnesota Statutes 2022, section 18H.03, subdivision 6, is amended to read:

Subd. 6. Dissemination of information. The commissioner may disseminate information among nursery stock growers or live plant dealers relative to treatment of nursery stock in both prevention and elimination of attack by plant pests and diseases.

Sec. 25. Minnesota Statutes 2022, section 18H.05, is amended to read:

18H.05 NURSERY CERTIFICATE REQUIREMENTS.

(a) No person may offer for sale or distribute certified nursery stock as a nursery stock grower or live plant dealer without first obtaining the appropriate nursery stock certificate from the commissioner. The commissioner may not issue a certificate to a person who does not sell certified nursery stock. Certificates are issued solely for these purposes and may not be used for other purposes.

(b) A certificate issued by the commissioner expires on December 31 of the year it is issued.
(e) A person required to be certified by this section must apply for a certificate or for renewal on a form furnished by the commissioner which must contain:

1. the name and address of the applicant, the number of locations to be operated by the applicant and their addresses, and the assumed business name of the applicant;
2. if other than an individual, a statement whether a person is a partnership, corporation, or other organization;
3. the type of business to be operated and, if the applicant is an agent, the principals the applicant represents; and
4. source or sources of purchased nursery stock.

(d) No person may:

1. falsely claim to be a certified live plant dealer, grower, broker, or agent;
2. make willful false statements when applying for a certificate; or
3. sell or distribute certified nursery stock to an uncertified nursery stock live plant dealer who is required to be certified or nursery stock grower.

(e) Each application for a certificate must be accompanied by the appropriate certificate fee under section 18H.07.

(f) Certificates issued by the commissioner must be prominently displayed to the public in the place of business where certified nursery stock is sold or distributed.

(g) The commissioner may refuse to issue a certificate for cause.

(h) Each grower or live plant dealer is entitled to one sales location under the certificate of the grower or dealer. Each additional sales location maintained by the person requires the payment of the full certificate fee for each additional sales outlet.

(i) A grower who is also a dealer is certified only as a grower for that specific site.

(j) A certificate is personal to the applicant and may not be transferred. A new certificate is necessary if the business entity is changed or if the membership of a partnership is changed, whether or not the business name is changed.

(k) The certificate issued to a live plant dealer or grower applies to the particular premises named in the certificate. However, if prior approval is obtained from the commissioner, the place of business may be moved to the other premises or location without an additional certificate fee.

(l) A collector of nursery stock from the wild is required to obtain a dealer's live plant dealer certificate from the commissioner and is subject to all the requirements that apply to the inspection of nursery stock. All collected nursery stock must be labeled as "collected from the wild."
Sec. 26. Minnesota Statutes 2022, section 18H.07, is amended by adding a subdivision to read:

Subd. 3a. New live plant dealer certificate. An entity that was not distributing certified nursery stock for the past two full calendar years is considered a new applicant for the basis of fee determination. A new live plant dealer must pay the following fees:

1. $50 fee for a live plant dealer certificate that allows for one retail sales location. A $50 certificate is required for each additional retail sales location;
2. A live plant dealer growing nursery stock requires an inspection for certification of that nursery stock prior to sale of the nursery stock and must be assessed an additional charge of $100 plus $10 per acre up to 200 acres. Acreage to be certified should be rounded to the nearest one acre. For the basis of fee determination, “growing nursery stock” means the purchase of seeds, seedlings, or small plants and the cultivation of the plants in fields or containers in Minnesota for eventual sale, including cutting, splitting, and propagating plants.

Sec. 27. Minnesota Statutes 2022, section 18H.07, is amended by adding a subdivision to read:

Subd. 3b. Live plant dealer renewal certificate. (a) A renewal certificate is for a live plant dealer that has had a certificate in at least one of the past two full calendar years. A live plant dealer must pay an annual fee based on the following criteria:

1. A $50 fee for a live plant dealer certificate that allows for one retail sales location;
2. A fee of gross annual purchases of certified nursery stock as noted in the table below with the intent to resell in the same year. These are plants that are watered and maintained only for the purposes of keeping the plants alive. Gross annual purchases are calculated for nursery stock purchases from January 1 through December 31 of the most recent certificate year according to the following table:

<table>
<thead>
<tr>
<th>Purchases</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $3,000</td>
<td>$0</td>
</tr>
<tr>
<td>$3,001 to $10,000</td>
<td>$50</td>
</tr>
<tr>
<td>$10,001 to $20,000</td>
<td>$100</td>
</tr>
<tr>
<td>$20,001 to $50,000</td>
<td>$225</td>
</tr>
<tr>
<td>$50,001 to $100,000</td>
<td>$425</td>
</tr>
<tr>
<td>$100,001</td>
<td>to $150,000</td>
</tr>
<tr>
<td>$150,001</td>
<td>to $200,000</td>
</tr>
<tr>
<td>$200,001</td>
<td>to $300,000</td>
</tr>
<tr>
<td>$300,001</td>
<td>to $400,000</td>
</tr>
<tr>
<td>$400,001</td>
<td>to $500,000</td>
</tr>
<tr>
<td>$500,001</td>
<td>to $600,000</td>
</tr>
<tr>
<td>$600,001</td>
<td>to $700,000</td>
</tr>
<tr>
<td>$700,001</td>
<td>to $800,000</td>
</tr>
<tr>
<td>$800,001</td>
<td>to $900,000</td>
</tr>
<tr>
<td>$900,001</td>
<td>to $1,000,000</td>
</tr>
<tr>
<td>$1,000,001</td>
<td>to $2,000,000</td>
</tr>
<tr>
<td>$2,000,001</td>
<td>to $3,000,000</td>
</tr>
<tr>
<td>$3,000,001 or more</td>
<td></td>
</tr>
</tbody>
</table>

(3) A live plant dealer growing nursery stock requires an inspection for certification of that nursery stock prior to sale and must be assessed an additional charge of $100 plus $10 per acre up to 200 acres. Acreage to be certified should be rounded to the nearest one acre.

For the basis of fee determination, "growing nursery stock" is the purchase of seeds, seedlings, or small plants and the cultivation of plants in fields or containers in Minnesota for eventual sale, including cutting, splitting, and propagating plants.

(b) In addition to the fees in paragraph (a), a penalty of 25 percent of the fee due may be charged or a portion thereof, if the fee is delinquent or any application for renewal is not postmarked or electronically date stamped by December 31 of the current year.

(c) A live plant dealer operating without a valid certificate must not offer nursery stock for sale or sell nursery stock until a certificate is issued to the live plant dealer by the commissioner and the live plant dealer has paid any applicable fees and penalties in full.

Sec. 28. Minnesota Statutes 2022, section 18H.08, subdivision 2, is amended to read:

Subd. 2. Virus disease-free certification. The commissioner may provide special services such as virus disease-free certification and other similar programs. Participation by nursery stock growers, live plant dealers is voluntary. Plants offered for sale as certified virus-free must be grown according to certain procedures in a manner defined by the
commissioner for the purpose of eliminating viruses and other injurious disease or insect pests. The commissioner shall collect reasonable fees from participating nursery stock growers, live plant dealers, and nursery stock growers for services and materials that are necessary to conduct this type of work.

Sec. 29. Minnesota Statutes 2022, section 18H.09, is amended to read:

18H.09 NURSERY STOCK CERTIFICATION REQUIREMENTS.

(a) All nursery stock growing at sites identified by nursery stock dealers or nursery stock growers, live plant dealers, and submitted for inspection must be inspected by the commissioner within the previous 12 months prior to sale and found apparently free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. The commissioner may waive a site inspection under the following conditions:

(1) the nursery stock is not going to be sold within 12 months;

(2) the nursery stock will not be moved out of Minnesota; and

(3) the nursery site or stock is not subject to certification requirements associated with a state or federally regulated or quarantined plant pest.

All nursery stock originating from out of state and offered for sale in Minnesota must have been inspected by the appropriate state or federal agency during the previous 12 months and found free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. A nursery stock certificate is valid from January 1 to December 31.

(b) Nursery stock must be accessible to the commissioner for inspection during regular business hours. Weeds or other growth that hinder a proper inspection are grounds to suspend or withhold a certificate or require a reinspection.

(c) Inspection reports issued to live plant dealers must contain a list of the plant pests found at the time of inspection. Withdrawal-from-distribution orders are considered part of the inspection reports. A withdrawal-from-distribution order must contain a list of plants withdrawn from distribution and the location of the plants.

(d) The commissioner may post signs to delineate sections withdrawn from distribution. These signs must remain in place until the commissioner removes them or grants written permission to the grower to remove the signs.

(e) Inspection reports issued to live plant dealers must outline the violations involved and corrective actions to be taken including withdrawal-from-distribution orders which would specify nursery stock that could not be distributed from a certain area.
(f) Optional inspections of plants may be conducted by the commissioner upon request by any persons desiring an inspection. A fee as provided in section 18H.07 must be charged for such an inspection.

Sec. 30. Minnesota Statutes 2022, section 18H.13, subdivision 3, is amended to read:

Subd. 3. Reciprocal agreements. The commissioner may cooperate with and enter into reciprocal agreements with other states regarding licensing and movement of nursery stock. Reciprocal agreements with other states do not prevent the commissioner from prohibiting the distribution in Minnesota of any nursery stock that fails to meet minimum criteria for nursery stock of Minnesota certified growers, dealers, or both live plant dealers. An official directory of certified nurseries and related nursery industry businesses from other states is acceptable in lieu of individual nursery certificates.

Sec. 31. Minnesota Statutes 2022, section 18H.15, is amended to read:

18H.15 VIOLATIONS.

(a) A person who offers to distribute nursery stock that is uncertified, uninspected, or falsely labeled or advertised possesses an illegal regulated commodity that is considered infested or infected with harmful plant pests and subject to regulatory action and control. If the commissioner determines that the provisions of this section have been violated, the commissioner may order the destruction of all of the plants unless the person:

1. provides proper phytosanitary preclearance, phytosanitary certification, or nursery stock certification;
2. agrees to have the plants, plant materials, or nursery stock returned to the consignor; and
3. provides proper documentation, certification, or compliance to support advertising claims;

(b) The plant owner is liable for all costs associated with a withdrawal-from-distribution order or the quarantine, treatment, or destruction of plants. The commissioner is not liable for actual or incidental costs incurred by a person due to the commissioner’s actions. The commissioner must be reimbursed by the owner of the plants for the actual expenses incurred in carrying out a withdrawal-from-distribution order or the quarantine, treatment, or destruction of any plants.

(c) It is unlawful for a person to:

1. misrepresent, falsify, or knowingly distribute, sell, advertise, or display damaged, mislabeled, misrepresented, infested, or infected nursery stock;
2. fail to obtain a nursery certificate as required by the commissioner;
3. fail to renew a nursery certificate, but continue business operations;
(4) fail to display a nursery certificate;
(5) misrepresent or falsify a nursery certificate;
(6) refuse to submit to a nursery inspection;
(7) fail to provide the cooperation necessary to conduct a successful nursery inspection;
(8) offer for sale uncertified plants, plant materials, or nursery stock;
(9) possess an illegal regulated commodity;
(10) violate or disobey a commissioner's order;
(11) violate a quarantine issued by the commissioner;
(12) fail to obtain phytosanitary certification for plant material or nursery stock brought into Minnesota;
(13) deface, mutilate, or destroy a nursery stock certificate, phytosanitary certificate, or phytosanitary preclearance certificate, or other commissioner mark, permit, or certificate;
(14) fail to notify the commissioner of an uncertified shipment of plants, plant materials, or nursery stock;
(15) transport uncertified plants, plant materials, or nursery stock in Minnesota; or
(16) sell nursery stock to an uncertified live plant dealer who is required to be certified.

Sec. 32. Minnesota Statutes 2022, section 18K.04, subdivision 1, is amended to read:

Subdivision 1. Requirement; issuance; presumption. (a) A person must obtain a license from the commissioner before (1) growing industrial hemp for commercial or research purposes, and (2) before processing industrial hemp for commercial purposes, or (3) researching industrial hemp.
(b) To obtain a license under paragraph (a), a person must apply to the commissioner in the form prescribed by the commissioner and must pay the annual registration and inspection fee established by the commissioner in accordance with section 16A.1285, subdivision 2.
(c) For a license to grow industrial hemp for commercial or research purposes, the license application must include the name and address of the applicant and the legal description of the land area or areas where industrial hemp will be grown by the applicant and any other information required under Code of Federal Regulations, title 7, part 990.
(d) For a license to process industrial hemp for commercial purposes, the license application must include the name and address of the applicant, the legal description of the processing location, and any other information required by the commissioner.
(a) A licensee is responsible for compliance with the license requirements irrespective of the acts or omissions of an authorized representative acting on behalf of the licensee.

(f) When an applicant has paid the fee and completed the application process to the satisfaction of the commissioner, the commissioner must issue a license which is valid until December 31 of the year of application.

(g) A person licensed under paragraph (a) to grow industrial hemp is presumed to be growing industrial hemp for commercial or research purposes.

Subd. 2. Background check; data classification. The commissioner must require each first-time applicant for a license to submit to a background investigation conducted by the Bureau of Criminal Apprehension as a condition of licensure. Any first-time authorized representatives designated by the applicant must also submit to a background investigation. As part of the background investigation, the Bureau of Criminal Apprehension must conduct criminal history checks of Minnesota records and is authorized to exchange fingerprints with the United States Department of Justice; Federal Bureau of Investigation for the purpose of a criminal background check of the national files. The cost of the investigation must be paid by the applicant. Criminal history records provided to the commissioner under this section must be treated as private data on individuals, as defined in section 13.02, subdivision 12.

Sec. 34. Minnesota Statutes 2022, section 18K.06, is amended to read: 18K.06 RULEMAKING.

(a) The commissioner shall adopt rules governing the production, testing, processing, and licensing of industrial hemp. Notwithstanding section 14.125, the commissioner’s authority to adopt these rules expires June 30, 2022. Notwithstanding the two-year limitation for exempt rules under section 14.388, subdivision 1, Minnesota Rules, chapter 1565, published in the State Register on August 16, 2021, is effective until August 16, 2025, or until permanent rules implementing chapter 18K are adopted, whichever occurs first.

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

1. The supervision and inspection of industrial hemp during its growth and harvest;
2. The testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;
3. The use of background check results required under section 18K.04 to approve or deny a license application; and
4. Any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp;
Sec. 35. [18K.10] HEMP FIBER PROCESSING EQUIPMENT GRANTS.

The commissioner must award grants to licensed processors that increase the state's capacity to process industrial hemp fiber. Grants are limited to no more than $200,000 of processing equipment and reasonable equipment installation costs per processing location. A licensed processor must match the grant with other funding equal to at least 25 percent of the grant amount.

Sec. 36. Minnesota Statutes 2022, section 25.39, subdivision 1, is amended to read:

Subdivision 1. Amount of fee. (a) An inspection fee at the rate of 16 cents per ton must be paid to the commissioner on commercial feeds distributed in this state by the person who first distributes the commercial feed, except that:

1. no fee need be paid on any feed ingredient in a customer formula feed that has been directly furnished by the customer; or

2. no fee need be paid on a first distribution if made to a qualified buyer who, with approval from the commissioner, is responsible for the fee. Such license-specific tonnage-fee-exemption permits shall be issued on a calendar year basis to commercial feed licensees who distribute feed or feed ingredients outside the state, and who submit a $100 nonrefundable application fee and comply with rules adopted by the commissioner relative to record keeping; tonnage of commercial feed distributed in Minnesota; total of all commercial feed tonnage distributed; and all other information which the commissioner may require so as to ensure that proper inspection fee payment has been made.

(b) In the case of pet food or specialty pet food distributed in the state only in packages of ten pounds or less, a distributor must register each product and submit a current label for each product annually on forms provided by the commissioner, accompanied by an annual application fee of $100 for each product in lieu of the inspection fee, and within five business days, submit a current label for each product upon the request of the commissioner. This annual fee must be received by the commissioner on or before June 30 or postmarked on or before June 30. The inspection fee required by paragraph (a) applies to pet food or specialty pet food distributed in packages exceeding ten pounds.

(c) The minimum inspection fee is $75 per annual reporting period.

Sec. 37. Minnesota Statutes 2022, section 28A.08, is amended by adding a subdivision to read:

Subd. 4. Food handler license account; appropriation. A food handler license account is established in the agricultural fund. Fees paid under subdivision 3 must be deposited in this account. Money in the account, including interest, is appropriated to the commissioner for expenses relating to licensing and inspecting food handlers under chapters 28 to 34A or rules adopted under one of those chapters.
Sec. 38. Minnesota Statutes 2022, section 28A.082, subdivision 1, is amended to read:

Subdivision 1. Fees; application. (a) The fees for review of food handler facility floor plans under the Minnesota Food Code are based upon the square footage of the structure being newly constructed, remodeled, or converted. The fees for the review shall be:

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>Review Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 4,999</td>
<td>$200.00</td>
</tr>
<tr>
<td>1,000 - 4,999</td>
<td>$400.00</td>
</tr>
<tr>
<td>5,000 - 24,999</td>
<td>$800.00</td>
</tr>
<tr>
<td>25,000 plus</td>
<td>$1,000.00</td>
</tr>
</tbody>
</table>

(b) The applicant must submit the required fee, review application, plans, equipment specifications, materials lists, and other required information on forms supplied by the department at least 30 days prior to commencement of construction, remodeling, or conversion. The commissioner may waive this fee after determining that the facility's principal mode of business is not the sale of food and that the facility sells only prepackaged foods.

c) The fee for a remodel of a licensed food establishment by the license holder is based on the total square footage in paragraph (a) of the remodeled food preparation, service, display, and storage areas only. This paragraph does not apply to a retail food handler who is applying for a new license that includes the conversion of an existing building or structure that was previously licensed as a food establishment.

Sec. 39. Minnesota Statutes 2022, section 28A.09, is amended by adding a subdivision to read:

Subd. 3. Vending machine inspection account; appropriation. A vending machine inspection account is established in the agricultural fund. Fees paid under subdivision 1 must be deposited in this account. Money in the account, including interest, is appropriated to the commissioner for expenses relating to identifying and inspecting food vending machines under chapters 28 to 34A or rules adopted under one of those chapters.

37.20 Sec. 4. Minnesota Statutes 2022, section 28A.152, subdivision 2, is amended to read:

37.21 Subd. 2. Direct sales to consumers. (a) An individual qualifying for an exemption under subdivision 1 may sell the exempt food:

37.22 (1) directly to the ultimate consumer, including but not limited to at a community event or farmers' market;
(2) directly from the individual's home to the ultimate consumer, to the extent allowed by local ordinance; or

(3) through donation to a community event with the purpose of fundraising for an individual, or fundraising for an educational, charitable, or religious organization;

(b) If an exempt food product will be delivered to the ultimate consumer upon sale of the food product, the individual who prepared the food product must be the person who delivers the food product to the ultimate consumer, may deliver the food, and the food product may be delivered by mail or commercial delivery;

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

(d) Food products exempt under subdivision 1 may be sold over the Internet but must be delivered directly to the ultimate consumer by the individual who prepared the food product. The statement "These products are homemade and not subject to state inspection."
must be displayed on the website that offers the exempt foods for purchase;

Agriculture Budget-Article 2

Sec. 40. Minnesota Statutes 2022, section 35.02, subdivision 1, is amended to read:

Subdivision 1. Members; officers. The board has six members appointed by the governor with the advice and consent of the senate, four of whom are producers of livestock in the state and at least one of the four livestock producers is also a member of a federally recognized Tribe located in Minnesota, and two of whom are practicing veterinarians licensed in Minnesota; two at-large members, one member who is a member of a federally recognized Tribe located in Minnesota, and eight regional members, with no two regional members residing in the same congressional district. To the extent practicable, the governor's appointments must achieve gender balance among the board membership; Members must be knowledgeable in animal agriculture, animal health, or pets and companion animals, with at least two members who represent the public and are not employed in agriculture, veterinary medicine, the pet industry, or a related field. The commissioners of agriculture, natural resources, and health, the dean of the College of Veterinary Medicine, and the director of the Veterinary Diagnostic Laboratory of the University of Minnesota may serve as consultants to the board without vote. Appointments to fill unexpired terms must be made from the classes to which the retiring members belong. The board shall elect a president and a vice-president from among its members and The governor shall appoint a veterinarian licensed in Minnesota who is not a member to be its executive director for a term of one year and until a successor qualifies. The board shall set the duties of the director;

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to appointments that occur on or after that date.
Sec. 41. Minnesota Statutes 2022, section 35.05, is amended to read:

35.05 AUTHORITY OF STATE BOARD.

(a) The state board may quarantine or kill any domestic animal infected with, or which
has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect
the health of the domestic animals of the state;

(b) The board may regulate or prohibit the arrival in and departure from the state of
infected or exposed animals and, in case of violation of any rule or prohibition, may detain
any animal at its owner's expense. The board may regulate or prohibit the importation of
domestic animals which, in its opinion, may injure the health of Minnesota livestock;

(c) When the governor declares an emergency under section 35.0661, the board, through
its executive director, may assume control of such resources within the University of
Minnesota's Veterinary Diagnostic Laboratory as necessary to effectively address the disease
outbreak. The director of the laboratory and other laboratory personnel must cooperate fully
in performing necessary functions related to the outbreak or threatened outbreak;

(d) The board may test or require tests of any bovine or cervidae in the state when the
board deems it necessary to achieve or maintain bovine tuberculosis accredited free state
or zone status under the regulations and laws administered by the United States Department
of Agriculture;

(e) Notwithstanding section 3.3005, subdivision 2, the board may apply for, receive,
and disburse federal money made available to the state for animal disease response. All
federal money received by the board for this purpose must be deposited in the state treasury
and, except as provided in section 35.156, subdivision 2, is appropriated to the board for
the purposes for which it was received. By January 15 each year, the board must report to
the senate Committee on Finance, the house of representatives Committee on Ways and
Means, and the legislative committees with jurisdiction over the board's operating budget
regarding the amount of federal money received and spent in the previous fiscal year under
this paragraph and the board's use of these funds;

Sec. 42. Minnesota Statutes 2022, section 41A.12, subdivision 4, is amended to read:

Subd. 4. Sunset. This section expires on June 30, 2025.
(3) a representative of the Minnesota Farmers Union;
(4) a person representing agriculture industry statewide;
(5) a representative of each of the state commodity councils organized under section 17.54 and the Minnesota Pork Board;
(6) a person representing an association of primary manufacturers of forest products;
(7) a person representing organic or sustainable agriculture; and
(8) a person representing statewide environment and natural resource conservation organizations; and
(9) a person representing the interests of Minnesota Tribal governments as defined in section 10.65, subdivision 2, paragraph (a), clause (4).

(b) Members under paragraph (a), clauses (1) to (3) and (5), shall be chosen by their respective organizations. The member under paragraph (a), clause (9), may be appointed by the Minnesota Indian Affairs Council at the council's discretion.
(e) Renewable chemical production for which payment has been received under section 41A.17, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

(f) Biobutanol is eligible under this section.

**EFFECTIVE DATE.** This section is effective retroactively from March 31, 2023.

Sec. 44. Minnesota Statutes 2022, section 41A.16, subdivision 2, is amended to read:

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

(b) Total payments under this section to an eligible biofuel producer in a fiscal year may not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments under this section to all eligible biofuel producers in a fiscal year may not exceed the amount necessary for 17,100,000 MMbtu of biofuel production. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. An eligible producer may reapply for payment of, and the commissioner must pay, the difference between a claim for payment filed under subdivision 6 and the pro rata amount received:

1. until the full amount of the original claim is paid; and
2. subject to available money appropriated for the express purpose of paying claims not otherwise paid.

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

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Sec. 45. Minnesota Statutes 2022, section 41A.17, subdivision 1, is amended to read:

Subdivision 1. Eligibility for participants on or before April 1, 2023. (a) A facility eligible for payment under this section must source from Minnesota at least 80 percent of the biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or less from the state border, biomass used to produce a renewable chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility or from within Minnesota. The facility must be located in Minnesota, must begin production at a specific location on or before April 1, 2015, and must not begin production of 250,000 pounds of chemicals quarterly before January 1, 2013; and must not begin production of 250,000 pounds of chemicals quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities;
Eligible renewable chemical facilities must produce at least 250,000 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

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

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

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

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

EFFECTIVE DATE. This section is effective retroactively from March 31, 2023.

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

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

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. An eligible producer may reapply for payment of, and the commissioner must pay, the difference between a claim for payment filed under subdivision 5 and the pro rata amount received:

(1) until the full amount of the original claim is paid; and

(2) subject to available money appropriated for the express purpose of paying claims not otherwise paid.
(d) An eligible facility may blend renewable chemicals with other chemicals that are not renewable chemicals, but only the percentage attributable to renewable chemicals in the blended product is eligible to receive payment.

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

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Sec. 47. Minnesota Statutes 2022, section 41A.18, subdivision 1, is amended to read:

Subdivision 1. Eligibility for participants on or before April 1, 2023.

(a) A facility eligible for payment under this section must source from Minnesota at least 80 percent of the biomass used for biomass thermal production; except that, if a facility is sited 50 miles or less from the state border, biomass used for biomass thermal production may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility, or from within Minnesota. Biomass must be from agricultural or forestry sources. The facility must be located in Minnesota; must have begun production at a specific location on or before April 1, 2023; and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least 250 MMbtus of biomass thermal quarterly.

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

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

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

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

**EFFECTIVE DATE.** This section is effective retroactively from March 31, 2023.

Sec. 48. Minnesota Statutes 2022, section 41A.18, subdivision 2, is amended to read:

Subd. 2. Payment amounts; bonus; limits; blending. (a) The commissioner shall make payments to eligible producers of biomass thermal located in the state. The amount of the payment for each producer's annual production is $5.00 per MMbtu of biomass thermal production produced at a specific location for ten years after the start of production.
(b) An eligible facility producing biomass thermal using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible thermal producer in a fiscal year may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total payments under this section to all eligible thermal producers in a fiscal year may not exceed the amount necessary for 150,000 MMbtu of total thermal production. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. An eligible producer may reapply for payment of, and the commissioner must pay, the difference between a claim for payment filed under subdivision 3 and the pro rata amount received.

(1) until the full amount of the original claim is paid; and

(2) subject to available money appropriated for the express purpose of paying claims not otherwise paid.

(d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass thermal production facility, but only the percentage attributable to biomass meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass sourcing plan is eligible to receive payment.

(e) When a facility is eligible due to adding production capacity or retrofitting existing capacity, the entire amount of biomass meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass sourcing plan is assumed to have been used for the biomass thermal production from the added or retrofitted production capacity.

(f) For purposes of this section, an entity that holds a controlling interest in more than one biomass thermal production facility is considered a single eligible producer.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.
Sec. 50. Minnesota Statutes 2022, section 223.16, is amended by adding a subdivision to read:

Subd. 3c. Failure. "Failure" means a determination by the commissioner that a grain buyer or grain warehouse has failed to pay for delivered grain, breached a contract, breached more than one contract, or failed to redeliver stored grain to a producer.

Sec. 8. Minnesota Statutes 2022, section 223.17, subdivision 6, is amended to read:

Subd. 6. Financial statements. (a) Except as allowed in paragraph (c), a grain buyer licensed under this chapter must annually submit to the commissioner a financial statement prepared in accordance with generally accepted accounting principles. The annual financial statement required under this subdivision must also:

(1) include, but not be limited to the following:
   (i) a balance sheet;
   (ii) a statement of income (profit and loss);
   (iii) a statement of retained earnings;
   (iv) a statement of changes in financial position; and
(v) a statement of the dollar amount of grain purchased in the previous fiscal year of the
grain buyer;

(2) be accompanied by a compilation report of the financial statement that is prepared
by a grain commission firm or a management firm approved by the commissioner or by an
independent public accountant, in accordance with standards established by the American
Institute of Certified Public Accountants; and

(3) be accompanied by a certification by the chief executive officer or the chief executive
officer's designee of the licensee, and where applicable, all members of the governing board
of directors under penalty of perjury, that the financial statement accurately reflects the
financial condition of the licensee for the period specified in the statement;

(4) for grain buyers purchasing under $7,500,000 of grain annually, be reviewed by a
certified public accountant in accordance with standards established by the American Institute
of Certified Public Accountants, and must show that the financial statements are free from
material misstatements; and

(5) for grain buyers purchasing $7,500,000 or more of grain annually, be audited by a
certified public accountant in accordance with standards established by the American Institute
of Certified Public Accountants and must include an opinion statement from the certified
public accountant.

(b) Only one financial statement must be filed for a chain of warehouses owned or
operated as a single business entity, unless otherwise required by the commissioner. All
financial statements filed with the commissioner are private or nonpublic data as provided
in section 13.02.

(c) A grain buyer who purchases grain immediately upon delivery solely with cash; a
certified check; a cashier's check; or a postal, bank, or express money order is exempt from
this subdivision if the grain buyer's gross annual purchases are $1,000,000 or less.

(d) The commissioner shall annually provide information on a person's fiduciary duties
under paragraph (a), clause (3).

Subd. 7.
Breach of contract
A producer claiming to be damaged by a breach of a contract for the purchase of grain by a licensed
grain buyer may file a written claim with the commissioner. The claim must state the facts constituting the claim.
The claim must be filed with the commissioner within 180 days of the breach of the contract.
If a claim is valid, the commissioner may immediately suspend the license, in which case the
licensee shall surrender the license to the commissioner. Within 15 days the licensee
may request an administrative hearing subject to chapter 14 to determine whether the license
is valid.

Sec. 9. Minnesota Statutes 2022, section 223.17, subdivision 7, is amended to read:

Subd. 7. Action on a bond
A producer claiming to be damaged by a breach of a contract for the purchase of grain by a licensed
grain buyer may file a written claim with the commissioner. The claim must state the facts constituting the claim.
The claim must be filed with the commissioner within 180 days of the breach of the contract.
If a claim is valid, the commissioner may immediately suspend the license, in which case the
licensee shall surrender the license to the commissioner. Within 15 days the licensee
may request an administrative hearing subject to chapter 14 to determine whether the license
is valid.

Sec. 51. Minnesota Statutes 2022, section 223.17, subdivision 7, is amended to read:

Subd. 7. Action on a bond
A producer claiming to be damaged by a breach of a contract for the purchase of grain by a licensed
grain buyer may file a written claim with the commissioner. The claim must state the facts constituting the claim.
The claim must be filed with the commissioner within 180 days of the breach of the contract.
If a claim is valid, the commissioner may immediately suspend the license, in which case the
licensee shall surrender the license to the commissioner. Within 15 days the licensee
may request an administrative hearing subject to chapter 14 to determine whether the license
is valid.
should be revoked. If no request is made within 15 days, the commissioner shall revoke the
license.

Sec. 10. Minnesota Statutes 2022, section 223.17, subdivision 7a, is amended to read:

Subd. 7a. Bond requirements; claims. For entities licensed under this chapter and
chapter 232, the bond requirements and claim actions against the bond are governed under
section 223.22, subdivision 6a.

Sec. 11. Minnesota Statutes 2022, section 223.175, is amended to read:

223.175 WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS;
FORM.

A written confirmation required under section 223.177, subdivision 2, and a written
voluntary extension of credit contract must include those items prescribed by the
commissioner by rule. A contract shall include a statement of the legal and financial
responsibilities of grain buyers and sellers established in this chapter. A contract shall also
include the following statement in not less than ten point, all capital type, framed in a box
with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A
VOLUNTARY EXTENSION OF CREDIT. THIS CONTRACT IS NOT COVERED BY
ANY GRAIN BUYER'S BOND MAY NOT BE COVERED COMPLETELY BY THE
GRAIN INDEMNITY ACCOUNT." If a written contract is provided at the time the grain
is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath
the statement. A transaction that does not meet the provisions of a voluntary extension of
credit, including the issuance and signing of a voluntary extension of credit contract, is a
cash sale.

Sec. 12. Minnesota Statutes 2022, section 223.19, is amended to read:

The commissioner may make rules pursuant to chapter 14 to carry out the provisions of
sections 223.15 to 223.24.

Sec. 13. [223.24] GRAIN INDEMNITY ACCOUNT.

Subdivision 1. Establishment. The grain indemnity account is established in the
agricultural fund. The grain indemnity account shall consist of grain indemnity premiums,
money from any other source, and interest.

Subd. 2. Account; appropriation. (a) Money in the grain indemnity account, including
interest, is appropriated to the commissioner to pay valid claims and to administer this
section.

(b) The commissioner shall direct payments from the grain indemnity account only for
the following purposes:

should be revoked. If no request is made within 15 days, the commissioner shall revoke the
license.

Sec. 52. Minnesota Statutes 2022, section 223.17, subdivision 7a, is amended to read:

Subd. 7a. Bond requirements; claims. For entities licensed under this chapter and
chapter 232, the bond requirements and claim actions against the bond are governed under
section 223.22, subdivision 6a.

Sec. 53. Minnesota Statutes 2022, section 223.175, is amended to read:

223.175 WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS;
FORM.

A written confirmation required under section 223.177, subdivision 2, and a written
voluntary extension of credit contract must include those items prescribed by the
commissioner by rule. A contract shall include a statement of the legal and financial
responsibilities of grain buyers and sellers established in this chapter. A contract shall also
include the following statement in not less than ten point, all capital type, framed in a box
with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A
VOLUNTARY EXTENSION OF CREDIT. THIS CONTRACT IS NOT COVERED BY
ANY GRAIN BUYER'S BOND MAY NOT BE COVERED COMPLETELY BY THE
GRAIN INDEMNITY ACCOUNT." If a written contract is provided at the time the grain
is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath
the statement. A transaction that does not meet the provisions of a voluntary extension of
credit, including the issuance and signing of a voluntary extension of credit contract, is a
cash sale.

Sec. 54. Minnesota Statutes 2022, section 223.19, is amended to read:

The commissioner may make rules pursuant to chapter 14 to carry out the provisions of
sections 223.15 to 223.24.
(1) the payment of valid claims;
(2) the payment of grain indemnity premium refunds;
(3) the payment of administrative expenses under paragraph (c);
(4) the payment of legal fees and legal expenses under subdivision 7; or
(5) the payment of a trustee appointed under subdivision 6.

(c) The commissioner shall allocate money from the grain indemnity account to a separate administrative expenses account to pay or reimburse the agency for grain indemnity account expenses. Administrative expenses under this paragraph include the actual cost of processing payments and refunds, enforcement, record keeping, ordinary management and investment fees connected with the operation of the grain indemnity account, and legal expenses.

Subd. 3. Eligibility. A producer is eligible to receive a grain indemnity payment from the commissioner if the producer sold grain to a grain buyer as defined in this chapter or stored grain with a public grain warehouse operator under chapter 232 and the producer is damaged by the grain buyer's or public grain warehouse operator's failure to pay for or redeliver grain.

Subd. 4. Application. (a) A producer asserting eligibility under subdivision 3 must file a completed claim with the commissioner. The producer must state the facts constituting the claim and all other information required by the commissioner.

(b) Upon receiving a claim, the commissioner must promptly determine the validity of the claim and notify the claimant of the commissioner's determination.

(c) An aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding under chapter 14.

Subd. 5. Payment limitation. (a) For each failure as defined by section 223.16, subdivision 3c, the commissioner must pay the eligible producer:

(1) the amount equal to the value of the grain sold on cash sale, grain assigned to warehouse receipt, or grain assigned to open storage less than 180 days from the deposit;
(2) the amount equal to the value of grain sold up to $200,000, or the lesser of $750,000 or 75 percent of the amount owed to the seller for a contract in excess of $200,000 for a deferred or delayed payment contract for which a price has been established when the contract originated within 120 days of the breach of contract;
(3) the lesser of $750,000 or 75 percent of the amount owed to the seller for a voluntary extension of credit contract for which no price has been established when the contract originated within 180 days of the breach of contract;
(4) the payment of administrative expenses under paragraph (c);
(5) the payment of legal fees and legal expenses under subdivision 7; or
(6) the payment of a trustee appointed under subdivision 6.

(c) The commissioner shall allocate money from the grain indemnity account to a separate administrative expenses account to pay or reimburse the agency for grain indemnity account expenses. Administrative expenses under this paragraph include the actual cost of processing payments and refunds, enforcement, record keeping, ordinary management and investment fees connected with the operation of the grain indemnity account, and legal expenses.

Subd. 3. Eligibility. A producer is eligible to receive a grain indemnity payment from the commissioner if the producer sold grain to a grain buyer as defined in this chapter or stored grain with a public grain warehouse operator under chapter 232 and the producer is damaged by the grain buyer's or public grain warehouse operator's failure to pay for or redeliver grain.

Subd. 4. Application. (a) A producer asserting eligibility under subdivision 3 must file a completed claim with the commissioner. The producer must state the facts constituting the claim and all other information required by the commissioner.

(b) Upon receiving a claim, the commissioner must promptly determine the validity of the claim and notify the claimant of the commissioner's determination.

(c) An aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding under chapter 14.

Subd. 5. Payment limitation. (a) For each failure as defined by section 223.16, subdivision 3c, the commissioner must pay the eligible producer:

(1) the amount equal to the value of the grain sold on cash sale, grain assigned to warehouse receipt, or grain assigned to open storage less than 180 days from the deposit;
(2) the amount equal to the value of grain sold up to $200,000, or the lesser of $750,000 or 75 percent of the amount owed to the seller for a contract in excess of $200,000 for a deferred or delayed payment contract for which a price has been established when the contract originated within 120 days of the breach of contract;
(3) the lesser of $750,000 or 75 percent of the amount owed to the seller for a voluntary extension of credit contract for which no price has been established when the contract originated within 180 days of the breach of contract;
(4) the lesser of $500,000 or 50 percent for an open storage assignment or a voluntary
extension of credit contract when the open storage assignment or contract originated between
181 days and 18 months from the failure; or
(5) the lesser of $250,000 or 25 percent for an open storage assignment or a voluntary
extension of credit contract when the open storage assignment or contract originated between
19 months and 36 months from the failure;
(b) Claims filed more than 36 months from the failure are not eligible for payment.
(c) For the purposes of this subdivision, multiple breaches of contract with a single entity constitute one failure.
(d) If a grain buyer holds both a Minnesota grain buyer license, as defined in chapter 223, and a license with the United States Department of Agriculture (USDA) under the United States Warehouse Act, a seller may only file a claim with the grain indemnity account if the seller sold grain as a cash sale or under a voluntary extension of credit contract. The commissioner must deny any claims for stored grain from a seller that holds both a Minnesota grain buyer license and a license with the USDA under the United States Warehouse Act.
(e) If valid claims exceed the amount of money available in the grain indemnity account, the commissioner must pay claims to producers in the order that the claims were received. When additional money becomes available, the commissioner must resume issuing grain indemnity payments to each eligible producer until each producer receives the maximum amount payable under paragraph (a).
(f) If the grain indemnity account balance is insufficient to pay refunds under section 43.29 and valid claims exist, once money is deposited into the grain indemnity account, the commissioner must issue pending refunds for grain indemnity premium payments before issuing payments to claimants.

Subd. 6. Court order. (a) The commissioner may apply to a district court for an order appointing a trustee or receiver to manage and supervise the operations of a grain buyer or public grain warehouse operator in default. The commissioner may participate in any resulting court proceeding as an interested party.
(b) The commissioner may recover the cost of the appointed trustee using money appropriated under subdivision 2.

Subd. 7. Debt obligation; subrogated claim. (a) Money paid by the commissioner to satisfy a valid claim constitutes a debt obligation of the grain buyer or public grain warehouse operator in default. The commissioner may take action against the grain buyer or public grain warehouse operator to recover the amount of any claim payment plus reasonable costs, attorney fees, and interest computed at the rate provided in section 270C.40. The commissioner must deposit any amount recovered under this subdivision in the grain indemnity account.

Subd. 8. Money paid by the commissioner to satisfy a valid claim constitutes a debt obligation of the grain buyer or public grain warehouse operator in default. The commissioner may take action against the grain buyer or public grain warehouse operator to recover the amount of any claim payment plus reasonable costs, attorney fees, and interest computed at the rate provided in section 270C.40. The commissioner must deposit any amount recovered under this subdivision in the grain indemnity account.
(b) As a condition of payment from the commissioner, a producer must subrogate the producer's interest in a voluntary extension of credit contract to the commissioner in an amount equal to any claim payment or payments that the producer received under this section.

(c) The commissioner may recover any debt to the grain indemnity account from a member of the board or management who acted negligently or fraudulently.

Sec. 14. [223.25] GRAIN INDEMNITY PREMIUMS.

Subdivision 1. Charges. (a) Except as provided in subdivision 3, producers of grain must be charged a grain indemnity premium as determined and published by the commissioner not to exceed 0.2 percent of the price on all marketed grain that is sold to a grain buyer as defined in chapter 223.

(b) The grain indemnity premiums required under this section are in addition to any other fees or assessments required by law.

Subd. 2. Collection and submission of grain indemnity premiums. (a) Each producer must pay to the commissioner a grain indemnity premium of not more than 0.2 percent of the net proceeds from all grain sold by the producer to a grain buyer purchasing grain in Minnesota. When a producer sells grain to a grain buyer, the grain buyer must deduct the grain indemnity premium from the proceeds of the sale and pay the grain indemnity premium to the commissioner on behalf of the producer.

(b) When purchasing grain from a producer, a grain buyer must deduct the grain indemnity premium described in paragraph (a) from the proceeds of the sale and notify the producer of the amount of the deduction in writing. The grain buyer must forward the grain indemnity premium to the commissioner for the purpose of financing or contributing to the financing of the producer's interest in a voluntary extension of credit contract to the commissioner in Minnesota.

(c) A grain buyer must clearly indicate the grain indemnity premiums collected under paragraph (b) in the grain buyer's books and records. A grain buyer must retain books and records containing the grain indemnity premiums for at least three years. A grain buyer must make the grain buyer's books and records available for inspection by the commissioner during regular business hours. The department must take steps reasonably necessary to verify the accuracy of the grain indemnity premiums as recorded in the grain buyer's books and records. Any record or portion thereof seized or copied by the commissioner is private or nonpublic data as provided in section 13.02, except that the commissioner may disclose the data to aid in the law enforcement process.

(d) A grain buyer must submit grain indemnity premiums collected under paragraph (a) to the commissioner for the purpose of financing or contributing to the financing of the grain indemnity account by:

(b) As a condition of payment from the commissioner, a producer must subrogate the producer's interest in a voluntary extension of credit contract to the commissioner in an amount equal to any claim payment or payments that the producer received under this section.

(c) The commissioner may recover any debt to the grain indemnity account from a member of the board or management who acted negligently or fraudulently.
(1) January 31 for grain indemnity premiums collected during the months of July, August, September, October, November, and December; and

(2) July 31 for grain indemnity premiums collected during the months of January, February, March, April, May, and June.

Subd. 3. Amount in grain indemnity account; basis for suspension and reinstatement of grain indemnity premium collection. (a) Except as provided in paragraph (b), the grain indemnity premiums required under this section must be collected until the grain indemnity account contains more than $15,000,000 as of June 30 of any given year.

(b) The commissioner may not require the collection of additional grain indemnity premiums until the amount in the grain indemnity account drops below $9,000,000. In a year when the commissioner determines that the grain indemnity account is at or below $9,000,000, the commissioner may reinstate the collection described in this section.

(c) The commissioner shall announce the intention to collect the premiums described in this section by May 1 with collection to begin July 1 until the grain indemnity account contains at least $15,000,000. The commissioner must notify the public of the commissioner's intent to reinstate collection of additional grain indemnity premiums through publication in the State Register and by notifying each licensee of the licensee's obligation to collect premiums.

Sec. 15. [223.26] GRAIN INDEMNITY OPT OUT:

(a) A producer that has paid a grain indemnity premium under section 223.25 may receive a refund of that premium from the grain indemnity account by submitting a written demand for a refund to the commissioner, delivered personally or by first-class mail within 12 months after the producer paid the grain indemnity premium.

(b) The commissioner must prepare a poster and a distributable flyer explaining how a producer can opt out of the grain indemnity program and must post these documents on the Department of Agriculture website. The commissioner must provide printed copies of the poster and flyer at no cost to all licensed grain buyers and warehouses. Upon receiving printed copies of posters and flyers, the licensed businesses must post the poster in a conspicuous location and must make the flyers available for anyone visiting the licensed business.

(c) A producer must submit a demand for a refund of a grain indemnity premium under paragraph (a) on a demand for refund form developed by the commissioner. The commissioner must make the form available to a licensee, producer, or member of the public upon request.

(d) If a producer is entitled to a refund of a grain indemnity premium under this section, the commissioner must pay the refund within 90 days of receiving the demand for a refund.

Subd. 10. Amount in grain indemnity account; basis for suspension and reinstatement of grain indemnity premium collection. (a) The grain indemnity premiums required under subdivision 8 must be collected until the grain indemnity account contains more than $15,000,000 as of June 30 of any given year.

(b) Except as provided in paragraph (c), after the grain indemnity account reaches $15,000,000, the commissioner must not require the collection of additional grain indemnity premiums until the amount in the grain indemnity account drops below $9,000,000. In a year when the commissioner determines that the grain indemnity account is at or below $9,000,000, the commissioner may reinstate the collection described in this section.

(c) The commissioner shall announce the intention to collect the premiums described in this section by May 1 with collection to begin July 1 until the grain indemnity account contains at least $15,000,000. The commissioner must notify the public of the commissioner's intent to reinstate collection of additional grain indemnity premiums through publication in the State Register and by notifying each licensee of the licensee's obligation to collect premiums.

Subd. 11. Grain indemnity refund; opt out. (a) Subject to subdivision 9, a producer that has paid a grain indemnity premium may receive a refund of that premium from the grain indemnity account by submitting a written demand for a refund to the commissioner, delivered personally or by first-class mail within 12 months after the producer paid the grain indemnity premium.
If the grain indemnity account balance is insufficient to pay refunds under this subdivision and valid claims exist, the commissioner must issue refunds for grain indemnity premium payments before issuing payments to claimants once money is deposited into the grain indemnity account.

(1) A producer that receives a refund of a grain indemnity premium under paragraph (a) is not entitled to participate in the grain indemnity program or to receive any payment under this section unless the producer reenters the grain indemnity program by meeting all of the following conditions:

(a) the producer must submit a request for reentry into the grain indemnity program to the commissioner. The producer must submit the request on the form required by the commissioner and must deliver the request to the commissioner;

(b) the producer's request must be approved by the commissioner; and

(c) the producer must pay into the grain indemnity account all grain indemnity premiums that were refunded to the producer and interest on the refunds as determined by the commissioner.

(b) A producer that reenters the grain indemnity program under paragraph (f) is eligible to be reimbursed for claims under the grain indemnity program for any breach of contract that occurs at least 90 days after (1) an application for reentry; and (2) all required payments have been made.

(b) A producer is not eligible for a refund of a grain indemnity premium under this section if the producer has received payment from the grain indemnity account for a valid claim within the preceding 36 months.

Sec. 16. [223.27] PENALTIES; ENFORCEMENT ACTION; COSTS AND EXPENSES.

(a) In addition to any other penalty or remedy provided by law, a person who knowingly or intentionally commits any of the following is subject to civil penalties under section 18J.10:

(1) refusing or failing to collect any grain indemnity premiums as required under section 223.25.

If the grain indemnity account balance is insufficient to pay refunds under this subdivision and valid claims exist, once money is deposited into the grain indemnity account, the commissioner must issue pending refunds for grain indemnity premium payments before issuing payments to claimants.

(1) the producer must submit a request for reentry into the grain indemnity program to the commissioner. The producer must submit the request on the form required by the commissioner and must deliver the request to the commissioner; and

(b) the producer's request must be approved by the commissioner; and

(c) the producer must pay into the grain indemnity account all grain indemnity premiums that were refunded to the producer and interest on the refunds as determined by the commissioner.

(b) A producer that reenters the grain indemnity program under paragraph (a) is not entitled to participate in the grain indemnity program or to receive any payment under this section unless the producer reenters the grain indemnity program by meeting all of the following conditions:

(a) the producer must submit a request for reentry into the grain indemnity program to the commissioner. The producer must submit the request on the form required by the commissioner and must deliver the request to the commissioner;

(b) the producer's request must be approved by the commissioner; and

(c) the producer must pay into the grain indemnity account all grain indemnity premiums that were refunded to the producer and interest on the refunds as determined by the commissioner.

(b) A producer is not eligible for a refund of a grain indemnity premium under this section if the producer has received payment from the grain indemnity account for a valid claim within the preceding 36 months.

Subd. 12. Penalties; enforcement action; costs and expenses. (a) In addition to any other penalty or remedy provided by law, a person who knowingly or intentionally commits any of the following is subject to civil penalties under section 18J.10:

(1) refusing or failing to collect any grain indemnity premiums as required under this section.
(2) refusing or failing to pay to the commissioner any grain indemnity premiums collected
under section 223.26.

(3) making a false statement, representation, or certification, or knowingly failing to
make a required statement, representation, or certification in a record, report, or other
document required under this chapter or filed with the commissioner; or

(4) resisting, preventing, impeding, or interfering with the commissioner in the
performance of the commissioner's duties under this chapter.

(b) In addition to the civil penalty described in paragraph (a), the commissioner in an
enforcement action for a violation described in paragraph (a), clause (1) or (2), must order
the grain buyer to pay into the grain indemnity account any grain indemnity premiums
collected by the grain buyer that the grain buyer owes to the grain indemnity account and
may order the grain buyer to pay interest on the amount that the grain buyer owes to the
grain indemnity account.

Sec. 17. [223.28] GRAIN BONDS; NEW LICENSE HOLDERS.

(a) Except as provided in paragraph (b), before the commissioner issues a grain buyer
or public grain warehouse operator license, a person who has not been licensed to buy grain
or operate a public grain warehouse in the previous licensing period must file with the
commissioner a grain bond in a penal sum of $100,000. A grain bond must remain in effect
for the first three years of the license.

(b) A grain buyer who purchases grain immediately upon delivery solely with cash, a
certified check; a cashier's check; or a postal, bank, or express money order is exempt from
this subdivision if the grain buyer's gross annual purchases are $1,000,000 or less.

(c) The commissioner may require a supplemental bond in an amount prescribed by the
commissioner based on the financial statements required in section 223.17, subdivision 6.

(d) A grain bond must be on a form provided by the commissioner.

(e) A grain bond required under paragraphs (a) and (c) must provide for the payment of
any loss caused by the grain buyer's failure to pay upon the owner's demand, including loss
caused by the grain buyer's failure to pay within the time required. The grain bond must be
conditioned upon the grain buyer being duly licensed.

(f) A grain bond required under paragraphs (a) and (c) that is obtained by a public grain
warehouse operator must be conditioned that the public grain warehouse operator issuing
a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade, and
net quantity of grain called for by the receipt. A grain bond must be conditioned upon the
operator being duly licensed.

Subd. 13. Grain bonds; new license holders. (a) Except as provided in paragraph (b),
before the commissioner issues a grain buyer or public grain warehouse operator license,
a person who has not been licensed to buy grain or operate a public grain warehouse in the
previous licensing period must file with the commissioner a grain bond in a penal sum of
$100,000. A grain bond must remain in effect for the first three years of the license.

(b) A grain buyer who purchases grain immediately upon delivery solely with cash, a
certified check; a cashier's check; or a postal, bank, or express money order is exempt from
this subdivision if the grain buyer's gross annual purchases are $1,000,000 or less.

(c) A grain bond required under paragraphs (a) and (c) must provide for the payment of
any loss caused by the grain buyer's failure to pay upon the owner's demand, including loss
caused by the grain buyer's failure to pay within the time required. The grain bond must be
conditioned upon the grain buyer being duly licensed. A grain bond required under paragraphs
(a) and (c) that is obtained by a public grain warehouse operator must be conditioned that
the public grain warehouse operator issuing a grain warehouse receipt is liable to the depositor
for the delivery of the kind, grade, and net quantity of grain called for by the receipt. A
grain bond must be conditioned upon the operator being duly licensed. For those entities
licensed under this chapter, the entire grain bond must be available to any claims against
the grain bond filed under this chapter.
Subd. 5. It is a violation of this chapter for any public grain warehouse operator to fail to file the report required in paragraph (a).

(e) Every public grain warehouse operator shall keep in a place of safety complete and accurate records and accounts relating to any grain warehouse operated. The operator shall reflect each commodity received and shipped daily, the balance remaining in the grain warehouse receipts, open storage, and grain stored for feed processing that occurred during the preceding calendar year. This report shall be used for the purpose of establishing the annual average liability of all grain outstanding on January 1, and a record of all grain warehouse receipts which have been returned for cancellation. Copies of grain warehouse receipts or other documents evidencing ownership of grain by a depositor, or other liability of the grain warehouse operator, shall be retained as long as the liability exists but must be kept for a minimum of three years.

(b) Every public grain warehouse operator must maintain in the grain warehouse at all times grain of proper grade and sufficient quantity to meet delivery obligations on all outstanding grain warehouse receipts.

Sec. 19. Laws 2022, chapter 95, article 2, section 29, subdivision 6, is amended to read:

Subd. 6. Expiration. This section expires [December 31, 2024.]

Subd. 6. Expiration. This section expires December 31, 2024.

Subd. 6. Expiration. This section expires December 31, 2024.
Sec. 20. **BIOINCENTIVE REPORT.**

The commissioner of agriculture, in consultation with the commissioners of commerce and employment and economic development, must prepare a report on alternative methods to pay past claims filed under the bioincentive program under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18, and provide for adequate and sustainable funding to pay current and future claims under those sections. The report must be submitted to the chairs and minority members of the legislative committees and divisions with jurisdiction over any proposed funding source and administration of the bioincentive program by January 15, 2024.

Sec. 21. **WOLF-LIVESTOCK CONFLICT-PREVENTION PROGRAM.**

(a) The commissioner of agriculture may award grants to livestock producers to prevent wolf-livestock conflicts. Livestock producers located in Minnesota are eligible to apply for reimbursement for the cost of practices to prevent wolf-livestock conflicts. The commissioner may establish a cap on the amount of grant money that a recipient is eligible to receive annually.

(b) To be eligible for a grant under this section, a livestock producer must raise livestock within Minnesota’s wolf range or on property determined by the commissioner to be affected by wolf-livestock conflicts.

(c) A grant applicant must document a cost-share of 20 percent for activities covered by a grant under this program. A grant applicant’s cost-share amount may be reduced up to $2,000 to cover the time and labor costs of wolf-livestock conflict prevention activities.

(d) Eligible wolf-livestock conflict-prevention activities include but are not limited to:

1. The purchase of guard animals;
2. Payment of veterinary costs for guard animals;
3. The installation of wolf barriers, which may include pens, fladry, and fencing necessary to protect livestock;
4. The installation of wolf-deterring lights and alarms; and
5. The installation of calving or lambing shelters;

(e) Eligible grant recipients must:

1. Make a good faith effort to avoid wolf-livestock conflicts;
2. Make a good faith effort to care for guard animals paid for under this section;
3. Retain proper documentation of expenses;
(4) report annually to the commissioner on the effectiveness of the nonlethal methods employed; and
(5) allow follow-up evaluations and monitoring by the commissioner.

Grant recipients shall continue to be eligible for depredation payments under Minnesota Statutes, section 3.737.

Sec. 58. REPORT REQUIRED; FERAL PIGS AND MINK.
By February 15, 2024, the commissioner of natural resources, in cooperation with the Board of Animal Health and the commissioners of agriculture and health, must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and environment and natural resources that:
(1) identifies the responsibilities of the Board of Animal Health and the commissioners of natural resources, health, and agriculture in managing feral pigs and mink;
(2) recommends any clarifications or modifications to the responsibilities identified in clause (1); and
(3) includes policy recommendations for managing feral pigs and mink to further prevent negative impacts on the environment and human health.

Sec. 59. REPORT REQUIRED; GRAIN ADVISORY GROUP.
The commissioner of agriculture must convene members of the Grain Advisory Group and develop recommendations regarding bonding requirements for licensed grain buyers and public grain warehouse operators to better protect farmers who sell and store grain in this state. No later than February 1, 2024, the commissioner must report recommendations to the legislative committees with jurisdiction over agriculture. Participating stakeholders must be given an opportunity to include written testimony in the commissioner's report.

Sec. 60. REPEALER.

Subd. 1. Grain buyers and warehouses. Minnesota Statutes 2022, sections 41A.17, subdivisions 4 and 8; and 232.22, subdivisions 4, 6a, and 7, are repealed.

Subd. 2. Bioincentive programs. Minnesota Statutes 2022, sections 41A.16, subdivision 7; 41A.17, subdivision 6; 41A.18, subdivision 6; and 41A.21, subdivision 6, are repealed.

Subd. 3. Plants, nurseries, and hemp. Minnesota Statutes 2022, sections 18H.02, subdivisions 21, 22, and 23; 18I.07, subdivisions 2 and 3; 18K.05; and 18K.09, are repealed.

Subd. 4. Emerging farmers. Minnesota Statutes 2022, section 17.055, subdivision 2, is repealed.
Subd. 5. Federal funds. Minnesota Statutes 2022, section 35.156, subdivision 2, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2023, except subdivision 1 is effective July 1, 2024.