

Approved by
Revisor of Statutes

JRM

1.1 Poppe from the Agriculture and Food Finance and Policy Division to which was referred:

1.2 H. F. No. 1733, A bill for an act relating to agriculture; making policy and technical
1.3 changes to various agricultural provisions including provisions related to hemp, food
1.4 handlers, eggs, milk, cheese, bioincentive programs, loan programs, and other agriculture
1.5 provisions; amending Minnesota Statutes 2018, sections 18C.425, subdivision 6; 18C.70,
1.6 subdivision 5; 18C.71, subdivision 4; 18C.80, subdivision 2; 18H.10; 18K.02, subdivision
1.7 3; 18K.06; 25.33, subdivision 8; 28A.04, subdivision 1; 28A.05; 28A.075; 28A.0752,
1.8 subdivisions 1, 2; 28A.08, subdivision 3; 29.26; 32D.13, by adding a subdivision; 32D.20,
1.9 subdivision 2; 32D.22; 34A.11, subdivision 7; 41A.15, subdivisions 2, 10, by adding a
1.10 subdivision; 41A.16, subdivisions 1, 4; 41A.17, subdivisions 1, 2, 3; 41A.18, subdivisions
1.11 1, 2, 3; 41B.02, subdivision 10a; 41B.03, subdivision 3; 41B.0391, subdivision 1; 41B.047,
1.12 subdivisions 1, 3; 41B.049, subdivision 5; 41B.055, subdivision 3; 41B.057, subdivision
1.13 3; repealing Minnesota Statutes 2018, section 41A.15, subdivisions 2a, 2b.

1.14 Reported the same back with the following amendments:

1.15 Delete everything after the enacting clause and insert:

1.16 "Section 1. Minnesota Statutes 2018, section 18B.02, is amended to read:

1.17 **18B.02 PREEMPTION OF LOCAL LAW; DELEGATION.**

1.18 (a) Except as specifically provided in this chapter, the provisions of this chapter preempt
1.19 ordinances by local governments that prohibit or regulate any matter relating to the
1.20 registration, labeling, distribution, sale, handling, use, application, or disposal of pesticides.
1.21 It is not the intent of this section to preempt local responsibilities for zoning, fire codes, or
1.22 hazardous waste disposal.

1.23 (b) The commissioner may enter into agreements with cities of the first class and delegate
1.24 the commissioner's duties under this chapter and rules adopted by the commissioner pursuant
1.25 to section 18B.06 regarding the use, application, or disposal of pesticides. A fee established
1.26 by a city of the first class to recover costs of enforcement must be established by ordinance
1.27 and must be fair, reasonable, and proportionate to actual costs incurred pursuant to the
1.28 delegation agreement. An agreement entered into by the commissioner and a city of the
1.29 first class pursuant to this paragraph must:

2.1 (1) specify minimum staff requirements and qualifications and other reasonable standards
2.2 as determined by the commissioner;

2.3 (2) establish specific criteria the commissioner will use to determine if the city of the
2.4 first class meets appropriate standards and is sufficient to replace enforcement by the
2.5 commissioner; and

2.6 (3) provide for termination procedures if the commissioner determines that the city of
2.7 the first class has failed to comply with the delegation agreement.

2.8 Sec. 2. Minnesota Statutes 2018, section 18H.10, is amended to read:

2.9 **18H.10 STORAGE OF NURSERY STOCK.**

2.10 (a) All nursery stock must be kept and displayed under conditions of temperature, light,
2.11 and moisture sufficient to maintain the viability and vigor of the nursery stock.

2.12 (b) Packaged dormant nursery stock must be stored under conditions that retard growth,
2.13 prevent etiolated growth, and protect its viability.

2.14 (c) Balled and burlapped nursery stock being held for sale to the public must be kept in
2.15 a moisture-holding material approved by the commissioner and not toxic to plants. The
2.16 moisture-holding material must adequately cover and protect the ball of earth and must be
2.17 kept moist at all times. The commissioner may approve alternative nursery stock management
2.18 practices to maintain the viability of balled and burlapped stock.

2.19 Sec. 3. Minnesota Statutes 2018, section 18K.02, subdivision 3, is amended to read:

2.20 Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant *Cannabis sativa* L. and
2.21 any part of the plant, whether growing or not, including the plant's seeds, and all the plant's
2.22 derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether
2.23 growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3
2.24 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01,
2.25 subdivision 9.

2.26 Sec. 4. Minnesota Statutes 2018, section 18K.06, is amended to read:

2.27 **18K.06 RULEMAKING.**

2.28 (a) The commissioner shall adopt rules governing the production, testing, and licensing
2.29 of industrial hemp.

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

3.3 (1) the supervision and inspection of industrial hemp during its growth and harvest;

3.4 (2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

3.5 (3) the use of background check results required under section 18K.04 to approve or
3.6 deny a license application; and

3.7 (4) any other provision or procedure necessary to carry out the purposes of this chapter.

3.8 (c) Rules issued under this section must be consistent with federal law regarding the
3.9 production, distribution, and sale of industrial hemp.

3.10 (d) The commissioner may use the expedited rulemaking process in section 14.389 to
3.11 adopt rules authorized under this section.

3.12 Sec. 5. Minnesota Statutes 2018, section 25.33, subdivision 8, is amended to read:

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

3.16 Sec. 6. Minnesota Statutes 2018, section 28A.04, subdivision 1, is amended to read:

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

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

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

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

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

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

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

Sec. 7. Minnesota Statutes 2018, section 28A.05, is amended to read:

28A.05 CLASSIFICATION.

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

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

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

(c) Wholesale food processors or manufacturers are persons who process or manufacture raw materials and other food ingredients into food items, or who reprocess food items, or who package food for sale to others for resale, or who commercially slaughter animals or

poultry. Included herein are persons who can, extract, ferment, distill, pickle, bake, freeze, dry, smoke, grind, mix, stuff, pack, bottle, recondition, or otherwise treat or preserve food for sale to others for resale, cold storage warehouse operators as defined in section 28.01, subdivision 3, salvage food processors as defined in section 31.495, subdivision 1, and dairy plants as defined in section 32D.01, subdivision 6.

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

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

Sec. 8. Minnesota Statutes 2018, section 28A.075, is amended to read:

28A.075 DELEGATION TO LOCAL BOARD OF HEALTH.

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At any time thereafter, the commissioner may enter into an agreement with a local board of health that licensed and inspected all or part of any grocery or convenience store on January 1, 1999, to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are such as grocery or convenience stores. ~~Retail grocery or convenience stores~~ food handlers inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate ~~grocery and convenience stores~~ retail food handlers and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

(c) A fee to recover the estimated costs of enforcement of this chapter must be established by ordinance and must be fair, reasonable, and proportionate to the actual cost of the licensing and inspection services. The fee must only be maintained and used for the estimated costs of enforcing this chapter.

Sec. 9. Minnesota Statutes 2018, section 28A.0752, subdivision 1, is amended to read:

Subdivision 1. **Agreements to perform duties of commissioner.** (a) Agreements to delegate licensing and inspection duties pertaining to retail ~~grocery or convenience stores~~ food handlers shall include licensing, inspection, reporting, and enforcement duties authorized under sections 17.04, 29.21, 29.23, 29.235, 29.236, 29.237, 29.24, 29.25, 29.26, 29.27, and 30.49, appropriate sections of the Minnesota Food Law, chapters 31 and 34A, and applicable Minnesota food rules.

(b) Agreements are subject to subdivision 3.

(c) This subdivision does not affect agreements entered into under section 28A.075 or current cooperative agreements which base inspections and licensing responsibility on the firm's most predominant mode of business.

Sec. 10. Minnesota Statutes 2018, section 28A.0752, subdivision 2, is amended to read:

Subd. 2. **Approval of agreements.** An agreement to delegate licensing and inspection of retail food handlers ~~that are grocery or convenience stores~~ to a community health board must be approved by the commissioner and is subject to subdivision 3.

Sec. 11. Minnesota Statutes 2018, section 28A.08, subdivision 3, is amended to read:

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

		Penalties	
Type of food handler	License Fee Effective July 1, 2003	Late Renewal	No License
1. Retail food handler <u>or custom exempt food handler</u>			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$ 50	\$ 17	\$ 33
(b) Having under \$15,000 gross sales or service including food preparation or having \$15,000 to \$50,000 gross sales or service	\$ 77	\$ 25	\$ 51

7.1	for the immediately previous license or			
7.2	fiscal year			
7.3	(c) Having \$50,001 to \$250,000 gross sales			
7.4	or service for the immediately previous			
7.5	license or fiscal year	\$155	\$ 51	\$102
7.6	(d) Having \$250,001 to \$1,000,000 gross			
7.7	sales or service for the immediately previous			
7.8	license or fiscal year	\$276	\$ 91	\$182
7.9	(e) Having \$1,000,001 to \$5,000,000 gross			
7.10	sales or service for the immediately previous			
7.11	license or fiscal year	\$799	\$264	\$527
7.12	(f) Having \$5,000,001 to \$10,000,000 gross			
7.13	sales or service for the immediately previous			
7.14	license or fiscal year	\$1,162	\$383	\$767
7.15	(g) Having \$10,000,001 to \$15,000,000			
7.16	gross sales or service for the immediately			
7.17	previous license or fiscal year	\$1,376	\$454	\$908
7.18	(h) Having \$15,000,001 to \$20,000,000			
7.19	gross sales or service for the immediately			
7.20	previous license or fiscal year	\$1,607	\$530	\$1,061
7.21	(i) Having \$20,000,001 to \$25,000,000			
7.22	gross sales or service for the immediately			
7.23	previous license or fiscal year	\$1,847	\$610	\$1,219
7.24	(j) Having over \$25,000,001 gross sales or			
7.25	service for the immediately previous license			
7.26	or fiscal year	\$2,001	\$660	\$1,321
7.27	2. Wholesale food handler			
7.28	(a) Having gross sales or service of less than			
7.29	\$25,000 for the immediately previous			
7.30	license or fiscal year	\$ 57	\$ 19	\$ 38
7.31	(b) Having \$25,001 to \$250,000 gross sales			
7.32	or service for the immediately previous			
7.33	license or fiscal year	\$284	\$ 94	\$187
7.34	(c) Having \$250,001 to \$1,000,000 gross			
7.35	sales or service from a mobile unit without			
7.36	a separate food facility for the immediately			
7.37	previous license or fiscal year	\$444	\$147	\$293
7.38	(d) Having \$250,001 to \$1,000,000 gross			
7.39	sales or service not covered under paragraph			
7.40	(c) for the immediately previous license or			
7.41	fiscal year	\$590	\$195	\$389
7.42	(e) Having \$1,000,001 to \$5,000,000 gross			
7.43	sales or service for the immediately previous			
7.44	license or fiscal year	\$769	\$254	\$508
7.45	(f) Having \$5,000,001 to \$10,000,000 gross			
7.46	sales or service for the immediately previous			
7.47	license or fiscal year	\$920	\$304	\$607

8.1	(g) Having \$10,000,001 to \$15,000,000			
8.2	gross sales or service for the immediately			
8.3	previous license or fiscal year	\$990	\$327	\$653
8.4	(h) Having \$15,000,001 to \$20,000,000			
8.5	gross sales or service for the immediately			
8.6	previous license or fiscal year	\$1,156	\$381	\$763
8.7	(i) Having \$20,000,001 to \$25,000,000			
8.8	gross sales or service for the immediately			
8.9	previous license or fiscal year	\$1,329	\$439	\$877
8.10	(j) Having over \$25,000,001 or more gross			
8.11	sales or service for the immediately previous			
8.12	license or fiscal year	\$1,502	\$496	\$991
8.13	3. Food broker	\$150	\$ 50	\$ 99
8.14	4. Wholesale food processor or manufacturer			
8.15	(a) Having gross sales or service of less than			
8.16	\$125,000 for the immediately previous			
8.17	license or fiscal year	\$169	\$ 56	\$112
8.18	(b) Having \$125,001 to \$250,000 gross sales			
8.19	or service for the immediately previous			
8.20	license or fiscal year	\$392	\$129	\$259
8.21	(c) Having \$250,001 to \$1,000,000 gross			
8.22	sales or service for the immediately previous			
8.23	license or fiscal year	\$590	\$195	\$389
8.24	(d) Having \$1,000,001 to \$5,000,000 gross			
8.25	sales or service for the immediately previous			
8.26	license or fiscal year	\$769	\$254	\$508
8.27	(e) Having \$5,000,001 to \$10,000,000 gross			
8.28	sales or service for the immediately previous			
8.29	license or fiscal year	\$920	\$304	\$607
8.30	(f) Having \$10,000,001 to \$15,000,000			
8.31	gross sales or service for the immediately			
8.32	previous license or fiscal year	\$1,377	\$454	\$909
8.33	(g) Having \$15,000,001 to \$20,000,000			
8.34	gross sales or service for the immediately			
8.35	previous license or fiscal year	\$1,608	\$531	\$1,061
8.36	(h) Having \$20,000,001 to \$25,000,000			
8.37	gross sales or service for the immediately			
8.38	previous license or fiscal year	\$1,849	\$610	\$1,220
8.39	(i) Having \$25,000,001 to \$50,000,000			
8.40	gross sales or service for the immediately			
8.41	previous license or fiscal year	\$2,090	\$690	\$1,379
8.42	(j) Having \$50,000,001 to \$100,000,000			
8.43	gross sales or service for the immediately			
8.44	previous license or fiscal year	\$2,330	\$769	\$1,538
8.45	(k) Having \$100,000,000 or more gross			
8.46	sales or service for the immediately previous			
8.47	license or fiscal year	\$2,571	\$848	\$1,697

9.1	5. Wholesale food processor of meat or poultry			
9.2	products under supervision of the U.S.			
9.3	Department of Agriculture			
9.4	(a) Having gross sales or service of less than			
9.5	\$125,000 for the immediately previous			
9.6	license or fiscal year	\$112	\$ 37	\$ 74
9.7	(b) Having \$125,001 to \$250,000 gross sales			
9.8	or service for the immediately previous			
9.9	license or fiscal year	\$214	\$ 71	\$141
9.10	(c) Having \$250,001 to \$1,000,000 gross			
9.11	sales or service for the immediately previous			
9.12	license or fiscal year	\$333	\$110	\$220
9.13	(d) Having \$1,000,001 to \$5,000,000 gross			
9.14	sales or service for the immediately previous			
9.15	license or fiscal year	\$425	\$140	\$281
9.16	(e) Having \$5,000,001 to \$10,000,000 gross			
9.17	sales or service for the immediately previous			
9.18	license or fiscal year	\$521	\$172	\$344
9.19	(f) Having over \$10,000,001 gross sales or			
9.20	service for the immediately previous license			
9.21	or fiscal year	\$765	\$252	\$505
9.22	(g) Having \$15,000,001 to \$20,000,000			
9.23	gross sales or service for the immediately			
9.24	previous license or fiscal year	\$893	\$295	\$589
9.25	(h) Having \$20,000,001 to \$25,000,000			
9.26	gross sales or service for the immediately			
9.27	previous license or fiscal year	\$1,027	\$339	\$678
9.28	(i) Having \$25,000,001 to \$50,000,000			
9.29	gross sales or service for the immediately			
9.30	previous license or fiscal year	\$1,161	\$383	\$766
9.31	(j) Having \$50,000,001 to \$100,000,000			
9.32	gross sales or service for the immediately			
9.33	previous license or fiscal year	\$1,295	\$427	\$855
9.34	(k) Having \$100,000,001 or more gross			
9.35	sales or service for the immediately previous			
9.36	license or fiscal year	\$1,428	\$471	\$942
9.37	6. Wholesale food processor or manufacturer			
9.38	operating only at the State Fair	\$125	\$ 40	\$ 50
9.39	7. Wholesale food manufacturer having the			
9.40	permission of the commissioner to use the			
9.41	name Minnesota Farmstead cheese	\$ 30	\$ 10	\$ 15
9.42	8. Wholesale food manufacturer processing			
9.43	less than 700,000 pounds per year of raw			
9.44	milk	\$ 30	\$ 10	\$ 15
9.45	9. A milk marketing organization without			
9.46	facilities for processing or manufacturing			
9.47	that purchases milk from milk producers for			
9.48	delivery to a licensed wholesale food			
9.49	processor or manufacturer	\$ 50	\$ 15	\$ 25

10.1 Sec. 12. Minnesota Statutes 2018, section 29.26, is amended to read:

10.2 **29.26 EGGS IN POSSESSION OF RETAILER.**

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

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

10.12 Sec. 13. Minnesota Statutes 2018, section 31.94, is amended to read:

10.13 **31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.**

10.14 (a) In order to promote opportunities for organic agriculture in Minnesota, the
10.15 commissioner shall:

10.16 (1) survey producers and support services and organizations to determine information
10.17 and research needs in the area of organic agriculture practices;

10.18 (2) work with the University of Minnesota and other research and education institutions
10.19 to demonstrate the on-farm applicability of organic agriculture practices to conditions in
10.20 this state;

10.21 (3) direct the programs of the department so as to work toward the promotion of organic
10.22 agriculture in this state;

10.23 (4) inform agencies about state or federal programs that support organic agriculture
10.24 practices; and

10.25 (5) work closely with producers, producer organizations, the University of Minnesota,
10.26 and other appropriate agencies and organizations to identify opportunities and needs as well
10.27 as ensure coordination and avoid duplication of state agency efforts regarding research,
10.28 teaching, marketing, and extension work relating to organic agriculture.

10.29 (b) By November 15 of each year that ends in a zero or a five, the commissioner, in
10.30 conjunction with the task force created in paragraph (c), shall report on the status of organic
10.31 agriculture in Minnesota to the legislative policy and finance committees and divisions with
10.32 jurisdiction over agriculture. The report must include available data on organic acreage and

11.1 production, available data on the sales or market performance of organic products, and
11.2 recommendations regarding programs, policies, and research efforts that will benefit
11.3 Minnesota's organic agriculture sector.

11.4 (c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the
11.5 University of Minnesota on policies and programs that will improve organic agriculture in
11.6 Minnesota, including how available resources can most effectively be used for outreach,
11.7 education, research, and technical assistance that meet the needs of the organic agriculture
11.8 sector. The task force must consist of the following residents of the state:

11.9 (1) three organic farmers;

11.10 (2) one wholesaler or distributor of organic products;

11.11 (3) one representative of organic certification agencies;

11.12 (4) two organic processors;

11.13 (5) one representative from University of Minnesota Extension;

11.14 (6) one University of Minnesota faculty member;

11.15 (7) one representative from a nonprofit organization representing producers;

11.16 (8) two public members;

11.17 (9) one representative from the United States Department of Agriculture;

11.18 (10) one retailer of organic products; and

11.19 (11) one organic consumer representative.

11.20 The commissioner, in consultation with the director of the Minnesota Agricultural Experiment
11.21 Station; the dean and director of University of Minnesota Extension and the dean of the
11.22 College of Food, Agricultural and Natural Resource Sciences, shall appoint members to
11.23 serve three-year terms.

11.24 Compensation and removal of members are governed by section 15.059, subdivision 6.

11.25 The task force must meet at least twice each year and expires on June 30, ~~2019~~ 2024.

11.26 (d) For the purposes of expanding, improving, and developing production and marketing
11.27 of the organic products of Minnesota agriculture, the commissioner may receive funds from
11.28 state and federal sources and spend them, including through grants or contracts, to assist
11.29 producers and processors to achieve certification, to conduct education or marketing
11.30 activities, to enter into research and development partnerships, or to address production or
11.31 marketing obstacles to the growth and well-being of the industry.

12.1 (e) The commissioner may facilitate the registration of state organic production and
12.2 handling operations including those exempt from organic certification according to Code
12.3 of Federal Regulations, title 7, section 205.101, and accredited certification agencies
12.4 operating within the state.

12.5 Sec. 14. Minnesota Statutes 2018, section 32D.13, is amended by adding a subdivision to
12.6 read:

12.7 Subd. 11. **Milk storage requirement.** (a) A milk hauler must not pick up milk from a
12.8 farm that has a bulk tank that is not in proper working order.

12.9 (b) Milk must not be stored for longer than 72 hours at a farm before the milk is picked
12.10 up by a milk hauler for transport to a plant. The commissioner or an agent of the
12.11 commissioner may waive the 72-hour time limit in the case of hardship, emergency, or
12.12 natural disaster.

12.13 Sec. 15. Minnesota Statutes 2018, section 32D.20, subdivision 2, is amended to read:

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

12.18 (b) Milk and dairy products must be labeled (1) with the plant number where the product
12.19 was produced; or (2) if produced in a state where official plant numbers are not assigned,
12.20 with the name and address of the manufacturer and the address of the plant where it was
12.21 manufactured or distributor.

12.22 Sec. 16. Minnesota Statutes 2018, section 32D.22, is amended to read:

12.23 **32D.22 MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

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

13.1 (b) Any cheese described in paragraph (a), clause (3), that has been made from
13.2 unpasteurized milk must be labeled with a statement that the cheese has been aged for 60
13.3 days or more.

13.4 Sec. 17. Minnesota Statutes 2018, section 34A.11, subdivision 7, is amended to read:

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

13.12 Sec. 18. Minnesota Statutes 2018, section 35.155, subdivision 11, is amended to read:

13.13 Subd. 11. **Mandatory surveillance for chronic wasting disease; herd depopulation.** (a)
13.14 An inventory for each farmed Cervidae herd must be verified by an accredited veterinarian
13.15 and filed with the Board of Animal Health every 12 months.

13.16 (b) Movement of farmed Cervidae from any premises to another location must be reported
13.17 to the Board of Animal Health within 14 days of the movement on forms approved by the
13.18 Board of Animal Health.

13.19 (c) All animals from farmed Cervidae herds that are over 16 months of age that die or
13.20 are slaughtered must be tested for chronic wasting disease.

13.21 (d) If an animal in a farmed Cervidae herd tests positive for chronic wasting disease,
13.22 the entire herd must be euthanized and disposed of at the owner's expense, unless state and
13.23 federal funds are available for this purpose. The herd must be euthanized and disposed in
13.24 a manner approved by the board. The board shall consult with the commissioner of natural
13.25 resources in approving euthanization and disposal methods.

13.26 Sec. 19. Minnesota Statutes 2018, section 41A.15, subdivision 2, is amended to read:

13.27 Subd. 2. **Advanced biofuel.** "Advanced biofuel" ~~has the meaning given in section~~
13.28 ~~239.051, subdivision 1a.~~ means a renewable fuel, other than ethanol derived from corn
13.29 starch, that has lifecycle greenhouse gas emissions that are at least 50 percent less than
13.30 baseline lifecycle greenhouse gas emissions.

14.1 Sec. 20. Minnesota Statutes 2018, section 41A.15, is amended by adding a subdivision to
14.2 read:

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

14.7 Sec. 21. Minnesota Statutes 2018, section 41A.15, subdivision 10, is amended to read:

14.8 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with biobased
14.9 content, polymer, monomer, plastic, or composite material that is entirely produced from
14.10 biomass.

14.11 Sec. 22. Minnesota Statutes 2018, section 41A.16, subdivision 1, is amended to read:

14.12 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
14.13 source from Minnesota at least 80 percent ~~raw materials from Minnesota~~ of the biomass
14.14 used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from
14.15 the state border, raw materials biomass used to produce an advanced biofuel may be sourced
14.16 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from
14.17 within a 100-mile radius of the facility or from within Minnesota. Raw materials must be
14.18 ~~from agricultural or forestry sources or from solid waste.~~ The facility must be located in
14.19 Minnesota, must begin production at a specific location by June 30, 2025, and must not
14.20 begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July
14.21 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced
14.22 biofuel production capacity, or retrofitting existing capacity, as well as new companies and
14.23 facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible.
14.24 Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced
14.25 biofuel quarterly.

14.26 (b) No payments shall be made for advanced biofuel production that occurs after June
14.27 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

15.1 (e) Renewable chemical production for which payment has been received under section
15.2 41A.17, and biomass thermal production for which payment has been received under section
15.3 41A.18, are not eligible for payment under this section.

15.4 (f) Biobutanol is eligible under this section.

15.5 Sec. 23. Minnesota Statutes 2018, section 41A.16, subdivision 2, is amended to read:

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

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

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

15.18 Sec. 24. Minnesota Statutes 2018, section 41A.16, subdivision 4, is amended to read:

15.19 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
15.20 biomass used for advanced biofuel production must be produced using Minnesota state
15.21 forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands
15.22 must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting
15.23 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
15.24 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
15.25 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
15.26 parcels of 160 acres or less, tribal lands, and federal land ~~must be harvested by a logger~~
15.27 ~~who has completed training for biomass harvesting from the Minnesota logger education~~
15.28 ~~program or the equivalent and have a forest stewardship management plan, as defined in~~
15.29 section 290C.02, subdivision 7, or the equivalent, and be harvested by a logger who has
15.30 completed training for biomass harvesting from the Minnesota logger education program
15.31 or the equivalent.

16.1 Sec. 25. Minnesota Statutes 2018, section 41A.17, subdivision 1, is amended to read:

16.2 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program section~~
16.3 must source from Minnesota at least 80 percent ~~biobased content from Minnesota~~ of the
16.4 biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or
16.5 less from the state border, ~~biobased content must~~ biomass used to produce a renewable
16.6 chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the
16.7 biomass is sourced from within a 100-mile radius of the facility or from within Minnesota.
16.8 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The
16.9 facility must be located in Minnesota, must begin production at a specific location by June
16.10 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly
16.11 before January 1, 2015. Eligible facilities include existing companies and facilities that are
16.12 adding production capacity, or retrofitting existing capacity, as well as new companies and
16.13 facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000
16.14 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes
16.15 that are fully commercial before January 1, 2000, are not eligible.

16.16 (b) No payments shall be made for renewable chemical production that occurs after June
16.17 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

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

16.22 (e) Advanced biofuel production for which payment has been received under section
16.23 41A.16, and biomass thermal production for which payment has been received under section
16.24 41A.18, are not eligible for payment under this section.

16.25 Sec. 26. Minnesota Statutes 2018, section 41A.17, subdivision 2, is amended to read:

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

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

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

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

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

17.15 Sec. 27. Minnesota Statutes 2018, section 41A.17, subdivision 3, is amended to read:

17.16 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 17.17 biomass used for renewable chemical production must be produced using Minnesota state
 17.18 forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands
 17.19 must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting
 17.20 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
 17.21 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
 17.22 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
 17.23 parcels of 160 acres or less, tribal lands, and federal land must ~~be harvested by a logger~~
 17.24 ~~who has completed training for biomass harvesting from the Minnesota logger education~~
 17.25 ~~program or the equivalent and have a forest stewardship management plan, as defined in~~
 17.26 section 290C.02, subdivision 7, or the equivalent, and be harvested by a logger who has
 17.27 completed training for biomass harvesting from the Minnesota logger education program
 17.28 or the equivalent.

17.29 Sec. 28. Minnesota Statutes 2018, section 41A.18, subdivision 1, is amended to read:

17.30 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 17.31 source from Minnesota at least 80 percent ~~raw materials from Minnesota~~ of the biomass
 17.32 used for biomass thermal production, except that, if a facility is sited 50 miles or less from
 17.33 the state border, raw materials should biomass used for biomass thermal production may

18.1 be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is
18.2 sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw~~
18.3 ~~materials~~ Biomass must be from agricultural or forestry sources. The facility must be located
18.4 in Minnesota, must have begun production at a specific location by June 30, 2025, and must
18.5 not begin before July 1, 2015. Eligible facilities include existing companies and facilities
18.6 that are adding production capacity, or retrofitting existing capacity, as well as new
18.7 companies and facilities. Eligible biomass thermal production facilities must produce at
18.8 least 250 MMbtu of biomass thermal quarterly.

18.9 (b) No payments shall be made for biomass thermal production that occurs after June
18.10 30, 2035, for those eligible biomass thermal producers under paragraph (a).

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

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

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

18.19 Sec. 29. Minnesota Statutes 2018, section 41A.18, subdivision 2, is amended to read:

18.20 Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall make
18.21 payments to eligible producers of biomass thermal located in the state. The amount of the
18.22 payment for each producer's annual production is \$5.00 per MMbtu of biomass thermal
18.23 production produced at a specific location for ten years after the start of production.

18.24 (b) An eligible facility producing biomass thermal using agricultural cellulosic biomass
18.25 is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural
18.26 biomass that is derived from perennial crop or cover crop biomass.

18.27 (c) Total payments under this section to an eligible thermal producer in a fiscal year
18.28 may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total
18.29 payments under this section to all eligible thermal producers in a fiscal year may not exceed
18.30 the amount necessary for 150,000 MMbtu of total thermal production. The commissioner
18.31 shall award payments on a first-come, first-served basis within the limits of available funding.

18.32 (d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass
18.33 thermal production facility, but only the percentage attributable to ~~cellulosic material~~ biomass

19.1 meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass
19.2 sourcing plan is eligible to receive payment.

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

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

19.9 Sec. 30. Minnesota Statutes 2018, section 41A.18, subdivision 3, is amended to read:

19.10 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
19.11 biomass used for biomass thermal production must be produced using Minnesota ~~state forest~~
19.12 biomass harvesting guidelines or the equivalent. All cellulosic biomass from ~~brushland~~
19.13 brushlands must be produced using Minnesota brushland ~~harvesting~~ biomass harvesting
19.14 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
19.15 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
19.16 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
19.17 parcels of 160 acres or less, tribal lands, and federal land ~~must be harvested by a logger~~
19.18 ~~who has completed training for biomass harvesting from the Minnesota logger education~~
19.19 ~~program or the equivalent and have a forest stewardship management plan, as defined in~~
19.20 section 290C.02, subdivision 7, or the equivalent and be harvested by a logger who has
19.21 completed training for biomass harvesting from the Minnesota logger education program
19.22 or the equivalent.

19.23 Sec. 31. Minnesota Statutes 2018, section 41B.02, subdivision 10a, is amended to read:

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

19.29 Sec. 32. Minnesota Statutes 2018, section 41B.03, subdivision 3, is amended to read:

19.30 Subd. 3. **Eligibility for beginning farmer loans.** (a) In addition to the requirements
19.31 under subdivision 1, a prospective borrower for a beginning farm loan in which the authority
19.32 holds an interest, must:

20.1 (1) have sufficient education, training, or experience in the type of farming for which
20.2 the loan is desired;

20.3 (2) have a total net worth, including assets and liabilities of the borrower's spouse and
20.4 dependents, of less than \$800,000 in 2017 and an amount in subsequent years which is
20.5 adjusted for inflation by multiplying that amount by the cumulative inflation rate as
20.6 determined by the United States All-Items Consumer Price Index;

20.7 (3) demonstrate a need for the loan;

20.8 (4) demonstrate an ability to repay the loan;

20.9 (5) certify that the agricultural land to be purchased will be used by the borrower for
20.10 agricultural purposes;

20.11 (6) certify that farming will be the principal occupation of the borrower;

20.12 (7) agree to participate in a farm management program approved by the commissioner
20.13 of agriculture for at least the first three years of the loan, if an approved program is available
20.14 within 45 miles from the borrower's residence. The ~~commissioner~~ authority may waive this
20.15 requirement for any of the programs administered by the authority if the participant requests
20.16 a waiver and has ~~either~~ a four-year degree in an agricultural program or related field,
20.17 reasonable agricultural job-related experience, or certification as an adult farm management
20.18 instructor; and

20.19 (8) agree to file an approved soil and water conservation plan with the Natural Resources
20.20 Conservation Service office in the county where the land is located.

20.21 (b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is
20.22 subject to penalty as determined by the authority.

20.23 Sec. 33. Minnesota Statutes 2018, section 41B.0391, subdivision 1, is amended to read:

20.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
20.25 the meanings given.

20.26 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and
20.27 machinery used for farming in Minnesota.

20.28 (c) "Beginning farmer" means an individual who:

20.29 (1) is a resident of Minnesota;

20.30 (2) is seeking entry, or has entered within the last ten years, into farming;

20.31 (3) intends to farm land located within the state borders of Minnesota;

21.1 (4) is not and whose spouse is not a family member of the owner of the agricultural
21.2 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

21.3 (5) is not and whose spouse is not a family member of a partner, member, shareholder,
21.4 or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to
21.5 purchase or rent agricultural assets; and

21.6 (6) meets the following eligibility requirements as determined by the authority:

21.7 (i) has a net worth that does not exceed the limit provided under section 41B.03,
21.8 subdivision 3, paragraph (a), clause (2);

21.9 (ii) provides the majority of the day-to-day physical labor and management of the farm;

21.10 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates
21.11 knowledge in the type of farming for which the beginning farmer seeks assistance from the
21.12 authority;

21.13 (iv) demonstrates to the authority a profit potential by submitting projected earnings
21.14 statements;

21.15 (v) asserts to the satisfaction of the authority that farming will be a significant source
21.16 of income for the beginning farmer;

21.17 (vi) ~~participates in~~ is enrolled in or has completed within ten years of their first year of
21.18 farming a financial management program approved by the authority or the commissioner
21.19 of agriculture;

21.20 (vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility
21.21 requirements within the three-year certification period, in which case the beginning farmer
21.22 is no longer eligible for credits under this section; and

21.23 (viii) has other qualifications as specified by the authority.

21.24 The commissioner may waive the requirement in item (vi) if the participant requests a waiver
21.25 and has a four-year degree in an agricultural program or related field, reasonable agricultural
21.26 job-related experience, or certification as an adult farm management instructor.

21.27 (d) "Family member" means a family member within the meaning of the Internal Revenue
21.28 Code, section 267(c)(4).

21.29 (e) "Farm product" means plants and animals useful to humans and includes, but is not
21.30 limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products,
21.31 poultry and poultry products, livestock, fruits, and vegetables.

22.1 (f) "Farming" means the active use, management, and operation of real and personal
22.2 property for the production of a farm product.

22.3 (g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that
22.4 is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner
22.5 of agricultural assets does not mean an equipment dealer, livestock dealer defined in section
22.6 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling
22.7 agricultural assets for profit and that is not engaged in farming as its primary business
22.8 activity. An owner of agricultural assets approved and certified by the authority under
22.9 subdivision 4 must notify the authority if the owner no longer meets the definition in this
22.10 paragraph within the three year certification period and is then no longer eligible for credits
22.11 under this section.

22.12 (h) "Resident" has the meaning given in section 290.01, subdivision 7.

22.13 (i) "Share rent agreement" means a rental agreement in which the principal consideration
22.14 given to the owner of agricultural assets is a predetermined portion of the production of
22.15 farm products produced from the rented agricultural assets and which provides for sharing
22.16 production costs or risk of loss, or both.

22.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
22.18 31, 2018.

22.19 Sec. 34. Minnesota Statutes 2018, section 41B.047, subdivision 1, is amended to read:

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

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

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

22.27 (3) restore farmland; or

22.28 (4) replace flocks, make building improvements, or cover the loss of revenue when the
22.29 replacement, improvements, or loss of revenue is due to the confirmed presence of the
22.30 highly pathogenic avian influenza in a commercial poultry or game flock located in
22.31 Minnesota; or

23.1 (5) replace livestock, make building improvements, or cover the loss of revenue when
23.2 the replacement, improvements, or loss of revenue is due to the confirmed presence of a
23.3 highly contagious bacterial or virological disease in a livestock operation, including but not
23.4 limited to African swine fever, located in Minnesota.

23.5 Sec. 35. Minnesota Statutes 2018, section 41B.047, subdivision 3, is amended to read:

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

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

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

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

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

23.15 Sec. 36. Minnesota Statutes 2018, section 41B.049, subdivision 1, is amended to read:

23.16 Subdivision 1. **Establishment.** The authority shall establish and implement a methane
23.17 digester loan program to help finance the purchase of necessary equipment and the
23.18 construction or improvement of a system that ~~will utilize~~ utilizes manure to produce
23.19 electricity.

23.20 Sec. 37. Minnesota Statutes 2018, section 41B.049, subdivision 5, is amended to read:

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

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

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

23.26 (d) A borrower who has previously received a loan under subdivision 1 ~~is prohibited~~
23.27 ~~from receiving~~ may receive another methane digester loan under subdivision 1 if the previous
23.28 loan has been repaid in full.

24.1 Sec. 38. Minnesota Statutes 2018, section 41B.055, subdivision 3, is amended to read:

24.2 Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal
24.3 to 90 percent of the purchased equipment value with an eligible lender to a farmer who is
24.4 eligible under subdivision 2. Participation is limited to 45 percent of the principal amount
24.5 of the loan or ~~\$40,000~~ \$100,000, whichever is less. The interest rates and repayment terms
24.6 of the authority's participation interest may differ from the interest rates and repayment
24.7 terms of the lender's retained portion of the loan, but the authority's interest rate must not
24.8 exceed three percent. The authority may review the interest annually and make adjustments
24.9 as necessary.

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

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

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

24.15 (e) The authority may impose a reasonable, nonrefundable application fee for a livestock
24.16 equipment loan. The authority may review the fee annually and make adjustments as
24.17 necessary. The initial application fee is \$50. Application fees received by the authority must
24.18 be deposited in the Rural Finance Authority administrative account established in section
24.19 41B.03.

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

24.22 Sec. 39. Minnesota Statutes 2018, section 41B.057, subdivision 3, is amended to read:

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

25.1 Sec. 40. Minnesota Statutes 2018, section 116.0714, is amended to read:

25.2 **116.0714 NEW OPEN-AIR SWINE BASINS.**

25.3 (a) The commissioner of the Pollution Control Agency or a county board shall not
25.4 approve any permits for the construction of new open-air swine basins, except that existing
25.5 facilities may use one basin of less than 1,000,000 gallons as part of a permitted waste
25.6 treatment program for resolving pollution problems or to allow conversion of an existing
25.7 basin of less than 1,000,000 gallons to a different animal type, provided all standards are
25.8 met. This section expires June 30, 2022.

25.9 (b) This section does not apply to basins used solely for wastewater from truck-washing
25.10 facilities.

25.11 Sec. 41. **REPEALER.**

25.12 Minnesota Statutes 2018, section 41A.15, subdivisions 2a and 2b, are repealed."

25.13 Delete the title and insert:

25.14 "A bill for an act

25.15 relating to agriculture; making policy and technical changes to various agricultural
25.16 provisions including provisions related to hemp, food handlers, eggs, milk, cheese,
25.17 bioincentive programs, loan programs, farmed Cervidae, pesticides, nursery stock,
25.18 open-air swine basins, and other agriculture provisions; amending Minnesota
25.19 Statutes 2018, sections 18B.02; 18H.10; 18K.02, subdivision 3; 18K.06; 25.33,
25.20 subdivision 8; 28A.04, subdivision 1; 28A.05; 28A.075; 28A.0752, subdivisions
25.21 1, 2; 28A.08, subdivision 3; 29.26; 31.94; 32D.13, by adding a subdivision; 32D.20,
25.22 subdivision 2; 32D.22; 34A.11, subdivision 7; 35.155, subdivision 11; 41A.15,
25.23 subdivisions 2, 10, by adding a subdivision; 41A.16, subdivisions 1, 2, 4; 41A.17,
25.24 subdivisions 1, 2, 3; 41A.18, subdivisions 1, 2, 3; 41B.02, subdivision 10a; 41B.03,
25.25 subdivision 3; 41B.0391, subdivision 1; 41B.047, subdivisions 1, 3; 41B.049,
25.26 subdivisions 1, 5; 41B.055, subdivision 3; 41B.057, subdivision 3; 116.0714;
25.27 repealing Minnesota Statutes 2018, section 41A.15, subdivisions 2a, 2b."

25.28 With the recommendation that when so amended the bill be returned to the Committee
25.29 on Ways and Means.

25.30 This Division action taken March 14, 2019

25.31 Janet Poppe....., Chair