

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. 2200, A bill for an act relating to agriculture; establishing a budget for the
1.3 Department of Agriculture, the Board of Animal Health, and the Agricultural Utilization
1.4 Research Institute; amending Laws 2015, First Special Session chapter 4, article 1, section
1.5 2, subdivision 4, as amended; Laws 2017, chapter 88, article 1, section 2, subdivisions 2,
1.6 4.

1.7 Reported the same back with the following amendments:

1.8 Delete everything after the enacting clause and insert:

1.9 "ARTICLE 1
1.10 AGRICULTURE

1.11 Section 1. AGRICULTURE APPROPRIATIONS.

1.12 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.13 and for the purposes specified in this act. The appropriations are from the general fund, or
1.14 another named fund, and are available for the fiscal years indicated for each purpose. The
1.15 figures "2020" and "2021" used in this act mean that the appropriations listed under them
1.16 are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The
1.17 first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is
1.18 fiscal years 2020 and 2021.

1.19			<u>APPROPRIATIONS</u>
1.20			<u>Available for the Year</u>
1.21			<u>Ending June 30</u>
1.22		<u>2020</u>	<u>2021</u>

1.23 Sec. 2. DEPARTMENT OF AGRICULTURE

1.24	<u>Subdivision 1. Total Appropriation</u>	\$	<u>56,154,000</u>	\$	<u>54,839,000</u>
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1.25	<u>Appropriations by Fund</u>		
1.26		<u>2020</u>	<u>2021</u>

2.1	<u>General</u>	<u>55,755,000</u>	<u>54,440,000</u>
2.2	<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.3 The amounts that may be spent for each
 2.4 purpose are specified in the following
 2.5 subdivisions.

2.6 Subd. 2. Protection Services

2.7	<u>Appropriations by Fund</u>		
2.8		<u>2020</u>	<u>2021</u>
2.9	<u>General</u>	<u>20,050,000</u>	<u>19,225,000</u>
2.10	<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.11 (a) \$399,000 the first year and \$399,000 the
 2.12 second year are from the remediation fund for
 2.13 administrative funding for the voluntary
 2.14 cleanup program.

2.15 (b) \$250,000 the first year and \$250,000 the
 2.16 second year are for rapid detection,
 2.17 identification, containment, control, and
 2.18 management of high-priority plant pests and
 2.19 pathogens including emerald ash borer.

2.20 (c) \$375,000 the first year and \$375,000 the
 2.21 second year are for transfer to the noxious
 2.22 weed and invasive plant species assistance
 2.23 account in the agricultural fund to award
 2.24 grants to local units of government under
 2.25 Minnesota Statutes, section 18.90, with
 2.26 preference given to local units of government
 2.27 responding to Palmer amaranth or other weeds
 2.28 on the eradicate list.

2.29 (d) \$525,000 the first year and \$525,000 the
 2.30 second year are additional funding for the
 2.31 noxious weed and invasive plant program.

2.32 (e) \$300,000 the first year and \$300,000 the
 2.33 second year are for industrial hemp
 2.34 development.

3.1 (f) \$150,000 the first year and \$150,000 the
3.2 second year are for additional meat and poultry
3.3 inspection services.

3.4 (g) \$650,000 the first year and \$150,000 the
3.5 second year are to replace capital equipment
3.6 in the Department of Agriculture's analytical
3.7 laboratory. The base for this appropriation is
3.8 \$154,000 in fiscal year 2022 and \$154,000 in
3.9 fiscal year 2023.

3.10 (h) \$300,000 the first year and \$300,000 the
3.11 second year are for agricultural emergency
3.12 preparedness and response.

3.13 (i) \$325,000 the first year is for transfer to the
3.14 agricultural emergency account in the
3.15 agricultural fund.

3.16 (j) \$175,000 the first year and \$175,000 the
3.17 second year are for compensation for
3.18 destroyed or crippled livestock under
3.19 Minnesota Statutes, section 3.737. The first
3.20 year appropriation may be spent to compensate
3.21 for livestock that were destroyed or crippled
3.22 during fiscal year 2019. If the amount in the
3.23 first year is insufficient, the amount in the
3.24 second year is available in the first year. The
3.25 commissioner may use up to \$5,000 each year
3.26 to reimburse expenses incurred by university
3.27 extension educators to provide fair market
3.28 values of destroyed or crippled livestock.

3.29 (k) \$155,000 the first year and \$155,000 the
3.30 second year are for compensation for crop
3.31 damage under Minnesota Statutes, section
3.32 3.7371. If the amount in the first year is
3.33 insufficient, the amount in the second year is
3.34 available in the first year. The commissioner

4.1 may use up to \$30,000 of the appropriation
 4.2 each year to reimburse expenses incurred by
 4.3 the commissioner or the commissioner's
 4.4 approved agent to investigate and resolve
 4.5 claims.

4.6 If the commissioner determines that claims
 4.7 made under Minnesota Statutes, section 3.737
 4.8 or 3.7371, are unusually high, amounts
 4.9 appropriated for either program may be
 4.10 transferred to the appropriation for the other
 4.11 program.

4.12 **Subd. 3. Agricultural Marketing and**
 4.13 **Development**

4,121,000

4,121,000

4.14 (a) \$200,000 the first year and \$200,000 the
 4.15 second year are to expand domestic and
 4.16 international marketing opportunities for
 4.17 farmers and value-added processors, including
 4.18 staffing to facilitate farm-to-school sales and
 4.19 new markets for Minnesota-grown hemp.

4.20 (b) \$75,000 the first year and \$75,000 the
 4.21 second year are for additional community
 4.22 outreach on farms and rural mental health
 4.23 services including the 24-hour hotline, service
 4.24 availability, and mental health forums. Of this
 4.25 appropriation, \$12,000 each year is to provide
 4.26 professional development training for Farm
 4.27 Business Management instructors in the
 4.28 Minnesota State system. The base for this
 4.29 appropriation is \$63,000 in fiscal year 2022
 4.30 and \$63,000 in fiscal year 2023.

4.31 (c) \$186,000 the first year and \$186,000 the
 4.32 second year are for transfer to the Minnesota
 4.33 grown account and may be used as grants for
 4.34 Minnesota grown promotion under Minnesota
 4.35 Statutes, section 17.102. Grants may be made

5.1 for one year. Notwithstanding Minnesota
5.2 Statutes, section 16A.28, the appropriations
5.3 encumbered under contract on or before June
5.4 30, 2021, for Minnesota grown grants in this
5.5 paragraph are available until June 30, 2023.

5.6 (d) \$634,000 the first year and \$634,000 the
5.7 second year are for continuation of the dairy
5.8 development and profitability enhancement
5.9 and dairy business planning grant programs
5.10 established under Laws 1997, chapter 216,
5.11 section 7, subdivision 2, and Laws 2001, First
5.12 Special Session chapter 2, section 9,
5.13 subdivision 2. The commissioner may allocate
5.14 the available sums among permissible
5.15 activities, including efforts to improve the
5.16 quality of milk produced in the state, in the
5.17 proportions that the commissioner deems most
5.18 beneficial to Minnesota's dairy farmers. The
5.19 commissioner must submit a detailed
5.20 accomplishment report and a work plan
5.21 detailing future plans for, and anticipated
5.22 accomplishments from, expenditures under
5.23 this program to the chairs and ranking minority
5.24 members of the legislative committees and
5.25 divisions with jurisdiction over agriculture
5.26 policy and finance on or before the start of
5.27 each fiscal year. If significant changes are
5.28 made to the plans in the course of the year,
5.29 the commissioner must notify the chairs and
5.30 ranking minority members.

5.31 (e) The commissioner may use funds
5.32 appropriated in this subdivision for annual
5.33 cost-share payments to resident farmers or
5.34 entities that sell, process, or package
5.35 agricultural products in this state for the costs

6.1 of organic certification. The commissioner
 6.2 may allocate these funds for assistance to
 6.3 persons transitioning from conventional to
 6.4 organic agriculture.

6.5 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 6.6 **Advancement**

23,900,000

23,575,000

6.7 (a) \$9,300,000 the first year and \$9,300,000
 6.8 the second year are for transfer to the
 6.9 agriculture research, education, extension, and
 6.10 technology transfer account under Minnesota
 6.11 Statutes, section 41A.14, subdivision 3. Of
 6.12 these amounts: at least \$600,000 the first year
 6.13 and \$600,000 the second year are for the
 6.14 Minnesota Agricultural Experiment Station's
 6.15 agriculture rapid response fund under
 6.16 Minnesota Statutes, section 41A.14,
 6.17 subdivision 1, clause (2); \$2,000,000 the first
 6.18 year and \$2,000,000 the second year are for
 6.19 grants to the Minnesota Agriculture Education
 6.20 Leadership Council to enhance agricultural
 6.21 education with priority given to Farm Business
 6.22 Management challenge grants; \$350,000 the
 6.23 first year and \$350,000 the second year are
 6.24 for potato breeding; and \$450,000 the first
 6.25 year and \$450,000 the second year are for the
 6.26 cultivated wild rice breeding project at the
 6.27 North Central Research and Outreach Center
 6.28 to include a tenure track/research associate
 6.29 plant breeder. The commissioner shall transfer
 6.30 the remaining funds in this appropriation each
 6.31 year to the Board of Regents of the University
 6.32 of Minnesota for purposes of Minnesota
 6.33 Statutes, section 41A.14. Of the amount
 6.34 transferred to the Board of Regents, up to
 6.35 \$2,500,000 each year is for research on avian

7.1 influenza, African swine fever, and chronic
7.2 wasting disease.

7.3 To the extent practicable, money expended
7.4 under Minnesota Statutes, section 41A.14,
7.5 subdivision 1, clauses (1) and (2), must
7.6 supplement and not supplant existing sources
7.7 and levels of funding. The commissioner may
7.8 use up to one percent of this appropriation for
7.9 costs incurred to administer the program.

7.10 (b) \$14,275,000 the first year and \$14,275,000
7.11 the second year are for the agricultural growth,
7.12 research, and innovation program in
7.13 Minnesota Statutes, section 41A.12. Except
7.14 as provided below, the commissioner may
7.15 allocate the appropriation each year among
7.16 the following areas: facilitating the start-up,
7.17 modernization, improvement, or expansion of
7.18 livestock operations including beginning and
7.19 transitioning livestock operations; providing
7.20 funding not to exceed \$450,000 each year to
7.21 develop and enhance farm-to-school markets
7.22 for Minnesota farmers by providing more
7.23 fruits, vegetables, meat, grain, and dairy for
7.24 Minnesota children in school and child care
7.25 settings including by reimbursing schools for
7.26 purchases from local farmers; assisting
7.27 value-added agricultural businesses to begin
7.28 or expand, access new markets, or diversify;
7.29 providing funding not to exceed \$350,000
7.30 each year for urban youth agricultural
7.31 education or urban agriculture community
7.32 development; providing funding not to exceed
7.33 \$350,000 each year for the good food access
7.34 program under Minnesota Statutes, section
7.35 17.1017; facilitating the start-up,

8.1 modernization, or expansion of other
8.2 beginning and transitioning farms including
8.3 by providing loans under Minnesota Statutes,
8.4 section 41B.056; sustainable agriculture
8.5 on-farm research and demonstration;
8.6 development or expansion of food hubs and
8.7 other alternative community-based food
8.8 distribution systems; enhancing renewable
8.9 energy infrastructure and use; crop research;
8.10 Farm Business Management tuition assistance;
8.11 and good agricultural practices/good handling
8.12 practices certification assistance. The
8.13 commissioner may use up to 6.5 percent of
8.14 this appropriation for costs incurred to
8.15 administer the program.

8.16 Of the amount appropriated for the agricultural
8.17 growth, research, and innovation program in
8.18 Minnesota Statutes, section 41A.12:

8.19 (1) \$1,000,000 the first year and \$1,000,000
8.20 the second year are for distribution in equal
8.21 amounts to each of the state's county fairs to
8.22 preserve and promote Minnesota agriculture;
8.23 and

8.24 (2) \$1,500,000 the first year and \$1,500,000
8.25 the second year are for incentive payments
8.26 under Minnesota Statutes, sections 41A.16,
8.27 41A.17, and 41A.18. Notwithstanding
8.28 Minnesota Statutes, section 16A.28, the first
8.29 year appropriation is available until June 30,
8.30 2021, and the second year appropriation is
8.31 available until June 30, 2022. If this
8.32 appropriation exceeds the total amount for
8.33 which all producers are eligible in a fiscal
8.34 year, the balance of the appropriation is

9.1 available for the agricultural growth, research,
9.2 and innovation program.

9.3 The commissioner may use up to \$2,000,000
9.4 per year of the funds appropriated under this
9.5 subdivision to award value-added agriculture
9.6 grants of between \$200,000 and \$1,000,000
9.7 per grant for new or expanding agricultural
9.8 production, aquaponics, or processing facilities
9.9 that provide significant economic impact to
9.10 the region.

9.11 Notwithstanding Minnesota Statutes, section
9.12 16A.28, any unencumbered balance does not
9.13 cancel at the end of the first year and is
9.14 available for the second year and
9.15 appropriations encumbered under contract on
9.16 or before June 30, 2021, for agricultural
9.17 growth, research, and innovation grants are
9.18 available until June 30, 2024.

9.19 (c) \$325,000 the first year is for grants to
9.20 motor fuel wholesalers and retail motor fueling
9.21 station operators to install the equipment
9.22 necessary to store or dispense biofuels to the
9.23 public to meet the biofuel requirement goals
9.24 established under Minnesota Statutes, section
9.25 239.7911. Motor fuel wholesalers are eligible
9.26 for grant money under this paragraph for up
9.27 to two storage sites if each site is located in
9.28 Minnesota and stores, or uses tank systems to
9.29 blend, motor fuel comprised of at least 15
9.30 percent agriculturally derived, denatured
9.31 ethanol by volume. A retail motor fueling
9.32 station operator is eligible for grant money
9.33 under this paragraph for up to and including
9.34 15 retail motor fuel dispensing sites if each
9.35 site is located in Minnesota and the grant

10.1 money under this paragraph is used to modify
 10.2 or install storage and dispensing components
 10.3 that dispense gasoline blended with at least
 10.4 15 percent of agriculturally derived, denatured
 10.5 ethanol by volume for use in spark ignition
 10.6 engines. A grant award under this paragraph
 10.7 must not exceed 90 percent of the cost of the
 10.8 installation project. The commissioner must
 10.9 coordinate with stakeholders to establish grant
 10.10 criteria and distribute grants in a manner to
 10.11 more fully attain the requirements in
 10.12 Minnesota Statutes, section 239.7911. Of this
 10.13 appropriation, up to \$50,000 is for grants to
 10.14 create greater awareness among motorists of
 10.15 the availability of motor fuel comprised of 15
 10.16 percent agriculturally derived, denatured
 10.17 ethanol by volume for use in spark ignition
 10.18 engines. Notwithstanding Minnesota Statutes,
 10.19 section 16A.28, the appropriation in this
 10.20 paragraph is available until June 30, 2023. The
 10.21 commissioner must report to the legislative
 10.22 committees and divisions with jurisdiction
 10.23 over agriculture policy and finance by
 10.24 February 1 of each year in which funds are
 10.25 available, detailing the number of grants
 10.26 awarded and the projected effect of the grant
 10.27 program on meeting the biofuel replacement
 10.28 goals under Minnesota Statutes, section
 10.29 239.7911.

10.30 **Subd. 5. Administration and Financial**
 10.31 **Assistance**

7,684,000

7,519,000

10.32 (a) \$25,000 the first year and \$25,000 the
 10.33 second year are for grants to the Southern
 10.34 Minnesota Initiative Foundation to promote
 10.35 local foods through an annual event that raises
 10.36 public awareness of local foods and connects

- 11.1 local food producers and processors with
11.2 potential buyers.
- 11.3 (b) \$75,000 the first year is for a grant to
11.4 Greater Mankato Growth, Inc. for assistance
11.5 to agricultural-related businesses to promote
11.6 jobs, innovation, and synergy development.
- 11.7 (c) \$25,000 the first year and \$25,000 the
11.8 second year are for grants to a nonprofit
11.9 organization to provide a legal assistance
11.10 hotline for farmers. These are onetime
11.11 appropriations.
- 11.12 (d) \$474,000 the first year and \$474,000 the
11.13 second year are for payments to county and
11.14 district agricultural societies and associations
11.15 under Minnesota Statutes, section 38.02,
11.16 subdivision 1. Aid payments to county and
11.17 district agricultural societies and associations
11.18 shall be disbursed no later than July 15 of each
11.19 year. These payments are the amount of aid
11.20 from the state for an annual fair held in the
11.21 previous calendar year.
- 11.22 (e) \$1,000 the first year and \$1,000 the second
11.23 year are for grants to the Minnesota State
11.24 Poultry Association.
- 11.25 (f) \$18,000 the first year and \$18,000 the
11.26 second year are for grants to the Minnesota
11.27 Livestock Breeders Association.
- 11.28 (g) \$47,000 the first year and \$47,000 the
11.29 second year are for the Northern Crops
11.30 Institute. These appropriations may be spent
11.31 to purchase equipment.
- 11.32 (h) \$267,000 the first year and \$267,000 the
11.33 second year are for farm advocate services.

12.1 (i) \$17,000 the first year and \$17,000 the
12.2 second year are for grants to the Minnesota
12.3 Horticultural Society.

12.4 (j) \$250,000 the first year and \$250,000 the
12.5 second year are for transfer to the Board of
12.6 Trustees of the Minnesota State Colleges and
12.7 Universities for statewide mental health
12.8 counseling support to farm families and
12.9 business operators through the Minnesota State
12.10 Agricultural Centers of Excellence. South
12.11 Central College and Central Lakes College
12.12 shall serve as the fiscal agents.

12.13 (k) \$1,700,000 the first year and \$1,700,000
12.14 the second year are for grants to Second
12.15 Harvest Heartland on behalf of Minnesota's
12.16 six Feeding America food banks for the
12.17 following:

12.18 (1) to purchase milk for distribution to
12.19 Minnesota's food shelves and other charitable
12.20 organizations that are eligible to receive food
12.21 from the food banks. Milk purchased under
12.22 the grants must be acquired from Minnesota
12.23 milk processors and based on low-cost bids.
12.24 The milk must be allocated to each Feeding
12.25 America food bank serving Minnesota
12.26 according to the formula used in the
12.27 distribution of United States Department of
12.28 Agriculture commodities under The
12.29 Emergency Food Assistance Program. Second
12.30 Harvest Heartland may enter into contracts or
12.31 agreements with food banks for shared funding
12.32 or reimbursement of the direct purchase of
12.33 milk. Each food bank that receives funding
12.34 under this clause may use up to two percent
12.35 for administrative expenses; and

13.1 (2) to compensate agricultural producers and
13.2 processors for costs incurred to harvest and
13.3 package for transfer surplus fruits, vegetables,
13.4 and other agricultural commodities that would
13.5 otherwise go unharvested, be discarded, or
13.6 sold in a secondary market. Surplus
13.7 commodities must be distributed statewide to
13.8 food shelves and other charitable organizations
13.9 that are eligible to receive food from the food
13.10 banks. Surplus food acquired under this clause
13.11 must be from Minnesota producers and
13.12 processors. Second Harvest Heartland may
13.13 use up to 15 percent of each grant awarded
13.14 under this clause to match administrative and
13.15 transportation expenses.

13.16 Of the amount appropriated under this
13.17 paragraph, at least \$600,000 each year must
13.18 be allocated under clause (1). Notwithstanding
13.19 Minnesota Statutes, section 16A.28, any
13.20 unencumbered balance the first year does not
13.21 cancel and is available in the second year.

13.22 Second Harvest Heartland must submit
13.23 quarterly reports to the commissioner in the
13.24 form prescribed by the commissioner. The
13.25 reports must include but are not limited to
13.26 information on the expenditure of funds, the
13.27 amount of milk or other commodities
13.28 purchased, and the organizations to which this
13.29 food was distributed. The base for this
13.30 appropriation is \$1,650,000 in fiscal year 2022
13.31 and \$1,650,000 in fiscal year 2023.

13.32 (1) \$200,000 the first year and \$150,000 the
13.33 second year are for grants to the Center for
13.34 Rural Policy and Development. \$50,000 the
13.35 first year is for the study required under

14.1 section 24 and notwithstanding Minnesota
 14.2 Statutes, section 16A.28, is available until June
 14.3 30, 2021.

14.4 (m) \$275,000 the first year and \$235,000 the
 14.5 second year are for grants to the Minnesota
 14.6 Agricultural Education and Leadership
 14.7 Council for programs of the council under
 14.8 Minnesota Statutes, chapter 41D. Of the first
 14.9 year appropriation, \$40,000 is to facilitate
 14.10 development of a farm transitions curriculum.
 14.11 Notwithstanding Minnesota Statutes, section
 14.12 16A.28, the first year appropriation is
 14.13 available until June 30, 2021.

14.14 **Sec. 3. BOARD OF ANIMAL HEALTH** \$ 5,757,000 \$ 6,077,000

14.15 (a) \$30,000 the first year and \$350,000 the
 14.16 second year are to improve oversight of
 14.17 farmed Cervidae.

14.18 (b) \$250,000 the first year and \$250,000 the
 14.19 second year are for agricultural emergency
 14.20 preparedness and response.

14.21 (c) \$6,000 the first year and \$6,000 the second
 14.22 year are from the Cervidae inspection account
 14.23 in the special revenue fund to develop
 14.24 electronic forms to better track farmed
 14.25 Cervidae movement and record keeping. These
 14.26 are onetime appropriations.

14.27 **Sec. 4. AGRICULTURAL UTILIZATION**
 14.28 **RESEARCH INSTITUTE** \$ 3,897,000 \$ 3,900,000

14.29 \$104,000 the first year and \$107,000 the
 14.30 second year are to maintain the current level
 14.31 of service delivery.

15.1 Sec. 5. Minnesota Statutes 2018, section 17.118, subdivision 2, is amended to read:

15.2 Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this
15.3 subdivision have the meanings given them.

15.4 (b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed
15.5 Cervidae, Ratitae, bison, sheep, horses, and llamas.

15.6 (c) "Qualifying expenditures" means the amount spent for:

15.7 (1) the acquisition, construction, or improvement of buildings or facilities for the
15.8 production of livestock or livestock products;

15.9 (2) the development of pasture for use by livestock including, but not limited to, the
15.10 acquisition, development, or improvement of:

15.11 (i) lanes used by livestock that connect pastures to a central location;

15.12 (ii) watering systems for livestock on pasture including water lines, booster pumps, and
15.13 well installations;

15.14 (iii) livestock stream crossing stabilization; and

15.15 (iv) fences; or

15.16 (3) the acquisition of equipment for livestock housing, confinement, feeding, and waste
15.17 management including, but not limited to, the following:

15.18 (i) freestall barns;

15.19 (ii) watering facilities;

15.20 (iii) feed storage and handling equipment;

15.21 (iv) milking parlors;

15.22 (v) robotic equipment;

15.23 (vi) scales;

15.24 (vii) milk storage and cooling facilities;

15.25 (viii) bulk tanks;

15.26 (ix) computer hardware and software and associated equipment used to monitor the
15.27 productivity and feeding of livestock;

15.28 (x) manure pumping and storage facilities;

15.29 (xi) swine farrowing facilities;

- 16.1 (xii) swine and cattle finishing barns;
- 16.2 (xiii) calving facilities;
- 16.3 (xiv) digesters;
- 16.4 (xv) equipment used to produce energy;
- 16.5 (xvi) on-farm processing facilities equipment;
- 16.6 (xvii) fences, including but not limited to farmed Cervidae perimeter fences required
- 16.7 under section 35.155, subdivision 4; and
- 16.8 (xviii) livestock pens and corrals and sorting, restraining, and loading chutes.

16.9 Except for qualifying pasture development expenditures under clause (2), qualifying
16.10 expenditures only include amounts that are allowed to be capitalized and deducted under
16.11 either section 167 or 179 of the Internal Revenue Code in computing federal taxable income.
16.12 Qualifying expenditures do not include an amount paid to refinance existing debt.

16.13 Sec. 6. Minnesota Statutes 2018, section 18B.07, subdivision 2, is amended to read:

16.14 Subd. 2. **Prohibited pesticide use.** (a) A person may not use, store, handle, distribute,
16.15 or dispose of a pesticide, rinsate, pesticide container, or pesticide application equipment in
16.16 a manner:

16.17 (1) that is inconsistent with a label or labeling as defined by FIFRA;

16.18 (2) that endangers humans, damages agricultural products, food, livestock, fish, or
16.19 wildlife; or

16.20 (3) that will cause unreasonable adverse effects on the environment.

16.21 (b) A person may not direct a pesticide onto property beyond the boundaries of the target
16.22 site. A person may not apply a pesticide resulting in damage to adjacent property. A person
16.23 who applies a pesticide resulting in damage to adjacent property that is part of the state
16.24 outdoor recreation system is subject to enhanced monetary penalties as provided in section
16.25 18D.40.

16.26 (c) A person may not directly apply a pesticide on a human by overspray or target site
16.27 spray, except when:

16.28 (1) the pesticide is intended for use on a human;

16.29 (2) the pesticide application is for mosquito control operations;

17.1 (3) the pesticide application is for control of gypsy moth, forest tent caterpillar, or other
17.2 pest species, as determined by the commissioner, and the pesticide used is a biological
17.3 agent; or

17.4 (4) the pesticide application is for a public health risk, as determined by the commissioner
17.5 of health, and the commissioner of health, in consultation with the commissioner of
17.6 agriculture, determines that the application is warranted based on the commissioner's
17.7 balancing of the public health risk with the risk that the pesticide application poses to the
17.8 health of the general population, with special attention to the health of children.

17.9 (d) For pesticide applications under paragraph (c), clause (2), the following conditions
17.10 apply:

17.11 (1) no practicable and effective alternative method of control exists;

17.12 (2) the pesticide is among the least toxic available for control of the target pest; and

17.13 (3) notification to residents in the area to be treated is provided at least 24 hours before
17.14 application through direct notification, posting daily on the treating organization's website,
17.15 if any, and by sending a broadcast e-mail to those persons who request notification of such,
17.16 of those areas to be treated by adult mosquito control techniques during the next calendar
17.17 day. For control operations related to human disease, notice under this paragraph may be
17.18 given less than 24 hours in advance.

17.19 (e) For pesticide applications under paragraph (c), clauses (3) and (4), the following
17.20 conditions apply:

17.21 (1) no practicable and effective alternative method of control exists;

17.22 (2) the pesticide is among the least toxic available for control of the target pest; and

17.23 (3) notification of residents in the area to be treated is provided by direct notification
17.24 and through publication in a newspaper of general circulation within the affected area.

17.25 (f) For purposes of this subdivision, "direct notification" may include mailings, public
17.26 meetings, posted placards, neighborhood newsletters, or other means of contact designed
17.27 to reach as many residents as possible. Public meetings held to meet this requirement for
17.28 adult mosquito control, under paragraph (d), must be held within each city or town where
17.29 the pesticide treatments are to be made, at a time and location that is convenient for residents
17.30 of the area where the treatments will occur.

17.31 (g) A person may not apply a pesticide in a manner so as to expose a worker in an
17.32 immediately adjacent, open field.

(h) Notwithstanding that the application is done in a manner consistent with the label or labeling, it is a violation of this chapter to directly apply a pesticide to a site where an application has not been: (1) requested, ordered, contracted for, or permitted; or (2) performed pursuant to paragraph (c), clause (2), (3), or (4).

Sec. 7. Minnesota Statutes 2018, section 18B.34, subdivision 5, is amended to read:

Subd. 5. **Fees.** (a) Except as provided under paragraph (b), a person initially applying for or renewing a noncommercial applicator license must pay a nonrefundable application fee of \$50, except an applicant who is a government or Conservation Corps Minnesota employee who uses pesticides in the course of performing official duties must pay a nonrefundable application fee of \$10.

(b) A government employee, a contractor providing rest area custodial services for the commissioner of transportation, or a Conservation Corps Minnesota employee is eligible for a reduced fee of \$10 if the employee or contractor uses pesticides in the course of performing official duties.

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

~~(e)~~ (d) An application for a duplicate noncommercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 8. Minnesota Statutes 2018, 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 39 cents per ton, and until June 30, 2019 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

19.1 education account in section 18C.80. Products sold or distributed to manufacturers or
19.2 exchanged between them are exempt from the inspection fee imposed by this subdivision
19.3 if the products are used exclusively for manufacturing purposes.

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

19.7 Sec. 9. Minnesota Statutes 2018, section 18C.70, subdivision 5, is amended to read:

19.8 Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2025.

19.9 Sec. 10. Minnesota Statutes 2018, section 18C.71, subdivision 1, is amended to read:

19.10 Subdivision 1. **Eligible projects.** Eligible project activities include research, education,
19.11 and technology transfer related to the production and application of fertilizer, soil
19.12 amendments, and other plant amendments. Chosen projects must contain a component of
19.13 outreach that achieves a timely dissemination of findings and their applicability to the
19.14 production agricultural community or metropolitan fertilizer users.

19.15 Sec. 11. Minnesota Statutes 2018, section 18C.71, subdivision 2, is amended to read:

19.16 Subd. 2. **Awarding grants.** Applications for program grants must be submitted in the
19.17 form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council.
19.18 Applications must be submitted on or before the deadline prescribed by the council. All
19.19 applications are subject to a thorough in-state review by a peer committee established and
19.20 approved by the council. Each project meeting the basic qualifications is subject to a yes
19.21 or no vote by each council member. Projects chosen to receive funding must achieve an
19.22 affirmative vote from at least eight of the 12 council members or two-thirds of voting
19.23 members present. Projects awarded program funds must submit an annual progress report
19.24 in the form prescribed by the council. Up to ten percent of the grant dollars awarded each
19.25 cycle may be for projects that concern fertilizer use in metropolitan areas.

19.26 Sec. 12. Minnesota Statutes 2018, section 18C.71, subdivision 4, is amended to read:

19.27 Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2025.

19.28 Sec. 13. Minnesota Statutes 2018, section 18C.80, subdivision 2, is amended to read:

19.29 Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2025.

20.1 **Sec. 14. [18D.40] ENHANCED PENALTIES; OUTDOOR RECREATION LANDS.**

20.2 Notwithstanding limitations placed on administrative or civil penalty amounts under
20.3 sections 18D.315 and 18D.325, a person who applies a pesticide resulting in damage to
20.4 adjacent property that is part of the state outdoor recreation system is subject to a monetary
20.5 penalty equal to twice the amount that the commissioner would otherwise assess for a
20.6 comparable violation.

20.7 Sec. 15. Minnesota Statutes 2018, section 18H.14, is amended to read:

20.8 **18H.14 LABELING AND ADVERTISING OF NURSERY STOCK.**

20.9 (a) Plants, plant materials, or nursery stock must not be labeled or advertised with false
20.10 or misleading information including, but not limited to, scientific name, variety, place of
20.11 origin, hardiness zone as defined by the United States Department of Agriculture, and growth
20.12 habit.

20.13 (b) All nonhardy nursery stock as designated by the commissioner must be labeled
20.14 correctly for hardiness or be labeled "nonhardy" in Minnesota.

20.15 (c) A person may not offer for distribution plants, plant materials, or nursery stock,
20.16 represented by some specific or special form of notation, including, but not limited to, "free
20.17 from" or "grown free of," unless the plants are produced under a specific program approved
20.18 by the commissioner to address the specific plant properties addressed in the special notation
20.19 claim.

20.20 (d) Nursery stock collected from the wild state must be inspected and certified prior to
20.21 sale and at the time of sale must be labeled "Collected from the Wild." The label must remain
20.22 on each plant or clump of plants while it is offered for sale and during the distribution
20.23 process. The collected stock may be grown in nursery rows at least two years, after which
20.24 the plants may be sold without the labeling required by this paragraph.

20.25 (e) A person ~~selling at retail or providing to an end user~~ may not label or advertise an
20.26 annual plant, bedding plant, or other plant, plant material, or nursery stock as beneficial to
20.27 pollinators if the annual plant, bedding plant, plant material, or nursery stock has:

20.28 ~~(1)~~ been treated with and has a detectable level of a systemic insecticide that:

20.29 ~~(i)~~ (1) has a pollinator protection box on the label; or

20.30 ~~(ii)~~ (2) has a pollinator, bee, or honey bee precautionary statement in the environmental
20.31 hazards section of the insecticide product label; ~~and.~~

21.1 ~~(2) a concentration in its flowers greater than the no-observed adverse effect level of a~~
21.2 ~~systemic insecticide.~~

21.3 The commissioner shall enforce this paragraph as provided in chapter 18J.

21.4 (f) For the purposes of paragraph (e):

21.5 (1) "systemic insecticide" means an insecticide that is both absorbed by the plant and
21.6 translocated through the plant's vascular system; and.

21.7 ~~(2) "no-observed adverse effect level" means the level established by the United States~~
21.8 ~~Environmental Protection Agency for acute oral toxicity for adult honeybees.~~

21.9 Sec. 16. Minnesota Statutes 2018, section 18K.02, subdivision 3, is amended to read:

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

21.16 Sec. 17. Minnesota Statutes 2018, section 18K.03, is amended to read:

21.17 **18K.03 AGRICULTURAL CROP; POSSESSION AUTHORIZED.**

21.18 Industrial hemp is an agricultural crop in this state. A person may possess, transport,
21.19 process, sell, or buy industrial hemp that is grown pursuant to this chapter or lawfully grown
21.20 in another state.

21.21 Sec. 18. Minnesota Statutes 2018, section 28A.16, is amended to read:

21.22 **28A.16 PERSONS SELLING LIQUOR.**

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

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

22.1

license fee under section 28A.08, subdivision 3. For purposes of this paragraph, "exclusive

22.2

liquor store" and "alcoholic beverage" have the meanings given in section 340A.101.

22.3

Sec. 19. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as

22.4

amended by Laws 2016, chapter 184, section 11, Laws 2016, chapter 189, article 2, section

22.5

26, and Laws 2017, chapter 88, article 1, section 5, is amended to read:

22.6

Subd. 4. **Agriculture, Bioenergy, and Bioproduct**

22.7

Advancement14,993,00018,316,000

22.8

\$4,483,000 the first year and \$8,500,000 the

22.9

second year are for transfer to the agriculture

22.10

research, education, extension, and technology

22.11

transfer account under Minnesota Statutes,

22.12

section 41A.14, subdivision 3. The transfer in

22.13

this paragraph includes money for plant

22.14

breeders at the University of Minnesota for

22.15

wild rice, potatoes, and grapes. Of these

22.16

amounts, at least \$600,000 each year is for the

22.17

Minnesota Agricultural Experiment Station's

22.18

Agriculture Rapid Response Fund under

22.19

Minnesota Statutes, section 41A.14,

22.20

subdivision 1, clause (2). Of the amount

22.21

appropriated in this paragraph, \$1,000,000

22.22

each year is for transfer to the Board of

22.23

Regents of the University of Minnesota for

22.24

research to determine (1) what is causing avian

22.25

influenza, (2) why some fowl are more

22.26

susceptible, and (3) prevention measures that

22.27

can be taken. Of the amount appropriated in

22.28

this paragraph, \$2,000,000 each year is for

22.29

grants to the Minnesota Agriculture Education

22.30

Leadership Council to enhance agricultural

22.31

education with priority given to Farm Business

22.32

Management challenge grants. The

22.33

commissioner shall transfer the remaining

22.34

grant funds in this appropriation each year to

22.35

the Board of Regents of the University of

23.1 Minnesota for purposes of Minnesota Statutes,
23.2 section 41A.14.

23.3 To the extent practicable, funds expended
23.4 under Minnesota Statutes, section 41A.14,
23.5 subdivision 1, clauses (1) and (2), must
23.6 supplement and not supplant existing sources
23.7 and levels of funding. The commissioner may
23.8 use up to 4.5 percent of this appropriation for
23.9 costs incurred to administer the program. Any
23.10 unencumbered balance does not cancel at the
23.11 end of the first year and is available for the
23.12 second year.

23.13 \$10,235,000 the first year and \$9,541,000 the
23.14 second year are for the agricultural growth,
23.15 research, and innovation program in
23.16 Minnesota Statutes, section 41A.12. No later
23.17 than February 1, 2016, and February 1, 2017,
23.18 the commissioner must report to the legislative
23.19 committees with jurisdiction over agriculture
23.20 policy and finance regarding the
23.21 commissioner's accomplishments and
23.22 anticipated accomplishments in the following
23.23 areas: facilitating the start-up, modernization,
23.24 or expansion of livestock operations including
23.25 beginning and transitioning livestock
23.26 operations; developing new markets for
23.27 Minnesota farmers by providing more fruits,
23.28 vegetables, meat, grain, and dairy for
23.29 Minnesota school children; assisting
23.30 value-added agricultural businesses to begin
23.31 or expand, access new markets, or diversify
23.32 products; developing urban agriculture;
23.33 facilitating the start-up, modernization, or
23.34 expansion of other beginning and transitioning
23.35 farms including loans under Minnesota

24.1 Statutes, section 41B.056; sustainable
24.2 agriculture on farm research and
24.3 demonstration; development or expansion of
24.4 food hubs and other alternative
24.5 community-based food distribution systems;
24.6 incentive payments under Minnesota Statutes,
24.7 sections 41A.16, 41A.17, and 41A.18; and
24.8 research on bioenergy, biobased content, or
24.9 biobased formulated products and other
24.10 renewable energy development. The
24.11 commissioner may use up to 4.5 percent of
24.12 this appropriation for costs incurred to
24.13 administer the program. Any unencumbered
24.14 balance does not cancel at the end of the first
24.15 year and is available for the second year.
24.16 Notwithstanding Minnesota Statutes, section
24.17 16A.28, the appropriations encumbered under
24.18 contract on or before June 30, 2017, for
24.19 agricultural growth, research, and innovation
24.20 grants are available until June 30, ~~2019~~ 2020.
24.21 The commissioner may use funds appropriated
24.22 for the agricultural growth, research, and
24.23 innovation program as provided in this
24.24 paragraph. The commissioner may award
24.25 grants to owners of Minnesota facilities
24.26 producing bioenergy, biobased content, or a
24.27 biobased formulated product; to organizations
24.28 that provide for on-station, on-farm field scale
24.29 research and outreach to develop and test the
24.30 agronomic and economic requirements of
24.31 diverse strands of prairie plants and other
24.32 perennials for bioenergy systems; or to certain
24.33 nongovernmental entities. For the purposes of
24.34 this paragraph, "bioenergy" includes
24.35 transportation fuels derived from cellulosic
24.36 material, as well as the generation of energy

25.1 for commercial heat, industrial process heat,
25.2 or electrical power from cellulosic materials
25.3 via gasification or other processes. Grants are
25.4 limited to 50 percent of the cost of research,
25.5 technical assistance, or equipment related to
25.6 bioenergy, biobased content, or biobased
25.7 formulated product production or \$500,000,
25.8 whichever is less. Grants to nongovernmental
25.9 entities for the development of business plans
25.10 and structures related to community ownership
25.11 of eligible bioenergy facilities together may
25.12 not exceed \$150,000. The commissioner shall
25.13 make a good-faith effort to select projects that
25.14 have merit and, when taken together, represent
25.15 a variety of bioenergy technologies, biomass
25.16 feedstocks, and geographic regions of the
25.17 state. Projects must have a qualified engineer
25.18 provide certification on the technology and
25.19 fuel source. Grantees must provide reports at
25.20 the request of the commissioner.

25.21 Of the amount appropriated for the agricultural
25.22 growth, research, and innovation program in
25.23 this subdivision, \$1,000,000 the first year and
25.24 \$1,000,000 the second year are for distribution
25.25 in equal amounts to each of the state's county
25.26 fairs to preserve and promote Minnesota
25.27 agriculture.

25.28 Of the amount appropriated for the agricultural
25.29 growth, research, and innovation program in
25.30 this subdivision, \$500,000 in fiscal year 2016
25.31 and \$806,000 in fiscal year 2017 are for
25.32 incentive payments under Minnesota Statutes,
25.33 sections 41A.16, 41A.17, and 41A.18. If the
25.34 appropriation exceeds the total amount for
25.35 which all producers are eligible in a fiscal

26.1 year, the balance of the appropriation is
26.2 available to the commissioner for the
26.3 agricultural growth, research, and innovation
26.4 program. Notwithstanding Minnesota Statutes,
26.5 section 16A.28, the first year appropriation is
26.6 available until June 30, 2017, and the second
26.7 year appropriation is available until June 30,
26.8 2018. The commissioner may use up to 4.5
26.9 percent of the appropriation for administration
26.10 of the incentive payment programs.

26.11 Of the amount appropriated for the agricultural
26.12 growth, research, and innovation program in
26.13 this subdivision, \$250,000 the first year is for
26.14 grants to communities to develop or expand
26.15 food hubs and other alternative
26.16 community-based food distribution systems.

26.17 Of this amount, \$50,000 is for the
26.18 commissioner to consult with existing food
26.19 hubs, alternative community-based food
26.20 distribution systems, and University of
26.21 Minnesota Extension to identify best practices
26.22 for use by other Minnesota communities. No
26.23 later than December 15, 2015, the
26.24 commissioner must report to the legislative
26.25 committees with jurisdiction over agriculture
26.26 and health regarding the status of emerging
26.27 alternative community-based food distribution
26.28 systems in the state along with
26.29 recommendations to eliminate any barriers to
26.30 success. Any unencumbered balance does not
26.31 cancel at the end of the first year and is
26.32 available for the second year. This is a onetime
26.33 appropriation.

26.34 \$250,000 the first year and \$250,000 the
26.35 second year are for grants that enable retail

27.1 petroleum dispensers to dispense biofuels to
27.2 the public in accordance with the biofuel
27.3 replacement goals established under
27.4 Minnesota Statutes, section 239.7911. A retail
27.5 petroleum dispenser selling petroleum for use
27.6 in spark ignition engines for vehicle model
27.7 years after 2000 is eligible for grant money
27.8 under this paragraph if the retail petroleum
27.9 dispenser has no more than 15 retail petroleum
27.10 dispensing sites and each site is located in
27.11 Minnesota. The grant money received under
27.12 this paragraph must be used for the installation
27.13 of appropriate technology that uses fuel
27.14 dispensing equipment appropriate for at least
27.15 one fuel dispensing site to dispense gasoline
27.16 that is blended with 15 percent of
27.17 agriculturally derived, denatured ethanol, by
27.18 volume, and appropriate technical assistance
27.19 related to the installation. A grant award must
27.20 not exceed 85 percent of the cost of the
27.21 technical assistance and appropriate
27.22 technology, including remetering of and
27.23 retrofits for retail petroleum dispensers and
27.24 replacement of petroleum dispenser projects.
27.25 The commissioner may use up to \$35,000 of
27.26 this appropriation for administrative expenses.
27.27 The commissioner shall cooperate with biofuel
27.28 stakeholders in the implementation of the grant
27.29 program. The commissioner must report to
27.30 the legislative committees with jurisdiction
27.31 over agriculture policy and finance by
27.32 February 1 each year, detailing the number of
27.33 grants awarded under this paragraph and the
27.34 projected effect of the grant program on
27.35 meeting the biofuel replacement goals under

28.1 Minnesota Statutes, section 239.7911. These
28.2 are onetime appropriations.

28.3 \$25,000 the first year and \$25,000 the second
28.4 year are for grants to the Southern Minnesota
28.5 Initiative Foundation to promote local foods
28.6 through an annual event that raises public
28.7 awareness of local foods and connects local
28.8 food producers and processors with potential
28.9 buyers.

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

28.11 Sec. 20. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

28.12	Subd. 2. Protection Services	17,821,000	17,825,000
28.13	Appropriations by Fund		
28.14		2018	2019
28.15	General	17,428,000	17,428,000
28.16	Remediation	393,000	397,000

28.17 (a) \$25,000 the first year and \$25,000 the
28.18 second year are to develop and maintain
28.19 cottage food license exemption outreach and
28.20 training materials.

28.21 (b) \$75,000 the first year and \$75,000 the
28.22 second year are to coordinate the correctional
28.23 facility vocational training program and to
28.24 assist entities that have explored the feasibility
28.25 of establishing a USDA-certified or state
28.26 "equal to" food processing facility within 30
28.27 miles of the Northeast Regional Corrections
28.28 Center.

28.29 (c) \$125,000 the first year and \$125,000 the
28.30 second year are for additional funding for the
28.31 noxious weed and invasive plant program.
28.32 These are onetime appropriations.

29.1 (d) \$250,000 the first year and \$250,000 the
29.2 second year are for transfer to the pollinator
29.3 habitat and research account in the agricultural
29.4 fund. These are onetime transfers.

29.5 (e) \$393,000 the first year and \$397,000 the
29.6 second year are from the remediation fund for
29.7 administrative funding for the voluntary
29.8 cleanup program.

29.9 (f) \$200,000 the first year and \$200,000 the
29.10 second year are for the industrial hemp pilot
29.11 program under Minnesota Statutes, section
29.12 18K.09. These are onetime appropriations.

29.13 (g) \$175,000 the first year and \$175,000 the
29.14 second year are for compensation for
29.15 destroyed or crippled livestock under
29.16 Minnesota Statutes, section 3.737. This
29.17 appropriation may be spent to compensate for
29.18 livestock that were destroyed or crippled
29.19 during fiscal year 2017. If the amount in the
29.20 first year is insufficient, the amount in the
29.21 second year is available in the first year. The
29.22 commissioner may use up to \$5,000 of this
29.23 appropriation the second year to reimburse
29.24 expenses incurred by university extension
29.25 educators to provide fair market values of
29.26 destroyed or crippled livestock.

29.27 (h) \$155,000 the first year and \$155,000 the
29.28 second year are for compensation for crop
29.29 damage under Minnesota Statutes, section
29.30 3.7371. If the amount in the first year is
29.31 insufficient, the amount in the second year is
29.32 available in the first year. The commissioner
29.33 may use up to \$30,000 of the appropriation
29.34 each year to reimburse expenses incurred by
29.35 the commissioner or the commissioner's

30.1 approved agent to investigate and resolve
30.2 claims.

30.3 If the commissioner determines that claims
30.4 made under Minnesota Statutes, section 3.737
30.5 or 3.7371, are unusually high, amounts
30.6 appropriated for either program may be
30.7 transferred to the appropriation for the other
30.8 program.

30.9 (i) \$250,000 the first year and \$250,000 the
30.10 second year are to expand current capabilities
30.11 for rapid detection, identification, containment,
30.12 control, and management of high priority plant
30.13 pests and pathogens. These are onetime
30.14 appropriations.

30.15 (j) \$300,000 the first year and \$300,000 the
30.16 second year are for transfer to the noxious
30.17 weed and invasive plant species assistance
30.18 account in the agricultural fund to award
30.19 grants to local units of government under
30.20 Minnesota Statutes, section 18.90, with
30.21 preference given to local units of government
30.22 responding to Palmer amaranth or other weeds
30.23 on the eradicate list. These are onetime
30.24 transfers.

30.25 (k) \$120,000 the first year and \$120,000 the
30.26 second year are for wolf-livestock conflict
30.27 prevention grants under article 2, section 89.
30.28 The commissioner must submit a report to the
30.29 chairs and ranking minority members of the
30.30 legislative committees with jurisdiction over
30.31 agriculture policy and finance by January 15,
30.32 2020, on the outcomes of the wolf-livestock
30.33 conflict prevention grants and whether
30.34 livestock compensation claims were reduced

31.1 in the areas that grants were awarded. These
31.2 are onetime appropriations.

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

31.4 Sec. 21. Laws 2017, chapter 88, article 1, section 2, subdivision 4, is amended to read:

31.5	Subd. 4. Agriculture, Bioenergy, and Bioproduct		
31.6	Advancement	22,581,000	22,636,000

31.7 (a) \$9,300,000 the first year and \$9,300,000
31.8 the second year are for transfer to the
31.9 agriculture research, education, extension, and
31.10 technology transfer account under Minnesota
31.11 Statutes, section 41A.14, subdivision 3. Of
31.12 these amounts: at least \$600,000 the first year
31.13 and \$600,000 the second year are for the
31.14 Minnesota Agricultural Experiment Station's
31.15 agriculture rapid response fund under
31.16 Minnesota Statutes, section 41A.14,
31.17 subdivision 1, clause (2); \$2,000,000 the first
31.18 year and \$2,000,000 the second year are for
31.19 grants to the Minnesota Agriculture Education
31.20 Leadership Council to enhance agricultural
31.21 education with priority given to Farm Business
31.22 Management challenge grants; \$350,000 the
31.23 first year and \$350,000 the second year are
31.24 for potato breeding; and \$450,000 the first
31.25 year and \$450,000 the second year are for the
31.26 cultivated wild rice breeding project at the
31.27 North Central Research and Outreach Center
31.28 to include a tenure track/research associate
31.29 plant breeder. The commissioner shall transfer
31.30 the remaining funds in this appropriation each
31.31 year to the Board of Regents of the University
31.32 of Minnesota for purposes of Minnesota
31.33 Statutes, section 41A.14. Of the amount
31.34 transferred to the Board of Regents, up to
31.35 \$1,000,000 each year is for research on avian

32.1 influenza, including prevention measures that
32.2 can be taken.

32.3 To the extent practicable, funds expended
32.4 under Minnesota Statutes, section 41A.14,
32.5 subdivision 1, clauses (1) and (2), must
32.6 supplement and not supplant existing sources
32.7 and levels of funding. The commissioner may
32.8 use up to one percent of this appropriation for
32.9 costs incurred to administer the program.

32.10 (b) \$13,256,000 the first year and \$13,311,000
32.11 the second year are for the agricultural growth,
32.12 research, and innovation program in
32.13 Minnesota Statutes, section 41A.12. Except
32.14 as provided below, the commissioner may
32.15 allocate the appropriation each year among
32.16 the following areas: facilitating the start-up,
32.17 modernization, or expansion of livestock
32.18 operations including beginning and
32.19 transitioning livestock operations; developing
32.20 new markets for Minnesota farmers by
32.21 providing more fruits, vegetables, meat, grain,
32.22 and dairy for Minnesota school children;
32.23 assisting value-added agricultural businesses
32.24 to begin or expand, access new markets, or
32.25 diversify; providing funding not to exceed
32.26 \$250,000 each year for urban youth
32.27 agricultural education or urban agriculture
32.28 community development; providing funding
32.29 not to exceed \$250,000 each year for the good
32.30 food access program under Minnesota
32.31 Statutes, section 17.1017; facilitating the
32.32 start-up, modernization, or expansion of other
32.33 beginning and transitioning farms including
32.34 by providing loans under Minnesota Statutes,
32.35 section 41B.056; sustainable agriculture

33.1 on-farm research and demonstration;
33.2 development or expansion of food hubs and
33.3 other alternative community-based food
33.4 distribution systems; enhancing renewable
33.5 energy infrastructure and use; crop research;
33.6 Farm Business Management tuition assistance;
33.7 good agricultural practices/good handling
33.8 practices certification assistance; establishing
33.9 and supporting farmer-led water management
33.10 councils; and implementing farmer-led water
33.11 quality improvement practices. The
33.12 commissioner may use up to 6.5 percent of
33.13 this appropriation for costs incurred to
33.14 administer the program.

33.15 Of the amount appropriated for the agricultural
33.16 growth, research, and innovation program in
33.17 Minnesota Statutes, section 41A.12:

33.18 (1) \$1,000,000 the first year and \$1,000,000
33.19 the second year are for distribution in equal
33.20 amounts to each of the state's county fairs to
33.21 preserve and promote Minnesota agriculture;
33.22 and

33.23 (2) \$1,500,000 the first year and \$1,500,000
33.24 the second year are for incentive payments
33.25 under Minnesota Statutes, sections 41A.16,
33.26 41A.17, and 41A.18. Notwithstanding
33.27 Minnesota Statutes, section 16A.28, the first
33.28 year appropriation is available until June 30,
33.29 2019, and the second year appropriation is
33.30 available until June 30, 2020. If this
33.31 appropriation exceeds the total amount for
33.32 which all producers are eligible in a fiscal
33.33 year, the balance of the appropriation is
33.34 available for the agricultural growth, research,
33.35 and innovation program.

34.1 The commissioner may use funds appropriated
34.2 under this subdivision to award up to two
34.3 value-added agriculture grants per year of up
34.4 to \$1,000,000 per grant for new or expanding
34.5 agricultural production or processing facilities
34.6 that provide significant economic impact to
34.7 the region. The commissioner may use funds
34.8 appropriated under this subdivision for
34.9 additional value-added agriculture grants for
34.10 awards between \$1,000 and \$200,000 per
34.11 grant.

34.12 Appropriations in clauses (1) and (2) are
34.13 onetime. Any unencumbered balance does not
34.14 cancel at the end of the first year and is
34.15 available for the second year. Notwithstanding
34.16 Minnesota Statutes, section 16A.28,
34.17 appropriations encumbered under contract on
34.18 or before June 30, 2019, for agricultural
34.19 growth, research, and innovation grants are
34.20 available until June 30, ~~2021~~ 2022.

34.21 The base budget for the agricultural growth,
34.22 research, and innovation program is
34.23 \$14,275,000 for fiscal years 2020 and 2021
34.24 and includes funding for incentive payments
34.25 under Minnesota Statutes, sections 41A.16,
34.26 41A.17, 41A.18, and 41A.20.

34.27 The commissioner must develop additional
34.28 innovative production incentive programs to
34.29 be funded by the agricultural growth, research,
34.30 and innovation program.

34.31 The commissioner must consult with the
34.32 commissioner of transportation, the
34.33 commissioner of administration, and local
34.34 units of government to identify parcels of

35.1 publicly owned land that are suitable for urban
35.2 agriculture.

35.3 (c) \$25,000 the first year and \$25,000 the
35.4 second year are for grants to the Southern
35.5 Minnesota Initiative Foundation to promote
35.6 local foods through an annual event that raises
35.7 public awareness of local foods and connects
35.8 local food producers and processors with
35.9 potential buyers.

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

35.11 Sec. 22. **INDUSTRIAL HEMP; REPORT.**

35.12 (a) The commissioner of agriculture must submit a plan to the secretary of the United
35.13 States Department of Agriculture and request primary regulatory authority over the
35.14 production of industrial hemp in this state, as provided under section 10113 of the Agriculture
35.15 Improvement Act of 2018.

35.16 (b) The commissioner of agriculture, in consultation with the commissioners of public
35.17 safety and health, must develop a framework for regulating the possession and use of
35.18 tetrahydrocannabinol resulting from industrial hemp processing, including but not limited
35.19 to the extraction of cannabidiol or other components. No later than February 15, 2020, the
35.20 commissioner of agriculture must submit the proposed framework to the chairs and ranking
35.21 minority members of the legislative committees and divisions with jurisdiction over
35.22 agriculture, public safety, and health.

35.23 Sec. 23. **REPORT REQUIRED; BEGINNING FARMERS.**

35.24 No later than February 1, 2020, the commissioner of agriculture must report
35.25 recommendations to the legislative committees and divisions with jurisdiction over agriculture
35.26 finance regarding how best to cultivate and support beginning farmers, with priority given
35.27 to beginning farmers who are women, veterans, persons with disabilities, American Indian
35.28 or Alaskan Native, and members of communities of color. When preparing this report, the
35.29 commissioner must consult the commissioners of labor and industry and employment and
35.30 economic development and consider development of a next generation farmer internship
35.31 program.

36.1 **Sec. 24. REPORT REQUIRED; COMMUNITY SOLAR.**

37.1 two escape incidents in any 12-month period, the board may revoke the facility's registration
37.2 and order the owner to remove or destroy the animals as directed by the board.

37.3 Sec. 2. Minnesota Statutes 2018, section 35.155, subdivision 6, is amended to read:

37.4 Subd. 6. **Identification.** (a) Farmed Cervidae must be identified by means approved by
37.5 the Board of Animal Health. The identification must include a distinct number that has not
37.6 been used during the previous three years and must be visible to the naked eye during
37.7 daylight under normal conditions at a distance of 50 yards. Newborn animals must be
37.8 identified before December 31 of the year in which the animal is born within 24 hours of
37.9 birth or before movement from the premises, whichever occurs first. As coordinated by the
37.10 board, the commissioner of natural resources may destroy any animal that is not identified
37.11 as required under this subdivision.

37.12 (b) The Board of Animal Health shall register farmed Cervidae. The owner must submit
37.13 the registration request on forms provided by the board. The forms must include sales
37.14 receipts or other documentation of the origin of the Cervidae. The board shall provide copies
37.15 of the registration information to the commissioner of natural resources upon request. The
37.16 owner must keep written records of the acquisition and disposition of registered farmed
37.17 Cervidae.

37.18 Sec. 3. Minnesota Statutes 2018, section 35.155, subdivision 7, is amended to read:

37.19 Subd. 7. **Inspection.** (a) The commissioner of agriculture and the Board of Animal
37.20 Health may inspect farmed Cervidae, ~~farmed Cervidae facilities,~~ and farmed Cervidae
37.21 records. ~~For each herd, the owner or owners must, on or before January 1, pay an annual~~
37.22 ~~inspection fee equal to \$10 for each cervid in the herd as reflected in the most recent~~
37.23 ~~inventory submitted to the Board of Animal Health, up to a maximum fee of \$100. The~~
37.24 board shall coordinate inspections authorized under this paragraph.

37.25 (b) The Board of Animal Health shall annually inspect each farmed Cervidae facility.
37.26 Upon request by the Board of Animal Health, the commissioner of agriculture shall assist
37.27 the board with annual inspections required under this paragraph. The annual inspection shall
37.28 include a physical inspection of all perimeter fencing around the facility and a viewing to
37.29 ensure all animals are tagged. The owner of a farmed Cervidae facility must present to the
37.30 regulatory agency conducting the annual inspection an accurate inventory of the owner's
37.31 farmed Cervidae for review. During an annual inspection, the owner must present individual
37.32 animals in a herd for a physical inventory, if required by the board.

38.1 (c) The commissioner of natural resources may inspect farmed Cervidae, farmed Cervidae
38.2 facilities, and farmed Cervidae records with reasonable suspicion that laws protecting native
38.3 wild animals have been violated and must notify the owner in writing at the time of the
38.4 inspection of the reason for the inspection and must inform the owner in writing after the
38.5 inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an
38.6 ongoing investigation or continuing evaluation.

38.7 (d) If the owner of a farmed Cervidae facility does not repair fence deficiencies within
38.8 the reasonable period of time determined by the board or is not otherwise in compliance
38.9 with this section after an inspection and review of the owner's farmed Cervidae facility, the
38.10 board may revoke the owner's registration and order the owner to remove or destroy the
38.11 animals as directed by the board.

38.12 Sec. 4. Minnesota Statutes 2018, section 35.155, is amended by adding a subdivision to
38.13 read:

38.14 Subd. 7a. **Fees.** For each herd, the owner must, on or before January 1, pay to the board
38.15 an annual inspection fee of \$500 unless:

38.16 (1) the owner sells the ability to shoot animals in the herd, in which case the annual
38.17 inspection fee is \$1,000; or

38.18 (2) the herd consists of more than one species, in which case the annual inspection fee
38.19 is \$650.

38.20 Sec. 5. Minnesota Statutes 2018, section 35.155, subdivision 9, is amended to read:

38.21 Subd. 9. **Contested case hearing.** (a) A person raising farmed Cervidae that is aggrieved
38.22 with any decision regarding the farmed Cervidae may request a contested case hearing under
38.23 chapter 14.

38.24 (b) A person requesting a contested case hearing regarding a registration revocation
38.25 under this section must make the request within 30 days of the revocation notice.

38.26 Sec. 6. Minnesota Statutes 2018, section 35.155, subdivision 10, is amended to read:

38.27 Subd. 10. **Mandatory registration.** (a) A person may not possess live Cervidae in
38.28 Minnesota unless the person is registered with the Board of Animal Health and meets all
38.29 the requirements for farmed Cervidae under this section. Cervidae possessed in violation
38.30 of this subdivision may be seized and destroyed by the commissioner of natural resources.

39.1 (b) A person whose registration is revoked by the board is ineligible for future registration
39.2 under this section.

39.3 (c) Effective July 1, 2019, to July 1, 2022, the board must not approve a new registration
39.4 under this subdivision for possession of white-tailed deer. This paragraph does not prohibit
39.5 a person holding a valid registration under this subdivision from selling or transferring their
39.6 herd to a family member if the person has no history of violations under this section and
39.7 the herd is free from chronic wasting disease.

39.8 Sec. 7. Minnesota Statutes 2018, section 35.155, subdivision 11, is amended to read:

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

39.12 (b) Movement of farmed Cervidae from any premises to another location must be reported
39.13 to the Board of Animal Health within ~~14 days~~ 48 hours of the movement on forms approved
39.14 by the Board of Animal Health. If an animal in a farmed Cervidae herd tests positive for
39.15 chronic wasting disease, the board must alert each person registered under subdivision 7 as
39.16 soon as practicable and farmed Cervidae must not be moved from any premises in this state
39.17 for a minimum of 72 hours. The board must examine the movement of farmed Cervidae
39.18 and other chronic wasting disease vectors related to farmed Cervidae both in and out of the
39.19 premises where the infected herd was located and take reasonable action necessary to slow
39.20 or prevent the spread of chronic wasting disease from the infected herd to other farmed or
39.21 free-roaming Cervidae.

39.22 (c) All animals from farmed Cervidae herds that are over ~~16~~ 12 months of age that die
39.23 or are slaughtered must be tested for chronic wasting disease.

39.24 (d) If an animal in a farmed Cervidae herd tests positive for chronic wasting disease,
39.25 the entire herd must be euthanized and disposed of in a manner, and within a reasonable
39.26 period of time, determined by the board in consultation with the commissioner of natural
39.27 resources.

39.28 (e) The owner of a herd that euthanizes and disposes of the herd as required by paragraph
39.29 (d) must:

39.30 (1) maintain the fencing required under subdivision 4;

39.31 (2) prevent any free-roaming or farmed Cervidae from accessing the former cervid pens
39.32 and other areas that were accessible by the farmed Cervidae; and

(3) post the premises as directed by the board.

The requirements under this paragraph must be met for at least 60 months from the date depopulation is completed.

(f) Before signing an agreement to sell or transfer the property, the owner of a premises where chronic wasting disease is detected must disclose in writing to the buyer or transferee the date of depopulation and the requirements incumbent upon the premises and the buyer or transferee under paragraph (e).

Sec. 8. **REPORT REQUIRED.**

No later than February 1, 2020, the Board of Animal Health must report to the legislative committees and divisions with jurisdiction over agriculture policy and finance regarding the board's progress in implementing recommendations in the Office of the Legislative Auditor's April 2018 program evaluation report "Board of Animal Health's Oversight of Deer and Elk Farms."

ARTICLE 3 GRAIN BUYERS

Section 1. Minnesota Statutes 2018, section 223.16, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** For the purpose of sections 223.15 to ~~223.22~~ 223.23, the terms defined in this section have the meanings given them.

Sec. 2. Minnesota Statutes 2018, section 223.16, subdivision 2a, is amended to read:

Subd. 2a. **Cash sale.** "Cash sale" means:

~~(a) a sale that is not reduced to writing as a voluntary extension of credit contract and for which payment is tendered to the seller not later than the close of business on the next business day after the sale, either in cash or by check, or by mailing or wiring funds to the seller's account in the amount of at least 80 percent of the value of the grain at delivery; or,~~

~~(b) a sale of a shipment of grain which is part of a multiple shipment sale, for which a scale ticket clearly marked "CASH" has been received by the seller before completion of the entire sale, and for which payment is tendered in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment is tendered in cash or by check not later than the close of business on the next business day, or within 48 hours, whichever is later.~~

41.1 Sec. 3. Minnesota Statutes 2018, section 223.16, is amended by adding a subdivision to
41.2 read:

41.3 Subd. 2b. **Cash.** "Cash" means currency or an equivalent manner of payment, including
41.4 but not limited to a certified check, a cashier's check, or a postal, bank, or express money
41.5 order in which the amount of payment is verified and secured prior to issuance.

41.6 Sec. 4. Minnesota Statutes 2018, section 223.16, is amended by adding a subdivision to
41.7 read:

41.8 Subd. 2c. **Cash buyer.** "Cash buyer" means a person that purchases grain only with cash
41.9 and in amounts of less than \$100,000 total annually.

41.10 Sec. 5. Minnesota Statutes 2018, section 223.16, subdivision 4, is amended to read:

41.11 Subd. 4. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed
41.12 form for which a standard has been established by the United States Secretary of Agriculture
41.13 ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or other agricultural crops
41.14 designated by the commissioner by rule.

41.15 Sec. 6. Minnesota Statutes 2018, section 223.17, subdivision 3, is amended to read:

41.16 Subd. 3. **Grain buyers and storage account; fees.** (a) A grain buyer must pay to the
41.17 commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels
41.18 necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22. an
41.19 annual license fee as follows:

41.20 ~~The fee for any license issued or renewed after June 30, 2005, shall be set according to~~
41.21 ~~the following schedule:~~

41.22 ~~(a) (1)~~ (1) \$140 plus \$110 for each additional location for grain buyers whose gross annual
41.23 purchases are less than \$100,000;

41.24 ~~(b) (2)~~ (2) \$275 plus \$110 for each additional location for grain buyers whose gross annual
41.25 purchases are at least \$100,000, but not more than \$750,000;

41.26 ~~(c) (3)~~ (3) \$415 plus \$220 for each additional location for grain buyers whose gross annual
41.27 purchases are more than \$750,000 but not more than \$1,500,000;

41.28 ~~(d) (4)~~ (4) \$550 plus \$220 for each additional location for grain buyers whose gross annual
41.29 purchases are more than \$1,500,000 but not more than \$3,000,000; and

(e) (5) \$700 plus \$220 for each additional location for grain buyers whose gross annual purchases are more than \$3,000,000.

(b) In addition to the license fee required under paragraph (a), a grain buyer must pay to the commissioner an annual examination fee for each licensed location, as follows:

<u>Bushel Capacity</u>	<u>Examination</u>
	<u>Fee</u>
<u>Examinations without a grain measure</u>	<u>\$ 100</u>
<u>Less than 150,001</u>	<u>\$ 300</u>
<u>150,001 to 250,000</u>	<u>\$ 425</u>
<u>250,001 to 500,000</u>	<u>\$ 545</u>
<u>500,001 to 750,000</u>	<u>\$ 700</u>
<u>750,001 to 1,000,000</u>	<u>\$ 865</u>
<u>1,000,001 to 1,200,000</u>	<u>\$ 1,040</u>
<u>1,200,001 to 1,500,000</u>	<u>\$ 1,205</u>
<u>1,500,001 to 2,000,000</u>	<u>\$ 1,380</u>
<u>More than 2,000,000</u>	<u>\$ 1,555</u>

The fee for any supplemental examination required by the commissioner under section 223.23 is \$55 per hour per examiner.

(c) A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

(d) There is created the grain buyers and storage account in the agricultural fund. Money collected pursuant to sections 223.15 to 223.19 223.23 shall be paid into the state treasury and credited to the grain buyers and storage account ~~and~~. Money in the account, including interest, is appropriated to the commissioner for the administration and enforcement of sections 223.15 to 223.22 223.23.

Sec. 7. Minnesota Statutes 2018, section 223.17, subdivision 4, is amended to read:

Subd. 4. **Bond.** (a) Except as provided in paragraphs (c) to (e), before a grain buyer's license is issued, the applicant for the license must file with the commissioner a bond in a penal sum prescribed by the commissioner but not less than the following amounts:

- (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;
- (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but not more than \$750,000;

43.1 (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but
43.2 not more than \$1,500,000;

43.3 (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000
43.4 but not more than \$3,000,000;

43.5 (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000
43.6 but not more than \$6,000,000;

43.7 (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000
43.8 but not more than \$12,000,000;

43.9 (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000
43.10 but not more than \$24,000,000; and

43.11 (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

43.12 (b) ~~A grain buyer who has filed a bond with the commissioner prior to July 1, 2004, is~~
43.13 ~~not required to increase the amount of the bond to comply with this section until July 1,~~
43.14 ~~2005. The commissioner may postpone an increase in the amount of the bond until July 1,~~
43.15 ~~2006, if a licensee demonstrates that the increase will impose undue financial hardship on~~
43.16 ~~the licensee, and that producers will not be harmed as a result of the postponement. The~~
43.17 ~~commissioner may impose other restrictions on a licensee whose bond increase has been~~
43.18 ~~postponed. The amount of the bond shall be based on the most recent gross annual grain~~
43.19 ~~purchase report of the grain buyer.~~

43.20 (c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the
43.21 commissioner. This bond shall remain in effect for the first year of the license. Thereafter,
43.22 the licensee shall comply with the applicable bonding requirements contained in paragraph
43.23 (a), clauses (1) to (8).

43.24 (d) In lieu of the bond required by this subdivision the applicant may deposit with the
43.25 commissioner of management and budget ~~cash, a certified check, a cashier's check, a postal,~~
43.26 ~~bank, or express money order, assignable bonds or notes of the United States, or an~~
43.27 ~~assignment of a bank savings account or investment certificate or an irrevocable bank letter~~
43.28 ~~of credit as defined in section 336.5-102, in the same amount as would be required for a~~
43.29 ~~bond.~~

43.30 (e) A cash buyer is exempt from the requirements under this subdivision.

43.31 (f) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
43.32 90 days' written notice of the bond's termination date to the licensee and the commissioner.

44.1 Sec. 8. Minnesota Statutes 2018, section 223.17, subdivision 5, is amended to read:

44.2 Subd. 5. **Cash sales; manner of payment.** For a cash sale of a shipment of grain ~~which~~
44.3 ~~is part of a multiple shipment sale,~~ the grain buyer shall tender payment to the seller in cash
44.4 or by check ~~not later than ten days after the sale of that shipment, except that when the entire~~
44.5 ~~sale is completed, payment shall be tendered not later than the close of business on the next~~
44.6 ~~day, or within 48 hours, whichever is later. For other cash sales the grain buyer, before the~~
44.7 ~~close of business on the next business day after the sale, shall tender payment to the seller~~
44.8 ~~in cash or by check, or shall wire or mail funds to the seller's account in the amount of at~~
44.9 ~~least 80 percent of the value of the grain at the time of delivery, or wire or mail funds to the~~
44.10 ~~seller's account.~~ The grain buyer shall complete final settlement after the sale of the shipment
44.11 as rapidly as possible through ordinary diligence.

44.12 Sec. 9. Minnesota Statutes 2018, section 223.17, subdivision 6, is amended to read:

44.13 Subd. 6. **Financial statements.** (a) Except as required in paragraph (c), the commissioner
44.14 ~~may~~ must require an annual financial statement from a licensee which has been prepared
44.15 in accordance with generally accepted accounting principles and which meets the following
44.16 requirements:

44.17 (1) The financial statement shall include, but not be limited to the following:

44.18 (i) a balance sheet;

44.19 (ii) a statement of income (profit and loss);

44.20 (iii) a statement of retained earnings;

44.21 (iv) a statement of changes in financial position; and

44.22 (v) a statement of the dollar amount of grain purchased in the previous fiscal year of the
44.23 grain buyer.

44.24 (2) ~~The financial statement shall be accompanied by a compilation report of the financial~~
44.25 ~~statement that is prepared by a grain commission firm or a management firm approved by~~
44.26 ~~the commissioner or by an independent public accountant, in accordance with standards~~
44.27 ~~established by the American Institute of Certified Public Accountants. Grain buyers~~
44.28 ~~purchasing less than 150,000 bushels of grain per calendar year may submit a financial~~
44.29 ~~statement prepared by a public accountant who is not an employee or a relative within the~~
44.30 ~~third degree of kindred according to civil law.~~

44.31 (3) ~~(2)~~ The financial statement shall be accompanied by a certification by the chief
44.32 executive officer or the chief executive officer's designee of the licensee, under penalty of

45.1 perjury, that the financial statement accurately reflects the financial condition of the licensee
45.2 for the period specified in the statement.

45.3 (3) A grain buyer purchasing less than \$2,000,000 of grain annually must have the
45.4 financial statement reviewed by a certified public accountant in accordance with standards
45.5 established by the American Institute of Certified Public Accountants, and must show that
45.6 the financial statements are free from material misstatements.

45.7 (4) A grain buyer purchasing \$2,000,000 or more of grain annually must have the
45.8 financial statement audited by a certified public accountant in accordance with standards
45.9 established by the American Institute of Certified Public Accountants, and must submit an
45.10 opinion statement from the certified public accountant.

45.11 (b) Only one financial statement must be filed for a chain of warehouses owned or
45.12 operated as a single business entity, unless otherwise required by the commissioner. ~~Any~~
45.13 ~~grain buyer having a net worth in excess of \$500,000,000 need not file the financial statement~~
45.14 ~~required by this subdivision but must provide the commissioner with a certified net worth~~
45.15 ~~statement.~~ All financial statements filed with the commissioner are private or nonpublic
45.16 data as provided in section 13.02.

45.17 (c) A cash buyer is exempt from the requirements of this subdivision.

45.18 Sec. 10. Minnesota Statutes 2018, section 223.177, subdivision 2, is amended to read:

45.19 Subd. 2. **Oral contracts.** Any grain buyer entering into a voluntary extension of credit
45.20 contract orally or by phone shall give or mail to the seller a written confirmation conforming
45.21 to the requirements of section 223.175 ~~before the close of the next business day~~ within 30
45.22 days. Written confirmation of oral contracts must meet the requirements under section
45.23 223.177, subdivision 3.

45.24 Sec. 11. Minnesota Statutes 2018, section 223.177, subdivision 3, is amended to read:

45.25 Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must
45.26 be reduced to writing by the grain buyer ~~and,~~ mailed or given to the seller ~~before the close~~
45.27 ~~of the next business day after the contract is entered into or, in the case of an oral or phone~~
45.28 ~~contract, after the written confirmation is received by the seller. Provided, however, that if~~
45.29 ~~a scale ticket has been received by the seller prior to the completion of the grain shipment,~~
45.30 ~~the contract must be reduced to writing within ten days after the sale, but not later than the~~
45.31 ~~close of the next business day after the completion of the entire sale, and signed by both~~
45.32 buyer and seller within 30 days of the date of delivery. The form of the contract shall comply

with the requirements of section 223.175. A grain buyer may use an electronic version of a voluntary extension of credit contract that contains the same information as a written document and that conforms to the requirements of this chapter to which a seller has applied an electronic signature in place of a written document. There must not at any time be an electronic and paper voluntary extension of credit contract representing the same lot of grain.

Sec. 12. Minnesota Statutes 2018, section 223.19, is amended to read:

223.19 RULES.

The commissioner may make rules pursuant to chapter 14 to carry out the provisions of sections 223.15 to ~~223.22~~ 223.23.

Sec. 13. **[223.23] ANNUAL EXAMINATION REQUIRED; SUPPLEMENTAL EXAMINATIONS.**

A licensed grain buyer is subject to an annual examination conducted by the commissioner or the Agricultural Marketing Service of the United States Department of Agriculture. Examinations must include a measurement of all grain owned and maintained by the grain buyer. The commissioner may require supplemental examinations of a grain buyer as the commissioner deems necessary.

ARTICLE 4
GRAIN WAREHOUSES

Section 1. Minnesota Statutes 2018, section 232.21, subdivision 7, is amended to read:

Subd. 7. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or agricultural crops designated by the commissioner by rule.

Sec. 2. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to read:

Subd. 7a. **Grain bank.** "Grain bank" means a feed processing plant that receives and stores grain it processes and returns to the grain's owner in amounts, at intervals, and with added ingredients that are mutually agreeable to the grain's owner and the person operating the plant. "Grain bank" does not include a seed cleaning plant. Grain assigned to a grain bank is considered stored grain.

47.1 Sec. 3. Minnesota Statutes 2018, section 232.22, subdivision 3, is amended to read:

47.2 Subd. 3. **Fees; grain buyers and storage account.** (a) There is created in the agricultural
 47.3 fund an account known as the grain buyers and storage account. ~~The commissioner shall~~
 47.4 ~~set the fees for examinations, certifications, and licenses under sections 232.20 to 232.24~~
 47.5 ~~at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.24.~~
 47.6 All money collected pursuant to sections 232.20 to 232.24 shall be paid by the commissioner
 47.7 into the state treasury and credited to the grain buyers and storage account and. Money in
 47.8 the account, including interest, is appropriated to the commissioner for the administration
 47.9 and enforcement of sections 232.20 to 232.24.

47.10 (b) All money collected pursuant to chapter 231 shall be paid by the commissioner into
 47.11 the grain buyers and storage account and. Money in the account is appropriated to the
 47.12 commissioner for the administration and enforcement of chapter 231.

47.13 (c) The fees for a license to store grain are as follows:

47.14 ~~(a)~~ (1) For a license to store grain, \$110 for each home rule charter or statutory city or
 47.15 town in which a public grain warehouse is operated.

47.16 ~~(b)~~ (2) In addition to the license fee required under clause (1), a person with a license
 47.17 to store grain in a public grain warehouse is subject to an examination fee for each licensed
 47.18 location, ~~based on the following schedule for one examination~~ as follows:

47.19	Bushel Capacity	Examination
47.20		Fee
47.21	Less than 150,001	\$ 300
47.22	150,001 to 250,000	\$ 425
47.23	250,001 to 500,000	\$ 545
47.24	500,001 to 750,000	\$ 700
47.25	750,001 to 1,000,000	\$ 865
47.26	1,000,001 to 1,200,000	\$ 1,040
47.27	1,200,001 to 1,500,000	\$ 1,205
47.28	1,500,001 to 2,000,000	\$ 1,380
47.29	More than 2,000,000	\$ 1,555

47.30 ~~(e)~~ (3) The fee for the second examination supplemental examinations required by the
 47.31 commissioner under section 232.24 is \$55 per hour per examiner ~~for warehouse operators~~
 47.32 ~~who choose to have it performed by the commissioner.~~

47.33 (d) A penalty amount not to exceed ten percent of the fees due may be imposed by the
 47.34 commissioner for each month for which the fees are delinquent.

48.1 Sec. 4. Minnesota Statutes 2018, section 232.22, subdivision 4, is amended to read:

48.2 Subd. 4. **Bonding.** (a) Before a license is issued, except as provided under paragraph
48.3 (c), the applicant for a public grain warehouse operator's license shall file with the
48.4 commissioner a bond in a penal sum prescribed by the commissioner based on the annual
48.5 average storage liability as stated on the statement of grain in storage report or on the gross
48.6 annual grain purchase report, whichever is greater, and applying the following amounts:

48.7 (1) \$10,000 for storages with annual average storage liability of more than \$0 but not
48.8 more than \$25,000;

48.9 (2) \$20,000 for storages with annual average storage liability of more than \$25,001 but
48.10 not more than \$50,000;

48.11 (3) \$30,000 for storages with annual average storage liability of more than \$50,001 but
48.12 not more than \$75,000;

48.13 (4) \$50,000 for storages with annual average storage liability of more than \$75,001 but
48.14 not more than \$100,000;

48.15 (5) \$75,000 for storages with annual average storage liability of more than \$100,001
48.16 but not more than \$200,000;

48.17 (6) \$125,000 for storages with annual average storage liability of more than \$200,001
48.18 but not more than \$300,000;

48.19 (7) \$175,000 for storages with annual average storage liability of more than \$300,001
48.20 but not more than \$400,000;

48.21 (8) \$225,000 for storages with annual average storage liability of more than \$400,001
48.22 but not more than \$500,000;

48.23 (9) \$275,000 for storages with annual average storage liability of more than \$500,001
48.24 but not more than \$600,000;

48.25 (10) \$325,000 for storages with annual average storage liability of more than \$600,001
48.26 but not more than \$700,000;

48.27 (11) \$375,000 for storages with annual average storage liability of more than \$700,001
48.28 but not more than \$800,000;

48.29 (12) \$425,000 for storages with annual average storage liability of more than \$800,001
48.30 but not more than \$900,000;

49.1 (13) \$475,000 for storages with annual average storage liability of more than \$900,001
 49.2 but not more than \$1,000,000; and

49.3 (14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

49.4 (b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
 49.5 90 days' written notice of the bond's termination date to the licensee and the commissioner.

49.6 (c) In lieu of the bond required by this subdivision, the applicant may deposit with the
 49.7 commissioner of management and budget an irrevocable bank letter of credit as defined in
 49.8 section 336.5-102, in the same amount as would be required for a bond.

49.9 Sec. 5. Minnesota Statutes 2018, section 232.24, is amended to read:

49.10 **232.24 SCHEDULE OF INSPECTION, FINANCIAL REPORTS.**

49.11 Subdivision 1. **Schedule of examination.** A licensee under sections 232.20 to 232.24
 49.12 is subject to ~~two examinations~~ an examination annually conducted by the commissioner or
 49.13 the Agricultural Marketing Service of the United States Department of Agriculture. The
 49.14 commissioner may, ~~by rule, authorize one examination to be conducted by a qualified~~
 49.15 ~~nongovernmental unit~~ require supplemental examinations of a licensee as the commissioner
 49.16 deems necessary.

49.17 Subd. 2. **Financial reports.** A licensee under sections 232.20 to 232.24 ~~upon request~~
 49.18 ~~must provide to the commissioner a copy of the financial reports of an audit conducted by~~
 49.19 ~~a qualified nongovernmental unit containing information the commissioner requires~~ report
 49.20 that satisfies the requirements under section 223.17, subdivision 6, paragraph (a), clause
 49.21 (1)."

49.22 Delete the title and insert:

49.23 "A bill for an act

49.24 relating to agriculture; establishing a budget for the Department of Agriculture,
 49.25 the Board of Animal Health, and the Agricultural Utilization Research Institute;
 49.26 continuing the Agricultural Fertilizer Research and Education Council; continuing
 49.27 a fertilizer fee; modifying a noncommercial pesticide applicator fee; modifying
 49.28 definitions of hemp and marijuana; modifying requirements for Cervidae farmers,
 49.29 grain buyers, and grain warehouse operators; modifying other agricultural statutes;
 49.30 requiring reports; appropriating money; amending Minnesota Statutes 2018, sections
 49.31 18B.07, subdivision 2; 18B.34, subdivision 5; 18C.425, subdivision 6; 18C.70,
 49.32 subdivision 5; 18C.71, subdivisions 1, 2, 4; 18C.80, subdivision 2; 18H.14; 18K.02,
 49.33 subdivision 3; 18K.03; 28A.16; 35.155, subdivisions 4, 6, 7, 9, 10, 11, by adding
 49.34 a subdivision; 223.16, subdivisions 1, 2a, 4, by adding subdivisions; 223.17,
 49.35 subdivisions 3, 4, 5, 6; 223.177, subdivisions 2, 3; 223.19; 232.21, subdivision 7,
 49.36 by adding a subdivision; 232.22, subdivisions 3, 4; 232.24; Laws 2015, First
 49.37 Special Session chapter 4, article 1, section 2, subdivision 4, as amended; Laws
 49.38 2017, chapter 88, article 1, section 2, subdivisions 2, 4; proposing coding for new
 49.39 law in Minnesota Statutes, chapters 18D; 223."

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

50.3 This Division action taken April 4, 2019

50.4 _____, Chair