

May 14, 2024

The Honorable Nick Frentz  
3109 Minnesota Senate Building  
95 University Avenue West  
Saint Paul, Minnesota 55155

The Honorable Matt Klein  
2105 Minnesota Senate Building  
95 University Avenue West  
Saint Paul, Minnesota 55155

The Honorable Aric Putnam  
3215 Minnesota Senate Building  
95 University Avenue West  
Saint Paul, Minnesota 55155

The Honorable Tou Xiong  
3203 Minnesota Senate Building  
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The Honorable Gary Dahms  
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The Honorable Patty Acomb  
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100 Rev. Dr. Martin Luther King Jr. Blvd.  
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The Honorable Zack Stephenson  
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The Honorable Samantha Vang  
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The Honorable Kristi Pursell  
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100 Rev. Dr. Martin Luther King Jr. Blvd.  
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The Honorable Larry Kraft  
515 State Office Building  
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Saint Paul, Minnesota 55155

Dear Conference Committee Conferees:

I want to thank the Agriculture Committees for their work in drafting the Agriculture Policy and Finance bills. Our agency appreciates your commitment to Minnesota's agriculture sector and community prosperity throughout our great state. I look forward to working with you all to craft a bill that continues to invest in Minnesota's farmers and our communities.

### **Governor's Budget Requests**

This February, Governor Walz outlined his supplemental budget request for the Minnesota Department of Agriculture (MDA). Governor Walz proposed investing \$7 million in General Funds to respond to the needs of Minnesota's agriculture industry. Specifically, the supplemental budget included \$4 million to address nitrates and \$3 million for the budget shortfall in the Agricultural Growth, Research and Innovation (AGRI) program. The Governor's supplemental budget proposal also included \$1 million for nitrate in groundwater and \$3.402 million for the Agricultural Best Management Practices Loan Program (AgBMP) from Clean Water Legacy funds. Additionally, several budget neutral provisions were included which help the agency better serve Minnesotans. Many of these proposed requests and recommendations came from the MDA's public portal and meetings in which Minnesotans were invited to share their policy and budget priorities. This portal and the listening sessions helped the MDA to better understand the state's needs and focus efforts where there was broad support for investment and improvement.

The Governor's agriculture funding priorities focused on enhancing the ability of the department to respond to critical issues facing Minnesota agriculture in a time of extreme uncertainty for our family farmers and agriculture related businesses.

The Governor's agriculture non-budget priorities include:

- Extending authorities for the Agricultural Fertilizer Research and Education Council (AFREC) for an additional five years.
- Broadening the Dairy Profitability and Enhancement Program Expansion to better support dairy farmers in meeting evolving needs of the dairy production and processing industries.
- Expanding the Farm to School and Early Care Grant to include home-based early care providers to participate in the program.
- Extending the Organic Advisory Task Force and the Minnesota Food Safety and Defense Task Force sunset dates by 10 years.
- Increasing the loan limits for Rural Finance Authority (RFA) bond funded loan programs by \$100,000 each and allowing the Disaster Loan Program to include additional cost of feed as a covered hazard during declared droughts.
- Modifying the eligible uses of the Farmers Market Infrastructure Grants to better serve the needs of farmers' markets and support nutrition programs.

We are grateful that both the House Agriculture Finance and Policy Committee and the Senate Agriculture, Broadband, and Rural Development Committee chose to include funding for both nitrate treatment and increased funding for AGRI. Many of the investments from last session, such as the grain indemnity fund, IT modernization, soil health, international trade support, animal disease preparedness and response, funding AGRI beyond its 2025 sunset, and DAIRI have yielded great benefits to the agriculture community and MDA.

The MDA has concerns with several provisions in the House agriculture bill as written, including modifying AFREC and redirecting the funds to a different program, provisions that require an advisory panel for emergency registration exemption and requiring an advisory panel before approving issuance of an experimental use pesticide product registration. However, we are committed to working further on these items and look forward to discussing them with the conferees.

Overall, the Governor's recommendations provide important and thoughtful investments in Minnesota agriculture. Such investments keep our industry strong and competitive and ensures Minnesotans of the integrity of our food supply, the health of our environment, and the strength and resilience of our agricultural economy.

Sincerely,



Commissioner Thom Petersen

CC:

Governor Tim Walz

Speaker Melissa Hortman

Majority Leader Erin Murphy