

1.1 moves to amend H.F. No. 1545 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **AGRICULTURE APPROPRIATIONS**

1.5 Section 1. **AGRICULTURE APPROPRIATIONS.**

1.6 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.7 and for the purposes specified in this article. The appropriations are from the general fund,
1.8 or another named fund, and are available for the fiscal years indicated for each purpose.

1.9 The figures "2018" and "2019" used in this article mean that the appropriations listed under
1.10 them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.

1.11 "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium"
1.12 is fiscal years 2018 and 2019.

1.13		<u>APPROPRIATIONS</u>	
1.14		<u>Available for the Year</u>	
1.15		<u>Ending June 30</u>	
1.16		<u>2018</u>	<u>2019</u>

1.17 Sec. 2. **DEPARTMENT OF AGRICULTURE**

1.18	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>53,096,000</u>	<u>\$</u>	<u>53,148,000</u>
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1.19 Appropriations by Fund

1.20		<u>2018</u>	<u>2019</u>	
1.21	<u>General</u>	<u>52,703,000</u>	<u>52,751,000</u>	
1.22	<u>Remediation</u>	<u>393,000</u>	<u>397,000</u>	

1.23 The amounts that may be spent for each
1.24 purpose are specified in the following
1.25 subdivisions.

2.1	<u>Subd. 2. Protection Services</u>	<u>17,821,000</u>	<u>17,825,000</u>
2.2	<u>Appropriations by Fund</u>		
2.3		<u>2018</u>	<u>2019</u>
2.4	<u>General</u>	<u>17,428,000</u>	<u>17,428,000</u>
2.5	<u>Remediation</u>	<u>393,000</u>	<u>397,000</u>
2.6	<u>(a) \$25,000 the first year and \$25,000 the</u>		
2.7	<u>second year are to develop and maintain</u>		
2.8	<u>cottage food license exemption outreach and</u>		
2.9	<u>training materials.</u>		
2.10	<u>(b) \$75,000 the first year and \$75,000 the</u>		
2.11	<u>second year are to coordinate the correctional</u>		
2.12	<u>facility vocational training program and to</u>		
2.13	<u>assist entities that have explored the feasibility</u>		
2.14	<u>of establishing a USDA-certified or state</u>		
2.15	<u>"equal to" food processing facility within 30</u>		
2.16	<u>miles of the Northeast Regional Corrections</u>		
2.17	<u>Center.</u>		
2.18	<u>(c) \$125,000 the first year and \$125,000 the</u>		
2.19	<u>second year are for additional funding for the</u>		
2.20	<u>noxious weed and invasive plant program.</u>		
2.21	<u>This is a onetime appropriation.</u>		
2.22	<u>(d) \$250,000 the first year and \$250,000 the</u>		
2.23	<u>second year are for transfer to the pollinator</u>		
2.24	<u>habitat and research account in the agricultural</u>		
2.25	<u>fund. These are onetime transfers.</u>		
2.26	<u>(e) \$388,000 the first year and \$388,000 the</u>		
2.27	<u>second year are from the remediation fund for</u>		
2.28	<u>administrative funding for the voluntary</u>		
2.29	<u>cleanup program.</u>		
2.30	<u>(f) \$200,000 the first year and \$200,000 the</u>		
2.31	<u>second year are for the industrial hemp pilot</u>		
2.32	<u>program under Minnesota Statutes, section</u>		
2.33	<u>18K.09. These are onetime appropriations.</u>		

3.1 (g) \$175,000 the first year and \$175,000 the
3.2 second year are for compensation for
3.3 destroyed or crippled livestock under
3.4 Minnesota Statutes, section 3.737. This
3.5 appropriation may be spent to compensate for
3.6 livestock that were destroyed or crippled
3.7 during fiscal year 2017. If the amount in the
3.8 first year is insufficient, the amount in the
3.9 second year is available in the first year.

3.10 (h) \$155,000 the first year and \$155,000 the
3.11 second year are for compensation for crop
3.12 damage under Minnesota Statutes, section
3.13 3.7371. If the amount in the first year is
3.14 insufficient, the amount in the second year is
3.15 available in the first year. The commissioner
3.16 may use up to \$30,000 of the appropriation
3.17 each year to reimburse expenses incurred by
3.18 the commissioner or the commissioner's
3.19 approved agent to investigate and resolve
3.20 claims.

3.21 If the commissioner determines that claims
3.22 made under Minnesota Statutes, section 3.737
3.23 or 3.7371, are unusually high, amounts
3.24 appropriated for either program may be
3.25 transferred to the appropriation for the other
3.26 program.

3.27 (i) \$250,000 the first year and \$250,000 the
3.28 second year are to expand current capabilities
3.29 for rapid detection, identification, containment,
3.30 control, and management of high priority plant
3.31 pests and pathogens. These are onetime
3.32 appropriations.

3.33 (j) \$300,000 the first year and \$300,000 the
3.34 second year are for transfer to the noxious
3.35 weed and invasive plant species assistance

4.1 account in the agricultural fund to award
 4.2 grants to local units of government under
 4.3 Minnesota Statutes, section 18.90, with
 4.4 preference given to local units of government
 4.5 responding to Palmer amaranth or other weeds
 4.6 on the eradicate list. These are onetime
 4.7 transfers.

4.8 (k) \$120,000 the first year and \$120,000 the
 4.9 second year are for wolf-livestock conflict
 4.10 prevention grants under article 2, section 89.

4.11 The commissioner must submit a report to the
 4.12 chairs and ranking minority members of the
 4.13 legislative committees with jurisdiction over
 4.14 agriculture policy and finance by January 15,
 4.15 2020, on the outcomes of the wolf-livestock
 4.16 conflict prevention grants and whether
 4.17 livestock compensation claims were reduced
 4.18 in the areas that grants were awarded. This is
 4.19 a onetime appropriation.

4.20 **Subd. 3. Agricultural Marketing and**
 4.21 **Development**

3,996,000

3,996,000

4.22 (a) The commissioner must provide outreach
 4.23 to urban farmers regarding the department's
 4.24 financial and technical assistance programs
 4.25 and must assist urban farmers in applying for
 4.26 assistance.

4.27 (b) \$186,000 the first year and \$186,000 the
 4.28 second year are for transfer to the Minnesota
 4.29 grown account and may be used as grants for
 4.30 Minnesota grown promotion under Minnesota
 4.31 Statutes, section 17.102. Grants may be made
 4.32 for one year. Notwithstanding Minnesota
 4.33 Statutes, section 16A.28, the appropriations
 4.34 encumbered under contract on or before June

5.1 30, 2019, for Minnesota grown grants in this
5.2 paragraph are available until June 30, 2021.

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

5.28 (d) The commissioner may use funds
5.29 appropriated in this subdivision for annual
5.30 cost-share payments to resident farmers or
5.31 entities that sell, process, or package
5.32 agricultural products in this state for the costs
5.33 of organic certification. The commissioner
5.34 may allocate these funds for assistance for

6.1 persons transitioning from conventional to
6.2 organic agriculture.

6.3 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
6.4 **Advancement**

22,581,000

22,636,000

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

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

7.8 (b) \$13,256,000 the first year and \$13,311,000
7.9 the second year are for the agricultural growth,
7.10 research, and innovation program in
7.11 Minnesota Statutes, section 41A.12. Except
7.12 as provided below, the commissioner may
7.13 allocate the appropriation each year among
7.14 the following areas: facilitating the start-up,
7.15 modernization, or expansion of livestock
7.16 operations including beginning and
7.17 transitioning livestock operations; developing
7.18 new markets for Minnesota farmers by
7.19 providing more fruits, vegetables, meat, grain,
7.20 and dairy for Minnesota school children;
7.21 assisting value-added agricultural businesses
7.22 to begin or expand, access new markets, or
7.23 diversify; providing up to \$250,000 each year
7.24 for urban youth agricultural education or urban
7.25 agriculture community development;
7.26 providing up to \$250,000 each year for the
7.27 good food access program under Minnesota
7.28 Statutes, section 17.1017; facilitating the
7.29 start-up, modernization, or expansion of other
7.30 beginning and transitioning farms including
7.31 by providing loans under Minnesota Statutes,
7.32 section 41B.056; sustainable agriculture
7.33 on-farm research and demonstration;
7.34 development or expansion of food hubs and
7.35 other alternative community-based food
7.36 distribution systems; enhancing renewable

8.1 energy infrastructure and use; crop research;
8.2 Farm Business Management tuition assistance;
8.3 good agricultural practices/good handling
8.4 practices certification assistance; establishing
8.5 and supporting farmer-led water management
8.6 councils; and implementing farmer-led water
8.7 quality improvement practices. The
8.8 commissioner may use up to 6.5 percent of
8.9 this appropriation for costs incurred to
8.10 administer the program.

8.11 Of the amount appropriated for the agricultural
8.12 growth, research, and innovation program in
8.13 Minnesota Statutes, section 41A.12:

8.14 (1) \$1,000,000 the first year and \$1,000,000
8.15 the second year are for distribution in equal
8.16 amounts to each of the state's county fairs to
8.17 preserve and promote Minnesota agriculture;
8.18 and

8.19 (2) \$1,500,000 the first year and \$1,500,000
8.20 the second year are for incentive payments
8.21 under Minnesota Statutes, sections 41A.16,
8.22 41A.17, and 41A.18. Notwithstanding
8.23 Minnesota Statutes, section 16A.28, the first
8.24 year appropriation is available until June 30,
8.25 2019, and the second year appropriation is
8.26 available until June 30, 2020. If this
8.27 appropriation exceeds the total amount for
8.28 which all producers are eligible in a fiscal
8.29 year, the balance of the appropriation is
8.30 available for the agricultural growth, research,
8.31 and innovation program.

8.32 The commissioner may use funds appropriated
8.33 under this subdivision to award up to two
8.34 value-added agriculture grants per year of up
8.35 to \$1,000,000 per grant for new or expanding

9.1 agricultural production or processing facilities
9.2 that provide significant economic impact to
9.3 the region. The commissioner may use funds
9.4 appropriated under this subdivision for
9.5 additional value-added agriculture grants for
9.6 awards between \$1,000 and \$200,000 per
9.7 grant.

9.8 Appropriations in clauses (1) and (2) are
9.9 onetime. Any unencumbered balance does not
9.10 cancel at the end of the first year and is
9.11 available for the second year. Notwithstanding
9.12 Minnesota Statutes, section 16A.28,
9.13 appropriations encumbered under contract on
9.14 or before June 30, 2019, for agricultural
9.15 growth, research, and innovation grants are
9.16 available until June 30, 2021.

9.17 The base budget for the agricultural growth,
9.18 research, and innovation program is
9.19 \$14,275,000 for fiscal years 2020 and 2021
9.20 and includes funding for incentive payments
9.21 under Minnesota Statutes, sections 41A.16,
9.22 41A.17, 41A.18, and 41A.20.

9.23 The commissioner must develop additional
9.24 innovative production incentive programs to
9.25 be funded by the agricultural growth, research,
9.26 and innovation program.

9.27 The commissioner must consult with the
9.28 commissioner of transportation, the
9.29 commissioner of administration, and local
9.30 units of government to identify parcels of
9.31 publicly owned land that are suitable for urban
9.32 agriculture.

9.33 (c) \$25,000 the first year and \$25,000 the
9.34 second year are for grants to the Southern

10.1 Minnesota Initiative Foundation to promote
 10.2 local foods through an annual event that raises
 10.3 public awareness of local foods and connects
 10.4 local food producers and processors with
 10.5 potential buyers.

10.6 **Subd. 5. Administration and Financial Assistance** 8,698,000 8,691,000

10.7 (a) \$474,000 the first year and \$474,000 the
 10.8 second year are for payments to county and
 10.9 district agricultural societies and associations
 10.10 under Minnesota Statutes, section 38.02,
 10.11 subdivision 1. Aid payments to county and
 10.12 district agricultural societies and associations
 10.13 shall be disbursed no later than July 15 of each
 10.14 year. These payments are the amount of aid
 10.15 from the state for an annual fair held in the
 10.16 previous calendar year.

10.17 (b) \$1,000 the first year and \$1,000 the second
 10.18 year are for grants to the Minnesota State
 10.19 Poultry Association.

10.20 (c) \$18,000 the first year and \$18,000 the
 10.21 second year are for grants to the Minnesota
 10.22 Livestock Breeders Association.

10.23 (d) \$47,000 the first year and \$47,000 the
 10.24 second year are for the Northern Crops
 10.25 Institute. These appropriations may be spent
 10.26 to purchase equipment.

10.27 (e) \$220,000 the first year and \$220,000 the
 10.28 second year are for farm advocate services.

10.29 (f) \$17,000 the first year and \$17,000 the
 10.30 second year are for grants to the Minnesota
 10.31 Horticultural Society.

10.32 (g) \$108,000 the first year and \$108,000 the
 10.33 second year are for annual grants to the
 10.34 Minnesota Turf Seed Council for basic and

11.1 applied research on: (1) the improved
11.2 production of forage and turf seed related to
11.3 new and improved varieties; and (2) native
11.4 plants, including plant breeding, nutrient
11.5 management, pest management, disease
11.6 management, yield, and viability. The grant
11.7 recipient may subcontract with a qualified
11.8 third party for some or all of the basic or
11.9 applied research. Any unencumbered balance
11.10 does not cancel at the end of the first year and
11.11 is available for the second year. This is a
11.12 onetime appropriation.

11.13 (h) \$113,000 the first year and \$113,000 the
11.14 second year are for transfer to the Board of
11.15 Trustees of the Minnesota State Colleges and
11.16 Universities for statewide mental health
11.17 counseling support to farm families and
11.18 business operators. South Central College shall
11.19 serve as the fiscal agent.

11.20 (i) \$550,000 the first year and \$550,000 the
11.21 second year are for grants to Second Harvest
11.22 Heartland on behalf of Minnesota's six
11.23 Feeding America food banks for the purchase
11.24 of milk for distribution to Minnesota's food
11.25 shelves and other charitable organizations that
11.26 are eligible to receive food from the food
11.27 banks. Milk purchased under the grants must
11.28 be acquired from Minnesota milk processors
11.29 and based on low-cost bids. The milk must be
11.30 allocated to each Feeding America food bank
11.31 serving Minnesota according to the formula
11.32 used in the distribution of United States
11.33 Department of Agriculture commodities under
11.34 The Emergency Food Assistance Program
11.35 (TEFAP). Second Harvest Heartland must

12.1 submit quarterly reports to the commissioner
12.2 on forms prescribed by the commissioner. The
12.3 reports must include, but are not limited to,
12.4 information on the expenditure of funds, the
12.5 amount of milk purchased, and the
12.6 organizations to which the milk was
12.7 distributed. Second Harvest Heartland may
12.8 enter into contracts or agreements with food
12.9 banks for shared funding or reimbursement of
12.10 the direct purchase of milk. Each food bank
12.11 receiving money from this appropriation may
12.12 use up to two percent of the grant for
12.13 administrative expenses. Any unencumbered
12.14 balance does not cancel at the end of the first
12.15 year and is available for the second year.

12.16 (j) \$1,100,000 the first year and \$1,100,000
12.17 the second year are for grants to Second
12.18 Harvest Heartland on behalf of the six Feeding
12.19 America food banks that serve Minnesota to
12.20 compensate agricultural producers and
12.21 processors for costs incurred to harvest and
12.22 package for transfer surplus fruits, vegetables,
12.23 and other agricultural commodities that would
12.24 otherwise go unharvested, be discarded, or
12.25 sold in a secondary market. Surplus
12.26 commodities must be distributed statewide to
12.27 food shelves and other charitable organizations
12.28 that are eligible to receive food from the food
12.29 banks. Surplus food acquired under this
12.30 appropriation must be from Minnesota
12.31 producers and processors. Second Harvest
12.32 Heartland must report in the form prescribed
12.33 by the commissioner. Second Harvest
12.34 Heartland may use up to 15 percent of each
12.35 grant for matching administrative and
12.36 transportation expenses. Any unencumbered

- 13.1 balance does not cancel at the end of the first
13.2 year and is available for the second year.
- 13.3 (k) \$150,000 the first year and \$150,000 the
13.4 second year are for grants to the Center for
13.5 Rural Policy and Development.
- 13.6 (l) \$235,000 the first year and \$235,000 the
13.7 second year are for grants to the Minnesota
13.8 Agricultural Education and Leadership
13.9 Council for programs of the council under
13.10 Minnesota Statutes, chapter 41D.
- 13.11 (m) \$600,000 the first year and \$600,000 the
13.12 second year are for grants to the Board of
13.13 Regents of the University of Minnesota to
13.14 develop, in consultation with the
13.15 commissioner of agriculture and the Board of
13.16 Animal Health, a software tool or application
13.17 through the Veterinary Diagnostic Laboratory
13.18 that empowers veterinarians and producers to
13.19 understand the movement of unique pathogen
13.20 strains in livestock and poultry production
13.21 systems, monitor antibiotic resistance, and
13.22 implement effective biosecurity measures that
13.23 promote animal health and limit production
13.24 losses. This is a onetime appropriation.
- 13.25 (n) \$150,000 the first year is for the tractor
13.26 rollover protection pilot program under
13.27 Minnesota Statutes, section 17.119. This is a
13.28 onetime appropriation and is available until
13.29 June 30, 2019.
- 13.30 (o) \$400,000 the first year is for a grant to the
13.31 Board of Trustees of the Minnesota State
13.32 Colleges and Universities to expand and
13.33 renovate the GROW-IT Center at Metropolitan

14.1 State University. This is a onetime
 14.2 appropriation.
 14.3 By January 15, 2018, the commissioner shall
 14.4 submit a report to the chairs and ranking
 14.5 minority members of the legislative
 14.6 committees with jurisdiction over agricultural
 14.7 policy and finance with a list of inspections
 14.8 the department conducts at more frequent
 14.9 intervals than federal law requires, an
 14.10 explanation of why the additional inspections
 14.11 are necessary, and provide recommendations
 14.12 for eliminating any unnecessary inspections.

14.13 Sec. 3. **BOARD OF ANIMAL HEALTH** \$ **5,420,000** \$ **5,456,000**

14.14 Sec. 4. **AGRICULTURAL UTILIZATION**
 14.15 **RESEARCH INSTITUTE** \$ **3,793,000** \$ **3,793,000**

14.16 Sec. 5. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as
 14.17 amended by Laws 2016, chapter 184, section 11, and Laws 2016, chapter 189, article 2,
 14.18 section 26, is amended to read:

14.19 Subd. 4. **Agriculture, Bioenergy, and Bioproduct** ~~19,010,000~~
 14.20 **Advancement** 14,993,000 18,316,000

14.21 \$4,483,000 the first year and \$8,500,000 the
 14.22 second year are for transfer to the agriculture
 14.23 research, education, extension, and technology
 14.24 transfer account under Minnesota Statutes,
 14.25 section 41A.14, subdivision 3. The transfer in
 14.26 this paragraph includes money for plant
 14.27 breeders at the University of Minnesota for
 14.28 wild rice, potatoes, and grapes. Of these
 14.29 amounts, at least \$600,000 each year is for the
 14.30 Minnesota Agricultural Experiment Station's
 14.31 Agriculture Rapid Response Fund under
 14.32 Minnesota Statutes, section 41A.14,
 14.33 subdivision 1, clause (2). Of the amount
 14.34 appropriated in this paragraph, \$1,000,000

15.1 each year is for transfer to the Board of
15.2 Regents of the University of Minnesota for
15.3 research to determine (1) what is causing avian
15.4 influenza, (2) why some fowl are more
15.5 susceptible, and (3) prevention measures that
15.6 can be taken. Of the amount appropriated in
15.7 this paragraph, \$2,000,000 each year is for
15.8 grants to the Minnesota Agriculture Education
15.9 Leadership Council to enhance agricultural
15.10 education with priority given to Farm Business
15.11 Management challenge grants. The
15.12 commissioner shall transfer the remaining
15.13 grant funds in this appropriation each year to
15.14 the Board of Regents of the University of
15.15 Minnesota for purposes of Minnesota Statutes,
15.16 section 41A.14.

15.17 To the extent practicable, funds expended
15.18 under Minnesota Statutes, section 41A.14,
15.19 subdivision 1, clauses (1) and (2), must
15.20 supplement and not supplant existing sources
15.21 and levels of funding. The commissioner may
15.22 use up to 4.5 percent of this appropriation for
15.23 costs incurred to administer the program. Any
15.24 unencumbered balance does not cancel at the
15.25 end of the first year and is available for the
15.26 second year.

15.27 ~~\$10,235,000~~ the first year and ~~\$10,235,000~~
15.28 \$9,541,000 the second year are for the
15.29 agricultural growth, research, and innovation
15.30 program in Minnesota Statutes, section
15.31 41A.12. No later than February 1, 2016, and
15.32 February 1, 2017, the commissioner must
15.33 report to the legislative committees with
15.34 jurisdiction over agriculture policy and finance
15.35 regarding the commissioner's

16.1 accomplishments and anticipated
16.2 accomplishments in the following areas:
16.3 facilitating the start-up, modernization, or
16.4 expansion of livestock operations including
16.5 beginning and transitioning livestock
16.6 operations; developing new markets for
16.7 Minnesota farmers by providing more fruits,
16.8 vegetables, meat, grain, and dairy for
16.9 Minnesota school children; assisting
16.10 value-added agricultural businesses to begin
16.11 or expand, access new markets, or diversify
16.12 products; developing urban agriculture;
16.13 facilitating the start-up, modernization, or
16.14 expansion of other beginning and transitioning
16.15 farms including loans under Minnesota
16.16 Statutes, section 41B.056; sustainable
16.17 agriculture on farm research and
16.18 demonstration; development or expansion of
16.19 food hubs and other alternative
16.20 community-based food distribution systems;
16.21 incentive payments under Minnesota Statutes,
16.22 sections 41A.16, 41A.17, and 41A.18; and
16.23 research on bioenergy, biobased content, or
16.24 biobased formulated products and other
16.25 renewable energy development. The
16.26 commissioner may use up to 4.5 percent of
16.27 this appropriation for costs incurred to
16.28 administer the program. Any unencumbered
16.29 balance does not cancel at the end of the first
16.30 year and is available for the second year.
16.31 Notwithstanding Minnesota Statutes, section
16.32 16A.28, the appropriations encumbered under
16.33 contract on or before June 30, 2017, for
16.34 agricultural growth, research, and innovation
16.35 grants are available until June 30, 2019.

17.1 The commissioner may use funds appropriated
17.2 for the agricultural growth, research, and
17.3 innovation program as provided in this
17.4 paragraph. The commissioner may award
17.5 grants to owners of Minnesota facilities
17.6 producing bioenergy, biobased content, or a
17.7 biobased formulated product; to organizations
17.8 that provide for on-station, on-farm field scale
17.9 research and outreach to develop and test the
17.10 agronomic and economic requirements of
17.11 diverse strands of prairie plants and other
17.12 perennials for bioenergy systems; or to certain
17.13 nongovernmental entities. For the purposes of
17.14 this paragraph, "bioenergy" includes
17.15 transportation fuels derived from cellulosic
17.16 material, as well as the generation of energy
17.17 for commercial heat, industrial process heat,
17.18 or electrical power from cellulosic materials
17.19 via gasification or other processes. Grants are
17.20 limited to 50 percent of the cost of research,
17.21 technical assistance, or equipment related to
17.22 bioenergy, biobased content, or biobased
17.23 formulated product production or \$500,000,
17.24 whichever is less. Grants to nongovernmental
17.25 entities for the development of business plans
17.26 and structures related to community ownership
17.27 of eligible bioenergy facilities together may
17.28 not exceed \$150,000. The commissioner shall
17.29 make a good-faith effort to select projects that
17.30 have merit and, when taken together, represent
17.31 a variety of bioenergy technologies, biomass
17.32 feedstocks, and geographic regions of the
17.33 state. Projects must have a qualified engineer
17.34 provide certification on the technology and
17.35 fuel source. Grantees must provide reports at
17.36 the request of the commissioner.

18.1 Of the amount appropriated for the agricultural
18.2 growth, research, and innovation program in
18.3 this subdivision, \$1,000,000 the first year and
18.4 \$1,000,000 the second year are for distribution
18.5 in equal amounts to each of the state's county
18.6 fairs to preserve and promote Minnesota
18.7 agriculture.

18.8 Of the amount appropriated for the agricultural
18.9 growth, research, and innovation program in
18.10 this subdivision, \$500,000 in fiscal year 2016
18.11 and ~~\$1,500,000~~ \$806,000 in fiscal year 2017
18.12 are for incentive payments under Minnesota
18.13 Statutes, sections 41A.16, 41A.17, and
18.14 41A.18. If the appropriation exceeds the total
18.15 amount for which all producers are eligible in
18.16 a fiscal year, the balance of the appropriation
18.17 is available to the commissioner for the
18.18 agricultural growth, research, and innovation
18.19 program. Notwithstanding Minnesota Statutes,
18.20 section 16A.28, the first year appropriation is
18.21 available until June 30, 2017, and the second
18.22 year appropriation is available until June 30,
18.23 2018. The commissioner may use up to 4.5
18.24 percent of the appropriation for administration
18.25 of the incentive payment programs.

18.26 Of the amount appropriated for the agricultural
18.27 growth, research, and innovation program in
18.28 this subdivision, \$250,000 the first year is for
18.29 grants to communities to develop or expand
18.30 food hubs and other alternative
18.31 community-based food distribution systems.

18.32 Of this amount, \$50,000 is for the
18.33 commissioner to consult with existing food
18.34 hubs, alternative community-based food
18.35 distribution systems, and University of

19.1 Minnesota Extension to identify best practices
19.2 for use by other Minnesota communities. No
19.3 later than December 15, 2015, the
19.4 commissioner must report to the legislative
19.5 committees with jurisdiction over agriculture
19.6 and health regarding the status of emerging
19.7 alternative community-based food distribution
19.8 systems in the state along with
19.9 recommendations to eliminate any barriers to
19.10 success. Any unencumbered balance does not
19.11 cancel at the end of the first year and is
19.12 available for the second year. This is a onetime
19.13 appropriation.
19.14 \$250,000 the first year and \$250,000 the
19.15 second year are for grants that enable retail
19.16 petroleum dispensers to dispense biofuels to
19.17 the public in accordance with the biofuel
19.18 replacement goals established under
19.19 Minnesota Statutes, section 239.7911. A retail
19.20 petroleum dispenser selling petroleum for use
19.21 in spark ignition engines for vehicle model
19.22 years after 2000 is eligible for grant money
19.23 under this paragraph if the retail petroleum
19.24 dispenser has no more than 15 retail petroleum
19.25 dispensing sites and each site is located in
19.26 Minnesota. The grant money received under
19.27 this paragraph must be used for the installation
19.28 of appropriate technology that uses fuel
19.29 dispensing equipment appropriate for at least
19.30 one fuel dispensing site to dispense gasoline
19.31 that is blended with 15 percent of
19.32 agriculturally derived, denatured ethanol, by
19.33 volume, and appropriate technical assistance
19.34 related to the installation. A grant award must
19.35 not exceed 85 percent of the cost of the
19.36 technical assistance and appropriate

20.1 technology, including remetering of and
 20.2 retrofits for retail petroleum dispensers and
 20.3 replacement of petroleum dispenser projects.
 20.4 The commissioner may use up to \$35,000 of
 20.5 this appropriation for administrative expenses.
 20.6 The commissioner shall cooperate with biofuel
 20.7 stakeholders in the implementation of the grant
 20.8 program. The commissioner must report to
 20.9 the legislative committees with jurisdiction
 20.10 over agriculture policy and finance by
 20.11 February 1 each year, detailing the number of
 20.12 grants awarded under this paragraph and the
 20.13 projected effect of the grant program on
 20.14 meeting the biofuel replacement goals under
 20.15 Minnesota Statutes, section 239.7911. These
 20.16 are onetime appropriations.
 20.17 \$25,000 the first year and \$25,000 the second
 20.18 year are for grants to the Southern Minnesota
 20.19 Initiative Foundation to promote local foods
 20.20 through an annual event that raises public
 20.21 awareness of local foods and connects local
 20.22 food producers and processors with potential
 20.23 buyers.

20.24 **Sec. 6. APPROPRIATION CANCELLATION.**

20.25 All unspent funds, estimated to be \$694,000, appropriated for the agricultural growth,
 20.26 research, and innovation program and designated for bioeconomy incentive payments under
 20.27 Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended
 20.28 by Laws 2016, chapter 184, section 11, and Laws 2016, chapter 189, article 2, section 26,
 20.29 are canceled to the general fund.

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

20.31 **ARTICLE 2**

20.32 **AGRICULTURAL POLICY**

20.33 Section 1. Minnesota Statutes 2016, section 3.7371, is amended to read:

21.1 **3.7371 COMPENSATION FOR CROP OR FENCE DAMAGE CAUSED BY ELK.**

21.2 Subdivision 1. **Authorization.** Notwithstanding section 3.736, subdivision 3, paragraph
 21.3 (e), or any other law, a person who owns an agricultural crop or pasture shall be compensated
 21.4 by the commissioner of agriculture for an agricultural crop, or fence surrounding the crop
 21.5 or pasture, that is damaged or destroyed by elk as provided in this section.

21.6 Subd. 2. **Claim form.** The ~~crop or pasture~~ owner must prepare a claim on forms provided
 21.7 by the commissioner and available at on the county extension agent's office Department of
 21.8 Agriculture's Web site or by request from the commissioner. The claim form must be filed
 21.9 with the commissioner.

21.10 Subd. 3. **Compensation.** (a) The crop owner is entitled to the target price or the market
 21.11 price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield
 21.12 loss determined according to agricultural stabilization and conservation service programs
 21.13 for individual farms, adjusted annually, as determined by the commissioner, upon
 21.14 recommendation of the ~~county extension~~ commissioner's approved agent for the owner's
 21.15 county. Verification of fence damage or destruction by elk may be provided by submitting
 21.16 photographs or other evidence and documentation together with a statement from an
 21.17 independent witness using forms prescribed by the commissioner. The commissioner, upon
 21.18 recommendation of the commissioner's approved agent, shall determine whether the crop
 21.19 damage or destruction or damage to or destruction of a fence surrounding a crop or pasture
 21.20 is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In
 21.21 any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence
 21.22 surrounding a crop or pasture that is less than \$100 in value and may be compensated up
 21.23 to \$20,000, as determined under this section, if normal harvest procedures for the area are
 21.24 followed.

21.25 (b) In any fiscal year, the commissioner may provide compensation for claims filed
 21.26 under this section up to the amount expressly appropriated for this purpose.

21.27 Subd. 4. **Insurance deduction.** Payments authorized by this section must be reduced
 21.28 by amounts received by the owner as proceeds from an insurance policy covering crop
 21.29 losses or damage to or destruction of a fence surrounding a crop or pasture, or from any
 21.30 other source for the same purpose including, but not limited to, a federal program.

21.31 Subd. 5. **Decision on claims; opening land to hunting.** If the commissioner finds that
 21.32 the ~~crop or pasture~~ owner has shown that the damage or destruction of the owner's crop or
 21.33 damage to or destruction of a fence surrounding a crop or pasture was caused more probably
 21.34 than not by elk, the commissioner shall pay compensation as provided in this section and

22.1 the rules of the commissioner. ~~A crop~~ An owner who receives compensation under this
 22.2 section may, by written permission, permit hunting on the land at the landowner's discretion.

22.3 Subd. 6. **Denial of claim; appeal.** (a) If the commissioner denies compensation claimed
 22.4 by ~~a crop or pasture~~ an owner under this section, the commissioner shall issue a written
 22.5 decision based upon the available evidence including a statement of the facts upon which
 22.6 the decision is based and the conclusions on the material issues of the claim. A copy of the
 22.7 decision must be mailed to the ~~crop or pasture~~ owner.

22.8 (b) A decision denying compensation claimed under this section is not subject to the
 22.9 contested case review procedures of chapter 14, but ~~a crop or pasture~~ an owner may have
 22.10 the claim reviewed in a trial de novo in a court in the county where the loss occurred. The
 22.11 decision of the court may be appealed as in other civil cases. Review in court may be obtained
 22.12 by filing a petition for review with the administrator of the court within 60 days following
 22.13 receipt of a decision under this section. Upon the filing of a petition, the administrator shall
 22.14 mail a copy to the commissioner and set a time for hearing within 90 days after the filing.

22.15 Subd. 7. **Rules.** The commissioner shall adopt rules and may amend rules to carry out
 22.16 this section. The commissioner may use the expedited rulemaking process in section 14.389
 22.17 to adopt and amend rules authorized in this section. The rules must include:

22.18 (1) methods of valuation of crops damaged or destroyed;

22.19 (2) criteria for determination of the cause of the crop damage or destruction;

22.20 (3) notice requirements by the owner of the damaged or destroyed crop;

22.21 (4) compensation rates for fence damage or destruction that ~~shall include a minimum~~
 22.22 ~~claim of \$75.00 per incident and a maximum of~~ must not exceed \$1,800 per claimant per
 22.23 fiscal year; and

22.24 (5) any other matters determined necessary by the commissioner to carry out this section.

22.25 Subd. 8. **Report.** The commissioner must submit a report to the chairs of the house of
 22.26 representatives and senate committees and divisions with jurisdiction over agriculture and
 22.27 environment and natural resources by December 15 each year that details the total amount
 22.28 of damages paid, by elk herd, in the previous two fiscal years.

22.29 Sec. 2. Minnesota Statutes 2016, section 15.985, is amended to read:

22.30 **15.985 ADVISORY INSPECTIONS.**

22.31 (a) Upon the voluntary request of a person to a state agency for an advisory inspection
 22.32 for the purpose of complying with state law, the agency must, except as provided in

23.1 paragraphs (f) and (g), conduct an advisory inspection. An agency is not required to conduct
 23.2 an advisory inspection if the agency has a regularly scheduled inspection that would occur
 23.3 within 90 days after the request for the advisory inspection, or if before an advisory inspection
 23.4 is requested, the agency has notified the person that it will be conducting an inspection
 23.5 within 45 days. If an advisory inspection results in findings that potentially could make a
 23.6 person subject to a fine or other penalty imposed by the agency, the agency must notify the
 23.7 person in writing of those findings within ten days of the inspection.

23.8 (1) Except as provided in clause (2), if within 60 days of receiving notice, the person
 23.9 notifies the agency that it has corrected the situation that made the person potentially subject
 23.10 to the fine or penalty, and the agency later determines that the situation is corrected, the
 23.11 agency may not impose a fine or penalty as a result of the findings in the advisory inspection.

23.12 (2) For violations of chapter 177, if the person notifies the agency within the time period
 23.13 for remedying violations required under the applicable section of chapter 177 that it has
 23.14 corrected the situation that made the person potentially subject to the fine or penalty, and
 23.15 the agency later determines that the situation is corrected, the agency may not impose a fine
 23.16 or penalty as a result of the finding in the advisory inspection.

23.17 (3) A person may not request more than one advisory inspection from the same agency
 23.18 in a calendar year. A person may not request an advisory inspection after an inspection
 23.19 resulting in a fine or other penalty has been determined and the violator notified of the
 23.20 amount to be paid, until fines or penalties have been paid or settled.

23.21 (b) For purposes of this section:

23.22 (1) "inspection" includes an examination of real or personal property or an audit or other
 23.23 examination of financial or other documents;

23.24 (2) "penalty" includes a civil or administrative fine or other financial sanction;

23.25 (3) "person" includes a real person and businesses, including corporations, partnerships,
 23.26 limited liability companies, and unincorporated associations; and

23.27 (4) "state agency" means a department, agency, board, commission, constitutional office,
 23.28 or other group in the executive branch of state government.

23.29 (c) If an agency revises, amends, extends, or adds additional violations to a notice, the
 23.30 person has 60 days from the date of those changes to correct the situation without fine or
 23.31 penalty. For violations of chapter 177, the person has the time period for remedying violations
 23.32 under the applicable section of chapter 177 to correct the situation without fine or penalty.

24.1 (d) An agency conducting an inspection under this section may impose and collect from
24.2 the person requesting the inspection a fee equal to the costs incurred by the agency related
24.3 to the inspection. Fees under this section shall be considered charges for goods and services
24.4 provided for the direct and primary use of a private individual, business, or other entity
24.5 under section 16A.1283, paragraph (b), clause (3). Fee revenue collected under this section
24.6 must be deposited in an appropriate fund other than the general fund and is appropriated
24.7 from that fund to the agency collecting the fee for the purpose of conducting inspections
24.8 under this section.

24.9 (e) Nothing in this section shall prohibit or interfere with an agency offering similar
24.10 programs that allow independent audits or inspections, including the environmental
24.11 improvement program under chapter 114C. If a person conducts a self-audit under chapter
24.12 114C, the terms and conditions of this section do not apply. For advisory inspections
24.13 conducted by the Pollution Control Agency, terms and conditions of sections 114C.20 to
24.14 114C.28 shall be used instead of those in paragraphs (a) to (c) and (g).

24.15 (f) If agency staff resources are limited, an agency must give higher priority to the
24.16 agency's regular inspections over advisory inspections under this section. Insofar as
24.17 conducting advisory inspections reduces an agency's costs, the savings must be reflected
24.18 in the charges for advisory inspections. Before hiring additional staff complement for
24.19 purposes of this section, an agency must report to the chairs and ranking minority members
24.20 of the legislative budget committees with jurisdiction over the agency documenting: (1) the
24.21 demand for advisory inspections and why additional staff complement is needed to meet
24.22 the demand; and (2) that the revenue generated by advisory inspections will cover the
24.23 expenses of the additional staff complement. If a person requests an advisory inspection,
24.24 but the agency does not have staff resources necessary to conduct the advisory inspection
24.25 before a regular inspection is conducted, and the regular inspection results in findings that
24.26 could make a person subject to a fine or penalty, the agency must take into account the
24.27 person's request for an advisory inspection and the person's desire to take corrective action
24.28 before taking any enforcement action against the person.

24.29 (g) This section does not apply to:

24.30 (1) criminal penalties;

24.31 (2) situations in which implementation of this section is prohibited by federal law or
24.32 would result in loss of federal funding or in other federal sanctions or in which
24.33 implementation would interfere with multistate agreements, international agreements, or
24.34 agreements between state and federal regulatory agencies;

- 25.1 (3) conduct constituting fraud;
- 25.2 (4) violations in a manner that endangers human life or presents significant risk of major
25.3 injury or severe emotional harm to humans;
- 25.4 (5) violations that are part of a pattern that has occurred repeatedly and shows willful
25.5 intent;
- 25.6 (6) violations for which it may be demonstrated that the alternative inspections process
25.7 is being used to avoid enforcement;
- 25.8 (7) violations that occur within three years of violating an applicable law;
- 25.9 (8) the Department of Revenue;
- 25.10 (9) the Workers' Compensation Division at the Department of Labor and Industry;
- 25.11 (10) violations of vehicle size weight limits under sections 169.80 to 169.88;
- 25.12 (11) commercial motor vehicle inspections under section 169.781 and motor carrier
25.13 regulations under chapter 221;
- 25.14 ~~(12) the Dairy and Food Inspection Division of the Department of Agriculture, if the~~
25.15 ~~division provides free inspections similar to those under this section;~~
- 25.16 ~~(13)~~ (12) state inspections or surveys of hospitals, nursing homes, outpatient surgical
25.17 centers, supervised living facilities, board and lodging with special services, home care,
25.18 housing with services and assisted living settings, hospice, and supplemental nursing services
25.19 agencies;
- 25.20 ~~(14)~~ (13) examinations of health maintenance organizations or county-based purchasing
25.21 entities regulated under chapter 62D;
- 25.22 ~~(15)~~ (14) special transportation services under section 174.30; and
- 25.23 ~~(16)~~ (15) entities regulated by the Department of Commerce's Financial Institutions and
25.24 Insurance Divisions for purposes of regulatory requirements of those divisions.
- 25.25 If an agency determines that this section does not apply due to situations specified in clause
25.26 (2), the agency must report the basis for that determination to the chairs and ranking minority
25.27 members of the legislative committees with jurisdiction over the agency.
- 25.28 (h) An agency may terminate an advisory inspection and proceed as if an inspection
25.29 were a regular inspection if, in the process of conducting an advisory inspection, the agency
25.30 finds a situation that the agency determines: could lead to criminal penalties; endangers
25.31 human life or presents significant risk of major injury or severe emotional harm to humans;

26.1 presents a severe and imminent threat to animals, food, feed, crops, commodities, or the
 26.2 environment; or evidences a pattern of willful violations.

26.3 Sec. 3. Minnesota Statutes 2016, section 17.119, subdivision 1, is amended to read:

26.4 Subdivision 1. **Grants; eligibility.** (a) The commissioner must award ~~cost-share~~ grants
 26.5 to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible
 26.6 tractors with eligible rollover protective structures.

26.7 (b) Grants for farmers are limited to 70 percent of the farmer's or school's documented
 26.8 cost to purchase, ship, and install an eligible rollover protective structure. The commissioner
 26.9 must increase the a farmer's grant award amount over the 70 percent grant limitation
 26.10 requirement if necessary to limit a farmer's or school's cost per tractor to no more than \$500.

26.11 (c) Schools are eligible for grants that cover the full amount of a school's documented
 26.12 cost to purchase, ship, and install an eligible rollover protective structure.

26.13 ~~(b)~~ (d) A rollover protective structure is eligible if it meets or exceeds SAE International
 26.14 standard J2194 is certified to appropriate national or international rollover protection structure
 26.15 standards with a seat belt.

26.16 ~~(e)~~ (e) A tractor is eligible if the tractor was built before 1987.

26.17 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2016.

26.18 Sec. 4. Minnesota Statutes 2016, section 17.119, subdivision 2, is amended to read:

26.19 Subd. 2. **Promotion; administration.** The commissioner may spend up to ~~20~~ six percent
 26.20 of total program dollars each fiscal year to promote and administer the program to Minnesota
 26.21 farmers and schools.

26.22 Sec. 5. Minnesota Statutes 2016, section 17.53, subdivision 2, is amended to read:

26.23 Subd. 2. **Agricultural commodity.** (a) Except as provided in paragraph (b), "agricultural
 26.24 commodity" means any agricultural product, including, without limitation, animals and
 26.25 animal products, grown, raised, produced, or fed within Minnesota for use as food, feed,
 26.26 seed, or any industrial or chemurgic purpose.

26.27 (b) For wheat, barley, corn, and cultivated wild rice, "agricultural commodity" means
 26.28 wheat, barley, corn and cultivated wild rice including, without limitation, wheat, barley,
 26.29 corn and cultivated wild rice grown or produced within or outside Minnesota, for use as
 26.30 food, feed, seed, or any industrial or chemurgic purpose.

27.1 Sec. 6. Minnesota Statutes 2016, section 17.53, subdivision 8, is amended to read:

27.2 Subd. 8. **First purchaser.** (a) Except as provided in paragraph (b), "first purchaser"
27.3 means any person that buys agricultural commodities for movement into commercial channels
27.4 from the producer; or any lienholder, secured party or pledgee, public or private, or assignee
27.5 of said lienholder, secured party or pledgee, who gains title to the agricultural commodity
27.6 from the producer as the result of exercising any legal rights by the lienholder, secured
27.7 party, pledgee, or assignee thereof, regardless of when the lien, security interest or pledge
27.8 was created and regardless of whether the first purchaser is domiciled within the state or
27.9 without. "First purchaser" does not mean the Commodity Credit Corporation when a
27.10 commodity is used as collateral for a federal nonrecourse loan unless the commissioner
27.11 determines otherwise.

27.12 (b) For wheat, barley, corn, and cultivated wild rice, "first purchaser" means a person
27.13 who buys, receives delivery of, or provides storage for the agricultural commodity from a
27.14 producer for movement into commercial channels; or a lienholder, secured party, or pledgee,
27.15 who gains title to the agricultural commodity from the producers as the result of exercising
27.16 any legal rights by the lienholder, secured party, pledgee, or assignee, regardless of when
27.17 the lien, security interest, or pledge was created and regardless of whether or not the first
27.18 purchaser is domiciled in the state. "First purchaser" does not mean the Commodity Credit
27.19 Corporation when the wheat, barley, corn or cultivated wild rice is used as collateral for a
27.20 federal nonrecourse loan unless the commissioner determines otherwise.

27.21 Sec. 7. Minnesota Statutes 2016, section 17.53, subdivision 13, is amended to read:

27.22 Subd. 13. **Producer.** (a) Except as provided in paragraph (b), "producer" means any
27.23 person who owns or operates an agricultural producing or growing facility for an agricultural
27.24 commodity and shares in the profits and risk of loss from such operation, and who grows,
27.25 raises, feeds or produces the agricultural commodity in Minnesota during the current or
27.26 preceding marketing year.

27.27 (b) For wheat, barley, corn, and cultivated wild rice, "producer" means in addition to
27.28 the meaning in paragraph (a) and for the purpose of the payment or the refund of the checkoff
27.29 fee paid pursuant to sections 17.51 to 17.69 only, a person who delivers into, stores within,
27.30 or makes the first sale of the agricultural commodity in Minnesota.

27.31 Sec. 8. Minnesota Statutes 2016, section 18.79, subdivision 18, is amended to read:

27.32 Subd. 18. **Noxious weed education and notification.** (a) The commissioner shall
27.33 disseminate information and conduct educational campaigns with respect to control of

28.1 noxious weeds or invasive plants to enhance regulatory compliance and voluntary efforts
 28.2 to eliminate or manage these plants. The commissioner shall call and attend meetings and
 28.3 conferences dealing with the subject of noxious weeds. The commissioner shall maintain
 28.4 on the department's Web site noxious weed management information including but not
 28.5 limited to the roles and responsibilities of citizens and government entities under sections
 28.6 18.76 to 18.91 and specific guidance as to whom a person should contact to report a noxious
 28.7 weed issue.

28.8 (b) The commissioner shall post notice on the department's Web site and alert appropriate
 28.9 media outlets when a weed on the eradicate list is confirmed for the first time in a county.

28.10 Sec. 9. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
 28.11 read:

28.12 Subd. 9b. **Experimental use permit.** "Experimental use permit" means a permit issued
 28.13 by the United States Environmental Protection Agency as authorized in Section 5 of the
 28.14 Federal Insecticide, Fungicide, and Rodenticide Act.

28.15 Sec. 10. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
 28.16 read:

28.17 Subd. 9c. **Experimental use pesticide product.** "Experimental use pesticide product"
 28.18 means any federally registered or unregistered pesticide whose use is authorized by an
 28.19 experimental use permit issued by the United States Environmental Protection Agency.

28.20 Sec. 11. **[18B.051] POLLINATOR HABITAT AND RESEARCH ACCOUNT.**

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

28.26 Subd. 2. **Expiration.** This section expires July 1, 2022.

28.27 Sec. 12. Minnesota Statutes 2016, section 18B.065, subdivision 8, is amended to read:

28.28 Subd. 8. **Waste pesticide program surcharge.** The commissioner shall annually collect
 28.29 a waste pesticide program surcharge of \$50 on each agricultural waste pesticide product
 28.30 and \$125 on each nonagricultural waste pesticide product registered in the state as part of
 28.31 a pesticide product registration application under section 18B.26, subdivision 3.

29.1 Sec. 13. Minnesota Statutes 2016, section 18B.26, subdivision 1, is amended to read:

29.2 Subdivision 1. **Requirement.** (a) Except as provided in paragraphs (b) to ~~(d)~~ (e), a person
29.3 may not use or distribute a pesticide in this state unless it is registered with the commissioner.
29.4 Pesticide registrations expire on December 31 of each year and may be renewed on or before
29.5 that date for the following calendar year.

29.6 (b) Registration is not required if a pesticide is shipped from one plant or warehouse to
29.7 another plant or warehouse operated by the same person and used solely at the plant or
29.8 warehouse as an ingredient in the formulation of a pesticide that is registered under this
29.9 chapter.

29.10 (c) An unregistered pesticide that was previously registered with the commissioner may
29.11 be used for a period of two years following the cancellation of the registration of the pesticide,
29.12 unless the commissioner determines that the continued use of the pesticide would cause
29.13 unreasonable adverse effects on the environment, or with the written permission of the
29.14 commissioner. To use the unregistered pesticide at any time after the two-year period, the
29.15 pesticide end user must demonstrate to the satisfaction of the commissioner, if requested,
29.16 that the pesticide has been continuously registered under a different brand name or by a
29.17 different manufacturer and has similar composition, or, the pesticide end user obtains the
29.18 written permission of the commissioner.

29.19 (d) The commissioner may allow specific pesticide products that are not registered with
29.20 the commissioner to be distributed in this state for use in another state.

29.21 (e) A substance or mixture of substances being tested only to determine its potential
29.22 efficacy as a pesticide, or to determine its toxicity or other properties, and not requiring the
29.23 issuance of an experimental use permit under United States Environmental Protection
29.24 Agency criteria specified in federal regulations, is not required to be registered.

29.25 ~~(e)~~ (f) Each pesticide with a unique United States Environmental Protection Agency
29.26 pesticide registration number or a unique brand name must be registered with the
29.27 commissioner.

29.28 ~~(f)~~ (g) It is unlawful for a person to distribute or use a pesticide in the state, or to sell
29.29 into the state for use in the state, any pesticide product that has not been registered by the
29.30 commissioner and for which the applicable pesticide registration application fee, gross sales
29.31 fee, or waste pesticide program surcharge is not paid pursuant to subdivisions 3 and 4.

29.32 ~~(g)~~ (h) Every person who sells for use in the state a pesticide product that has been
29.33 registered by the commissioner shall pay to the commissioner the applicable registration

30.1 application fees, sales fees, and waste pesticide program surcharges. These sales expressly
 30.2 include all sales made electronically, telephonically, or by any other means that result in a
 30.3 pesticide product being shipped to or used in the state. There is a rebuttable presumption
 30.4 that pesticide products that are sold or distributed in or into the state by any person are sold
 30.5 or distributed for use in the state.

30.6 Sec. 14. Minnesota Statutes 2016, section 18B.28, subdivision 1, is amended to read:

30.7 Subdivision 1. **Requirement.** A person may not use or distribute an experimental use
 30.8 pesticide product in the state until it is registered with the commissioner. Experimental use
 30.9 pesticide product registrations expire on December 31 of each year and may be renewed
 30.10 on or before that date. A substance or mixture of substances being tested only to determine
 30.11 its potential efficacy as a pesticide, or to determine its toxicity or other properties, and not
 30.12 requiring the issuance of an experimental use permit under United States Environmental
 30.13 Protection Agency criteria specified in federal regulations, is not required to be registered.

30.14 Sec. 15. Minnesota Statutes 2016, section 18B.28, subdivision 3, is amended to read:

30.15 Subd. 3. **Application.** A person must file an application for experimental use pesticide
 30.16 product registration with the commissioner. An application to register an experimental use
 30.17 pesticide product must include:

30.18 (1) the name and address of the applicant;

30.19 (2) a ~~federal~~ copy of the United States Environmental Protection Agency approval
 30.20 document permit;

30.21 (3) a description of the purpose or objectives of the experimental use product;

30.22 (4) ~~an~~ a copy of the experimental use pesticide labeling accepted experimental use
 30.23 pesticide product label by the United States Environmental Protection Agency;

30.24 (5) the name, address, and telephone number of cooperators or participants in this state;

30.25 (6) the amount of material to be shipped or used in this state; and

30.26 (7) other information requested by the commissioner.

30.27 Sec. 16. Minnesota Statutes 2016, section 18B.305, is amended to read:

30.28 **18B.305 PESTICIDE EDUCATION AND TRAINING.**

30.29 Subdivision 1. **Education and training.** (a) The commissioner, as the lead agency, shall
 30.30 develop, implement or approve, and evaluate, in consultation with University of Minnesota

31.1 Extension, the Minnesota State Colleges and Universities system, and other educational
 31.2 institutions, innovative educational and training programs addressing pesticide concerns
 31.3 including:

31.4 (1) water quality protection;

31.5 (2) endangered species protection;

31.6 (3) minimizing pesticide residues in food and water;

31.7 (4) worker protection and applicator safety;

31.8 (5) chronic toxicity;

31.9 (6) integrated pest management and pest resistance;

31.10 (7) pesticide disposal;

31.11 (8) pesticide drift;

31.12 (9) relevant laws including pesticide labels and labeling and state and federal rules and
 31.13 regulations; ~~and~~

31.14 (10) current science and technology updates; and

31.15 (11) thresholds and guidance to reduce the impacts of insecticide on pollinators.

31.16 (b) The commissioner shall appoint educational planning committees which must include
 31.17 representatives of industry and applicators.

31.18 (c) Specific current regulatory concerns must be discussed and, if appropriate,
 31.19 incorporated into each training session. Relevant changes to pesticide product labels or
 31.20 labeling or state and federal rules and regulations may be included.

31.21 (d) The commissioner may approve programs from private industry, higher education
 31.22 institutions, and nonprofit organizations that meet minimum requirements for education,
 31.23 training, and certification.

31.24 **Subd. 2. Training manual and examination development.** The commissioner, in
 31.25 consultation with University of Minnesota Extension and other higher education institutions,
 31.26 shall continually revise and update pesticide applicator training manuals and examinations.
 31.27 The manuals and examinations must be written to meet or exceed the minimum standards
 31.28 required by the United States Environmental Protection Agency and pertinent state specific
 31.29 information. Questions in the examinations must be determined by the commissioner in
 31.30 consultation with other responsible agencies. Manuals and examinations must include
 31.31 pesticide management practices that discuss prevention of pesticide occurrence in

32.1 groundwater and surface water of the state, and economic thresholds and guidance for
32.2 insecticide use.

32.3 Sec. 17. Minnesota Statutes 2016, section 18B.33, subdivision 1, is amended to read:

32.4 Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a
32.5 commercial applicator license for the appropriate use categories or a structural pest control
32.6 license.

32.7 (b) A commercial applicator licensee must have a valid license identification card to
32.8 purchase a restricted use pesticide or apply pesticides for hire and must display it upon
32.9 demand by an authorized representative of the commissioner or a law enforcement officer.
32.10 The commissioner shall prescribe the information required on the license identification
32.11 card.

32.12 (c) A person licensed under this section is considered qualified and is not required to
32.13 verify, document, or otherwise prove a particular need prior to use, except as required by
32.14 the federal label.

32.15 Sec. 18. Minnesota Statutes 2016, section 18B.34, subdivision 1, is amended to read:

32.16 Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified
32.17 private applicator, or licensed structural pest control applicator, a person, including a
32.18 government employee, may not purchase or use a restricted use pesticide in performance
32.19 of official duties without having a noncommercial applicator license for an appropriate use
32.20 category.

32.21 (b) A licensee must have a valid license identification card when applying pesticides
32.22 and must display it upon demand by an authorized representative of the commissioner or a
32.23 law enforcement officer. The license identification card must contain information required
32.24 by the commissioner.

32.25 (c) A person licensed under this section is considered qualified and is not required to
32.26 verify, document, or otherwise prove a particular need prior to use, except as required by
32.27 the federal label.

32.28 Sec. 19. Minnesota Statutes 2016, section 18B.36, subdivision 1, is amended to read:

32.29 Subdivision 1. **Requirement.** (a) Except for a licensed commercial or noncommercial
32.30 applicator, only a certified private applicator may use a restricted use pesticide to produce
32.31 an agricultural commodity:

- 33.1 (1) as a traditional exchange of services without financial compensation;
- 33.2 (2) on a site owned, rented, or managed by the person or the person's employees; or
- 33.3 (3) when the private applicator is one of two or fewer employees and the owner or
- 33.4 operator is a certified private applicator or is licensed as a noncommercial applicator.

33.5 (b) A person may not purchase a restricted use pesticide without presenting a license

33.6 card, certified private applicator card, or the card number.

33.7 (c) A person certified under this section is considered qualified and is not required to

33.8 verify, document, or otherwise prove a particular need prior to use, except as required by

33.9 the federal label.

33.10 Sec. 20. Minnesota Statutes 2016, section 18B.37, subdivision 3, is amended to read:

33.11 Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator

33.12 must maintain a record of each structural pest control application conducted by that person

33.13 or by the person's employees. The record must include the:

33.14 (1) date of structural pest control application;

33.15 (2) target pest;

33.16 (3) brand name of the pesticide, United States Environmental Protection Agency

33.17 registration number, and amount used;

33.18 (4) for fumigation, the temperature and exposure time;

33.19 (5) time the pesticide application was completed;

33.20 (6) name and address of the customer;

33.21 (7) name of structural pest control applicator, name of company and address of applicator

33.22 or company, and license number of applicator; and

33.23 (8) any other information required by the commissioner.

33.24 (b) All information for this record requirement must be contained in a document for

33.25 each pesticide application. An invoice containing the required information may constitute

33.26 the record.

33.27 (c) The record must be completed no later than five days after the application of the

33.28 pesticide.

33.29 (d) Records must be retained for five years after the date of treatment.

34.1 (e) A copy of the record must be given to a person who ordered the application that is
34.2 present at the site where the structural pest control application is conducted, placed in a
34.3 conspicuous location at the site where the structural pest control application is conducted
34.4 immediately after the application of the pesticides, or delivered to the person who ordered
34.5 an application or the owner of the site. The commissioner must make sample forms available
34.6 that meet the requirements of this subdivision.

34.7 (f) A structural applicator must post in a conspicuous place inside a renter's apartment
34.8 where a pesticide application has occurred a list of postapplication precautions contained
34.9 on the label of the pesticide that was applied in the apartment and any other information
34.10 required by the commissioner.

34.11 Sec. 21. Minnesota Statutes 2016, section 18C.70, subdivision 5, is amended to read:

34.12 Subd. 5. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

34.13 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

34.14 Sec. 22. Minnesota Statutes 2016, section 18C.71, subdivision 4, is amended to read:

34.15 Subd. 4. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

34.16 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

34.17 Sec. 23. Minnesota Statutes 2016, section 18H.06, subdivision 2, is amended to read:

34.18 Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be
34.19 exempt from the requirement to obtain a nursery stock certificate if:

34.20 (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

34.21 (2) all nursery stock sold or distributed by the individual is intended for planting in
34.22 Minnesota;

34.23 (3) all nursery stock purchased or procured for resale or distribution was grown in
34.24 Minnesota and has been certified by the commissioner; and

34.25 (4) the individual conducts sales or distributions of nursery stock on ten or fewer days
34.26 in a calendar year.

34.27 (b) A municipality may offer certified nursery stock for sale and be exempt from the
34.28 requirement to obtain a nursery stock certificate if:

34.29 (1) all nursery stock offered for sale or distributed is intended for planting by residents
34.30 of the municipality on public property or public easements within the municipal boundary;

35.1 (2) all nursery stock purchased or procured for resale or distribution is grown in
 35.2 Minnesota and has been certified by the commissioner; and

35.3 (3) the municipality submits to the commissioner before any sale or distribution of
 35.4 nursery stock a list of all suppliers who provide the municipality with nursery stock.

35.5 ~~(b)~~ (c) The commissioner may prescribe the conditions of the exempt nursery sales under
 35.6 this subdivision and may conduct routine inspections of the nursery stock offered for sale.

35.7 Sec. 24. Minnesota Statutes 2016, section 18H.07, subdivision 2, is amended to read:

35.8 Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must pay an
 35.9 annual fee based on the area of all acreage on which nursery stock is grown as follows:

35.10 (1) less than one-half acre, \$150;

35.11 (2) from one-half acre to two acres, \$200;

35.12 (3) over two acres up to five acres, \$300;

35.13 (4) over five acres up to ten acres, \$350;

35.14 (5) over ten acres up to 20 acres, \$500;

35.15 (6) over 20 acres up to 40 acres, \$650;

35.16 (7) over 40 acres up to 50 acres, \$800;

35.17 (8) over 50 acres up to 200 acres, \$1,100;

35.18 (9) over 200 acres up to 500 acres, \$1,500; and

35.19 (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

35.20 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
 35.21 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
 35.22 of 30 percent for any application for renewal not postmarked or electronically date stamped
 35.23 by December 31 of the current year.

35.24 (c) A nursery stock grower found operating without a valid nursery stock grower
 35.25 certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the
 35.26 commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee
 35.27 owed; and (2) a new certificate is issued to the nursery stock grower by the commissioner.

36.1 Sec. 25. Minnesota Statutes 2016, section 18H.07, subdivision 3, is amended to read:

36.2 Subd. 3. **Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an annual
36.3 fee based on the dealer's gross sales of certified nursery stock per location during the most
36.4 recent certificate year. A certificate applicant operating for the first time must pay the
36.5 minimum fee. The fees per sales location are:

36.6 (1) gross sales up to \$5,000, \$150;

36.7 (2) gross sales over \$5,000 up to \$20,000, \$175;

36.8 (3) gross sales over \$20,000 up to \$50,000, \$300;

36.9 (4) gross sales over \$50,000 up to \$75,000, \$425;

36.10 (5) gross sales over \$75,000 up to \$100,000, \$550;

36.11 (6) gross sales over \$100,000 up to \$200,000, \$675; and

36.12 (7) gross sales over \$200,000, \$800.

36.13 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
36.14 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
36.15 of 30 percent for any application for renewal not postmarked or electronically date stamped
36.16 by December 31 of the current year.

36.17 (c) A nursery stock dealer found operating without a valid nursery stock dealer certificate
36.18 cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner
36.19 for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a
36.20 new certificate is issued to the nursery stock dealer by the commissioner.

36.21 Sec. 26. Minnesota Statutes 2016, section 21.111, subdivision 2, is amended to read:

36.22 Subd. 2. **Inspected.** "Inspected" means that the potato plants are examined in the field
36.23 and that the harvested potatoes produced by ~~such~~ the potato plants are examined by or under
36.24 the authority of the commissioner. For seed potatoes produced in a lab, inspected means
36.25 that the lab's records, including records related to the lab's procedures and protocols, as well
36.26 as the seed potatoes, have been examined under the authority of the commissioner.

36.27 Sec. 27. Minnesota Statutes 2016, section 21.111, subdivision 3, is amended to read:

36.28 Subd. 3. **Certified.** "Certified" means that the potatoes were inspected while growing
36.29 in the field and again after being harvested, and were thereafter duly certified by or under
36.30 the authority of the commissioner, as provided in sections 21.111 to 21.122, and as provided

37.1 by rules adopted and published by the commissioner. For seed potatoes produced in a lab,
 37.2 certified means that:

37.3 (1) the seed potato lab facilities and the lab's procedures and protocols have been
 37.4 examined under the authority of the commissioner; and

37.5 (2) the seed potatoes have been inspected after they have been harvested, removed, or
 37.6 released from the lab, and were duly certified by or under the authority of the commissioner,
 37.7 as provided in sections 21.111 to 21.122.

37.8 Sec. 28. Minnesota Statutes 2016, section 21.113, is amended to read:

37.9 **21.113 CERTIFICATES OF INSPECTION.**

37.10 (a) The commissioner shall cause issue certificates of inspection to be issued only when
 37.11 seed potatoes have been inspected while growing in the field and again after being harvested.

37.12 (b) For seed potatoes produced in a lab, the commissioner shall issue certificates of
 37.13 inspection only after:

37.14 (1) the seed potato lab facility and the lab's records have been inspected; and

37.15 (2) the seed potatoes have been inspected after they have been harvested, removed, or
 37.16 released from the lab.

37.17 ~~Such~~ (c) Certificates of inspection under this section shall show the varietal purity and
 37.18 the freedom from disease and physical injury of such potatoes and ~~shall contain such~~ any
 37.19 other information as may be prescribed by rules adopted and published under sections 21.111
 37.20 to 21.122.

37.21 Sec. 29. Minnesota Statutes 2016, section 21.117, is amended to read:

37.22 **21.117 APPLICATIONS FOR INSPECTIONS; WITHDRAWALS.**

37.23 (a) Any person may make application to the commissioner for inspection or certification
 37.24 of seed potatoes growing or to be grown. Upon receiving such application and the required
 37.25 fee and such other information as may be required, the commissioner shall cause such
 37.26 potatoes to be inspected or certified in accordance with the provisions of sections 21.111
 37.27 to 21.122 and the rules adopted and published thereunder.

37.28 (b) If a grower wishes to withdraw a field or lab after having made application for
 37.29 inspection and such withdrawal is requested before the field or lab inspection has been
 37.30 made, the fee paid shall be refunded to said grower.

38.1 Sec. 30. Minnesota Statutes 2016, section 25.32, is amended to read:

38.2 **25.32 COMMISSIONER'S DUTIES.**

38.3 The commissioner shall administer sections 25.31 to 25.43 ~~shall be administered by the~~
38.4 ~~commissioner.~~

38.5 Sec. 31. Minnesota Statutes 2016, section 25.33, subdivision 5, is amended to read:

38.6 Subd. 5. **Commercial feed.** "Commercial feed" means materials or combinations of
38.7 materials that are distributed or intended to be distributed for use as feed or for mixing in
38.8 feed, including feed for aquatic animals, unless the materials are specifically exempted.
38.9 Unmixed whole seeds and physically altered entire unmixed seeds, as identified in the
38.10 United States grain standards, if the whole or physically altered seeds are not chemically
38.11 changed, are not labeled as a feed or for use as feed, or are not adulterated within the meaning
38.12 of section 25.37, paragraph (a), are exempt. The commissioner by rule may exempt from
38.13 this definition, or from specific provisions of sections 25.31 to 25.43, commodities such as
38.14 hay, straw, stover, silage, cobs, husks, hulls, and individual chemical compounds or
38.15 substances if those commodities, compounds, or substances are not intermixed with other
38.16 materials, are not labeled as a feed or for use as feed, and are not adulterated within the
38.17 meaning of section 25.37, paragraph (a).

38.18 Sec. 32. Minnesota Statutes 2016, section 25.33, subdivision 10, is amended to read:

38.19 Subd. 10. **Manufacture.** "Manufacture" means to grind, mix or blend, ~~or further process,~~
38.20 package, or label a commercial feed for distribution.

38.21 Sec. 33. Minnesota Statutes 2016, section 25.33, subdivision 21, is amended to read:

38.22 Subd. 21. **Commissioner.** "Commissioner" means the commissioner of agriculture or
38.23 ~~a designated representative~~ the commissioner's agent.

38.24 Sec. 34. Minnesota Statutes 2016, section 25.341, subdivision 1, is amended to read:

38.25 Subdivision 1. **Requirement.** Before a person may: (1) manufacture a commercial feed
38.26 in the state; (2) distribute a commercial feed in or into the state; or (3) have the person's
38.27 name appear on the label of a commercial feed as guarantor, the person must have a
38.28 commercial feed license for each guarantor, or manufacturing or distributing facility. A
38.29 person who makes only retail sales of commercial feed, guaranteed by another, is not required
38.30 to obtain a license.

39.1 Sec. 35. Minnesota Statutes 2016, section 25.341, subdivision 2, is amended to read:

39.2 Subd. 2. **Application; fee; term.** A person who is required to have a commercial feed
39.3 license ~~shall~~ must submit an application on a form provided or approved by the commissioner
39.4 accompanied by a an application fee of \$75 paid to the commissioner for each location. A
39.5 license is not transferable from one person to another, from one ownership to another, or
39.6 from one location to another. The license year is the calendar year. A license expires on
39.7 December 31 of the year for which it is issued, except that a license is valid ~~through January~~
39.8 ~~31 of the next year or~~ until the issuance of the renewal license, ~~whichever comes first~~, if
39.9 the licensee has filed a renewal application ~~with the commissioner~~ that has been received
39.10 by the commissioner on or before December 31 of the year for which the current license
39.11 was issued, or postmarked on or before December 31 of the year for which the current
39.12 license was issued. Any person who is required to have, but fails to obtain a license or a
39.13 licensee who fails to comply with license renewal requirements, ~~shall~~ must pay a \$100 late
39.14 fee in addition to the license fee.

39.15 Sec. 36. Minnesota Statutes 2016, section 25.35, is amended to read:

39.16 **25.35 LABELING.**

39.17 (a) A commercial feed, except a customer formula feed, must be accompanied by a label
39.18 bearing the following information:

39.19 (1) the product name and the brand name, if any, under which the commercial feed is
39.20 distributed;

39.21 (2) the guaranteed analysis, stated in terms the commissioner requires by rule, to advise
39.22 the user of the composition of the feed or to support claims made in the labeling. The
39.23 substances or elements must be determinable by laboratory methods such as the methods
39.24 published by the AOAC International or other generally recognized methods;

39.25 (3) the common or usual name of each ingredient used in the manufacture of the
39.26 commercial feed. The commissioner may by rule permit the use of a collective term for a
39.27 group of ingredients which perform a similar function, or may exempt commercial feeds
39.28 or any group of commercial feeds from this requirement on finding that an ingredient
39.29 statement is not required in the interest of consumers;

39.30 (4) the name and principal mailing address of the manufacturer or the person responsible
39.31 for distributing the commercial feed;

40.1 (5) adequate directions for use for all commercial feeds containing drugs and for such
40.2 other feeds as the commissioner may require by rule as necessary for their safe and effective
40.3 use;

40.4 (6) precautionary statements which the commissioner determines by rule are necessary
40.5 for the safe and effective use of the commercial feed; and

40.6 (7) a quantity statement.

40.7 (b) A customer formula feed must be accompanied by a label, invoice, delivery slip, or
40.8 other shipping document bearing the following information:

40.9 (1) name and address of the manufacturer;

40.10 (2) name and address of the purchaser;

40.11 (3) date of delivery;

40.12 (4) the product name and either (i) the quantity of each commercial feed and each other
40.13 ingredient used in the mixture, or (ii) a guaranteed analysis and list of ingredients in paragraph
40.14 (a), clauses (2) and (3);

40.15 (5) adequate directions for use for all customer formula feeds containing drugs and for
40.16 other feeds the commissioner requires by rule as necessary for their safe and effective use;

40.17 (6) precautionary statements the commissioner determines by rule are necessary for the
40.18 safe and effective use of the customer formula feed;

40.19 (7) if a product containing a drug is used:

40.20 (i) the purpose of the medication (claim statement); and

40.21 (ii) the established name of each active drug ingredient and the level of each drug used
40.22 in the final mixture expressed in a manner required by the commissioner by rule; ~~and~~

40.23 (8) for a customer formula feed for which the formula is developed by someone other
40.24 than the manufacturer, a disclaimer may be included on the label stating "THIS FEED IS
40.25 A CUSTOMER FORMULA FEED DEVELOPED BY SOMEONE OTHER THAN THE
40.26 MANUFACTURER. THE MANUFACTURER DOES NOT CLAIM, REPRESENT,
40.27 WARRANT, OR GUARANTEE, AND IS NOT RESPONSIBLE FOR THE NUTRITIONAL
40.28 ADEQUACY OF THIS FEED OR THE NUTRITIONAL SUITABILITY OF THIS FEED
40.29 FOR ITS INTENDED PURPOSE."; and

40.30 (9) a quantity statement.

41.1 (c) The manufacturer of a customer formula feed the formula of which is developed by
 41.2 someone other than the manufacturer is not responsible or liable for the nutritional adequacy
 41.3 or the nutritional suitability of the feed for its intended purpose if: (1) the manufacturer does
 41.4 not make a claim of nutritional adequacy for the customer formula feed and does not make
 41.5 a claim for nutritional suitability of the feed for its intended purpose; and (2) the manufacturer
 41.6 includes the disclaimer in paragraph (b), clause (8). A person other than the manufacturer
 41.7 who develops or recommends a formula for a customer formula feed is responsible for
 41.8 providing to the manufacturer of the feed the appropriate labeling information and for
 41.9 providing the appropriate use information to the feed manufacturer.

41.10 Sec. 37. Minnesota Statutes 2016, section 25.371, subdivision 2, is amended to read:

41.11 Subd. 2. **Certificate application.** (a) A person may apply to the commissioner for a
 41.12 good manufacturing practices certificate for commercial feed and feed ingredients.
 41.13 Application for good manufacturing practices certificates must be made on forms provided
 41.14 or approved by the commissioner. The commissioner shall conduct inspections of facilities
 41.15 for persons that have applied for or intend to apply for a good manufacturing practices
 41.16 certificate for commercial feed and feed ingredients from the commissioner. The
 41.17 commissioner shall not conduct an inspection under this ~~section~~ subdivision if the applicant
 41.18 has not paid in full the inspection fee for previous inspections. Certificate issuance shall be
 41.19 based on ~~compliance with subdivisions 3 to 14, or~~ United States Food and Drug
 41.20 Administration rules regarding preventive controls for animal feed.

41.21 (b) The commissioner may assess a fee for the inspection, service, and work performed
 41.22 in carrying out the issuance of a good manufacturing practices certificate for commercial
 41.23 feed and feed ingredients. The inspection fee must be based on mileage and the cost of
 41.24 inspection.

41.25 Sec. 38. Minnesota Statutes 2016, section 25.38, is amended to read:

41.26 **25.38 PROHIBITED ACTS.**

41.27 The following acts and causing the following acts in Minnesota are prohibited:

- 41.28 (1) manufacture or distribution of any commercial feed that is adulterated or misbranded;
- 41.29 (2) adulteration or misbranding of any commercial feed;
- 41.30 (3) distribution of agricultural commodities such as whole seed, hay, straw, stover, silage,
 41.31 cobs, husks, and hulls, which are adulterated within the meaning of section 25.37, paragraph
 41.32 (a);

42.1 (4) removal or disposal of a commercial feed in violation of an order under section 25.42;
 42.2 (5) failure or refusal to obtain a commercial feed license under section 25.341 ~~or to~~
 42.3 ~~provide a small package listing under section 25.39~~; or

42.4 (6) failure to pay inspection fees, to register a small package under section 25.39, or to
 42.5 file reports as required by section 25.39.

42.6 Sec. 39. Minnesota Statutes 2016, section 25.39, subdivision 1, is amended to read:

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

42.10 (1) no fee need be paid on:

42.11 ~~(i) a commercial feed if the payment has been made by a previous distributor; or~~

42.12 ~~(ii) any feed ingredient in a customer formula feeds if the inspection fee is paid on the~~
 42.13 ~~commercial feeds which are used as ingredients~~ feed that has been directly furnished by the
 42.14 customer; or

42.15 ~~(2) a Minnesota feed distributor who can substantiate that greater than 50 percent of the~~
 42.16 ~~distribution of commercial feed is to purchasers outside the state may purchase commercial~~
 42.17 ~~feeds without payment of the inspection fee under a tonnage fee exemption permit issued~~
 42.18 ~~by the commissioner~~ no fee need be paid on a first distribution if made to a qualified buyer
 42.19 who, with approval from the commissioner, is responsible for the fee. Such location-specific
 42.20 license-specific tonnage-fee-exemption permits shall be issued on a calendar year basis to
 42.21 commercial feed distributors licensees who distribute feed or feed ingredients outside the
 42.22 state, and who submit a \$100 nonrefundable application fee and comply with rules adopted
 42.23 by the commissioner relative to record keeping, tonnage of commercial feed distributed in
 42.24 Minnesota, total of all commercial feed tonnage distributed, and all other information which
 42.25 the commissioner may require so as to ensure that proper inspection fee payment has been
 42.26 made.

42.27 (b) In the case of pet food or specialty pet food distributed in the state only in packages
 42.28 of ten pounds or less, a ~~listing of distributor must register~~ each product and submit a current
 42.29 label for each product ~~must be submitted~~ annually on forms provided by the commissioner
 42.30 ~~and,~~ accompanied by an annual application fee of \$100 for each product in lieu of the
 42.31 inspection fee. This annual fee ~~is due by July 1~~ must be received by the commissioner on
 42.32 or before June 30 or postmarked on or before June 30. The inspection fee required by

43.1 paragraph (a) applies to pet food or specialty pet food distributed in packages exceeding
43.2 ten pounds.

43.3 ~~(e) In the case of specialty pet food distributed in the state only in packages of ten pounds~~
43.4 ~~or less, a listing of each product and a current label for each product must be submitted~~
43.5 ~~annually on forms provided by the commissioner and accompanied by an annual fee of~~
43.6 ~~\$100 for each product in lieu of the inspection fee. This annual fee is due by July 1. The~~
43.7 ~~inspection fee required by paragraph (a) applies to specialty pet food distributed in packages~~
43.8 ~~exceeding ten pounds.~~

43.9 ~~(d)~~ (c) The minimum inspection fee is \$75 per annual reporting period.

43.10 Sec. 40. Minnesota Statutes 2016, section 25.39, subdivision 1a, is amended to read:

43.11 Subd. 1a. **Containers of ten pounds or less.** A distributor who is subject to the annual
43.12 fee specified in subdivision 1, paragraph (b) ~~or (e)~~, ~~shall~~ must do the following:

43.13 (1) before beginning distribution, ~~file~~ register with the commissioner ~~a listing of the~~ pet
43.14 and specialty pet foods to be distributed in the state only in containers of ten pounds or less,
43.15 on forms provided by the commissioner. The listing registration under this clause must be
43.16 renewed annually on or before July 1 June 30 and is the basis for the payment of the annual
43.17 fee. New products added during the year must be submitted to the commissioner as a
43.18 supplement to the annual listing registration before distribution; and

43.19 (2) if the annual renewal of the listing registration is not received or postmarked on or
43.20 before July 1 June 30 or if an ~~unlisted~~ unregistered product is distributed, pay a late filing
43.21 fee of \$100 per product in addition to the normal charge for the listing registration. The late
43.22 filing fee under this clause is in addition to any other penalty under this chapter.

43.23 Sec. 41. Minnesota Statutes 2016, section 25.39, subdivision 2, is amended to read:

43.24 Subd. 2. **Annual statement.** A person who is liable for the payment of a fee under this
43.25 section ~~shall~~ must file with the commissioner on forms furnished by the commissioner an
43.26 annual statement setting forth the number of net tons of commercial feeds distributed in
43.27 this state during the calendar year. The report is due ~~by~~ on or before the 31st of each January
43.28 following the year of distribution. The inspection fee at the rate specified in subdivision 1
43.29 must accompany the statement. For each tonnage report not filed with the commissioner or
43.30 payment of inspection fees not made on time received by the commissioner on or before
43.31 January 31 or postmarked on or before January 31, a penalty of ten percent of the amount
43.32 due, with a minimum penalty of \$10, must be assessed against the license holder, and the

44.1 amount of fees due, plus penalty, is a debt and may be recovered in a civil action against
44.2 the license holder. The assessment of this penalty does not prevent the department from
44.3 taking other actions as provided in this chapter.

44.4 Sec. 42. Minnesota Statutes 2016, section 25.39, subdivision 3, is amended to read:

44.5 Subd. 3. **Records.** Each person required to pay an inspection fee or to report in accordance
44.6 with this section ~~shall~~ must keep records, as determined by the commissioner, accurately
44.7 detailing the tonnage of commercial feed distributed in this state. Records upon which the
44.8 tonnage is based must be maintained for six years and made available to the commissioner
44.9 for inspection, copying, and audit. A person who is located outside of this state must maintain
44.10 and make available records required by this section in this state or pay all costs incurred in
44.11 auditing of the records at another location. Unless required for the enforcement of this
44.12 chapter, the information in the records required by this subdivision is private or nonpublic.

44.13 Sec. 43. Minnesota Statutes 2016, section 25.40, subdivision 2, is amended to read:

44.14 Subd. 2. **Notice; public comment.** Before the issuance, amendment, or repeal of any
44.15 rule authorized by sections 25.31 to 25.43, the commissioner shall publish the proposed
44.16 rule, amendment, or notice to repeal an existing rule in a manner reasonably calculated to
44.17 give interested parties, including all current license holders, adequate notice and shall afford
44.18 all interested persons an opportunity to present their views orally or in writing, within a
44.19 reasonable period of time. After consideration of all views presented by interested persons,
44.20 the commissioner shall take appropriate action to issue the proposed rule or to amend or
44.21 repeal an existing rule. The provisions of this subdivision notwithstanding, if the
44.22 commissioner, pursuant to the authority of sections 25.31 to 25.43, adopts the official
44.23 definitions of feed ingredients ~~or~~ and official feed terms as adopted by the Association of
44.24 American Feed Control Officials, any amendment or modification adopted by the association
44.25 ~~shall be~~ is adopted automatically under sections 25.31 to 25.43 without regard to the
44.26 publication of the notice required by this subdivision unless the commissioner, by order
44.27 specifically determines that the amendment or modification shall not be adopted.

44.28 Sec. 44. Minnesota Statutes 2016, section 25.41, subdivision 1, is amended to read:

44.29 Subdivision 1. **Authorization; limitation.** For the purpose of enforcement of sections
44.30 25.31 to 25.43, and associated rules, in order to determine whether the provisions have been
44.31 complied with, including whether or not any operations may be subject to such provisions,
44.32 officers or employees duly designated by the commissioner or the commissioner's agent,

45.1 upon presenting appropriate credentials, and a written notice to the owner, operator, or agent
45.2 in charge, are authorized:

45.3 (1) to enter, during normal business hours, any factory, warehouse, or establishment
45.4 within the state in which commercial feeds are manufactured, processed, packed, or held
45.5 for distribution, or to enter any vehicle being used to transport or hold such feeds; and

45.6 (2) to inspect at reasonable times, within reasonable limits, and in a reasonable manner,
45.7 such factory, warehouse, establishment or vehicle and all pertinent equipment, finished and
45.8 unfinished materials, containers, and labeling therein. The inspection may include the
45.9 verification of records and production and control procedures related to the manufacture,
45.10 distribution, storage, handling, or disposal of commercial feed as may be necessary to
45.11 determine compliance with this chapter.

45.12 Sec. 45. Minnesota Statutes 2016, section 25.41, subdivision 2, is amended to read:

45.13 Subd. 2. **Notification; promptness.** A separate notice ~~shall~~ must be given for each
45.14 inspection, but a notice ~~shall~~ is not be required for each entry made during the period covered
45.15 by the inspection. Each inspection ~~shall be commenced~~ must begin and be completed with
45.16 reasonable promptness. Upon completion of the inspection, the owner, operator, or agent
45.17 in charge of the facility or vehicle ~~shall~~ must be ~~so~~ notified.

45.18 Sec. 46. Minnesota Statutes 2016, section 25.41, subdivision 3, is amended to read:

45.19 Subd. 3. **Receipt for samples.** If the ~~officer or employee~~ commissioner or the
45.20 commissioner's agent making such inspection of a factory, warehouse, or other establishment
45.21 has obtained a sample in the course of the inspection, upon completion of the inspection
45.22 and prior to leaving the premises the ~~officer or employee~~ commissioner or the commissioner's
45.23 agent shall give to the owner, operator, or agent in charge a receipt describing the samples
45.24 obtained.

45.25 Sec. 47. Minnesota Statutes 2016, section 25.41, subdivision 5, is amended to read:

45.26 Subd. 5. **Entry of premises.** For the purpose of the enforcement of sections 25.31 to
45.27 25.43, the commissioner or the commissioner's ~~duly designated~~ agent is authorized to enter
45.28 upon any public or private premises including any vehicle of transport during regular business
45.29 hours to have access to, and to obtain samples, and to examine and copy records relating
45.30 to distribution of commercial feeds.

46.1 Sec. 48. Minnesota Statutes 2016, section 25.41, subdivision 7a, is amended to read:

46.2 Subd. 7a. **Manufacturer's report of investigation.** If the inspection and analysis of an
 46.3 official sample indicates that a commercial feed has been adulterated or misbranded, the
 46.4 person whose name appears on the label of the indicated commercial feed as guarantor ~~shall~~
 46.5 must provide a manufacturer's report of investigation to the commissioner within 30 days
 46.6 following the receipt of the official analysis.

46.7 Sec. 49. Minnesota Statutes 2016, section 25.42, is amended to read:

46.8 **25.42 DETAINED COMMERCIAL FEEDS.**

46.9 Subdivision 1. **Withdrawal from distribution order.** When the commissioner or the
 46.10 commissioner's ~~authorized~~ agent has reasonable cause to believe any lot of commercial feed
 46.11 is being distributed in violation of any of the provisions of sections 25.31 to 25.43 or of any
 46.12 of the prescribed rules under sections 25.31 to 25.43, the commissioner or the commissioner's
 46.13 agent may issue and enforce a written or printed "withdrawal from distribution" order,
 46.14 warning the distributor not to dispose of the lot of commercial feed in any manner until
 46.15 written permission is given by the commissioner or the court. The commissioner shall release
 46.16 the lot of withdrawn commercial feed ~~so withdrawn~~ when ~~said provisions and~~ sections 25.31
 46.17 to 25.43 and associated rules have been complied with. If compliance is not obtained within
 46.18 30 days, the commissioner may begin, or upon request of the distributor or license holder
 46.19 shall begin, proceedings for condemnation.

46.20 Subd. 2. **Seizure; disposition.** Any lot of commercial feed not in compliance with ~~said~~
 46.21 ~~provisions and~~ sections 25.31 to 25.43 and associated rules ~~shall be~~ is subject to seizure on
 46.22 complaint of the commissioner to the district court of the county in which ~~said~~ the commercial
 46.23 feed is located. In the event the court finds the commercial feed to be in violation of sections
 46.24 25.31 to 25.43 and orders the condemnation of ~~said~~ the commercial feed, ~~it shall~~ the
 46.25 commercial feed must be disposed of in ~~any~~ a manner consistent with the quality of the
 46.26 commercial feed and the laws of the state; provided, that in no instance, shall the disposition
 46.27 of ~~said~~ the commercial feed be ordered by the court without first giving the claimant an
 46.28 opportunity to apply to the court for release of ~~said~~ the commercial feed or for permission
 46.29 to process or relabel ~~said~~ the commercial feed to bring it into compliance with sections
 46.30 25.31 to 25.43.

46.31 Sec. 50. Minnesota Statutes 2016, section 27.04, is amended to read:

46.32 **27.04 APPLICATION FOR LICENSE.**

47.1 Subdivision 1. **Issuance.** The commissioner shall issue a wholesale produce dealer's
 47.2 license to engage in the business of a dealer at wholesale to persons submitting an application,
 47.3 paying the prescribed fee, and complying with the conditions in this section.

47.4 Subd. 2. **Application contents.** (a) The application must be in writing, accompanied by
 47.5 the prescribed fee, and state:

47.6 (1) the place or places where the applicant intends to carry on the business for which
 47.7 the license is desired;

47.8 (2) the estimated amount of business to be done monthly;

47.9 (3) the amount of business done during the preceding year, if any;

47.10 (4) the full names of the persons constituting the firm for a partnership, and for a
 47.11 corporation the names of the officers of the corporation and where incorporated; and

47.12 ~~(5) a financial statement showing the value and character of the assets and the amount~~
 47.13 ~~of liabilities of the applicant;~~

47.14 ~~(6) the income and expenses for the most recent year;~~

47.15 ~~(7) the names and addresses of all shareholders who own at least five percent of a~~
 47.16 ~~corporate applicant's shares of stock;~~

47.17 ~~(8) whether the applicant or any of its officers, partners, or agents have been involved~~
 47.18 ~~in any litigation relating to the business of a wholesale produce dealer in the previous five~~
 47.19 ~~years; and~~

47.20 ~~(9)~~ (5) any other information relevant to the conduct of its business as a wholesale
 47.21 produce dealer in the previous five years, as the commissioner may require.

47.22 (b) If a contract is used in a transaction, a copy of the contract must also be filed with
 47.23 the commissioner.

47.24 (c) Financial data required of an applicant under this section is classified as private data
 47.25 with regard to data on individuals and as nonpublic data with regard to data not on individuals
 47.26 under section 13.02.

47.27 Subd. 3. **Filing.** Applications shall be filed annually.

47.28 Sec. 51. Minnesota Statutes 2016, section 28A.03, is amended by adding a subdivision to
 47.29 read:

47.30 Subd. 11. **Regularly engaged.** "Regularly engaged" means any person who operates a
 47.31 food business over a period of time at uniform, consistent intervals.

48.1 Sec. 52. Minnesota Statutes 2016, section 28A.081, is amended to read:

48.2 **28A.081 CERTIFICATE FEES.**

48.3 Subdivision 1. Fee. A fee of ~~\$75~~ \$125 for each certificate shall be charged to ~~all food~~
 48.4 ~~establishments that request certificates~~ any person who requests a certificate issued by the
 48.5 Minnesota Department of Agriculture to facilitate the movement of Minnesota processed
 48.6 and manufactured foods destined for export from the state of Minnesota. Certificates include,
 48.7 but are not limited to, a certificate of free sale, certificate of export, certificate of sanitation,
 48.8 sanitary certificate, certificate of origin and/or free sale, certificate of health and/or free
 48.9 sale, sanitation, and purity, certificate of free trade, certificate of free sale, sanitation, purity,
 48.10 and origin, certificate of health, sanitation, purity, and free sale, and letter of plant
 48.11 certification.

48.12 The commissioner shall bill ~~a food establishment~~ the requesting person within seven
 48.13 days after issuing a certificate to the ~~establishment~~ person. The ~~operator of the food~~
 48.14 ~~establishment~~ requesting person must submit payment for a certificate within ten days of
 48.15 the billing date. If a certificate fee payment is not received within 15 days of the billing
 48.16 date, the commissioner may not issue any future certificates to the requesting person until
 48.17 previous fees due are paid in full. Fees paid under this section must be deposited in the food
 48.18 certificate account established under subdivision 2 or another account in the agricultural
 48.19 fund if the expenses for the certificate will be paid from that other account.

48.20 Subd. 2. Food certificate account; appropriation. A food certificate account is
 48.21 established in the agricultural fund. Money in the account, including interest, is appropriated
 48.22 to the commissioner for expenses relating to certifying Minnesota processed and
 48.23 manufactured foods under chapters 28 to 34A or rules adopted under one of those chapters.

48.24 Sec. 53. Minnesota Statutes 2016, section 28A.152, subdivision 2, is amended to read:

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

48.27 (1) directly to the ultimate consumer at a community event or farmers' market;

48.28 ~~(2) at a community event or farmers' market; or~~

48.29 ~~(3) (2) directly from the individual's home to the ultimate consumer, to the extent allowed~~
 48.30 ~~by local ordinance; or~~

48.31 (3) through donation to (i) an individual, or (ii) a community event for the purpose of
 48.32 fund-raising for an educational, charitable, or religious organization.

49.1 (b) If an exempt food product will be delivered to the ultimate consumer upon sale of
 49.2 the food product, the individual who prepared the food product must be the person who
 49.3 delivers the food product to the ultimate consumer.

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

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

49.10 Sec. 54. Minnesota Statutes 2016, section 28A.21, subdivision 6, is amended to read:

49.11 Subd. 6. **Expiration.** This section expires June 30, ~~2017~~ 2027.

49.12 Sec. 55. Minnesota Statutes 2016, section 31A.02, subdivision 4, is amended to read:

49.13 Subd. 4. **Animals.** "Animals" means cattle, swine, sheep, goats, poultry, farmed Cervidae,
 49.14 as defined in section 35.153, subdivision 3, llamas, as defined in section 17.455, subdivision
 49.15 2, Ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other ~~large~~
 49.16 domesticated animals.

49.17 Sec. 56. Minnesota Statutes 2016, section 32C.02, subdivision 2, is amended to read:

49.18 Subd. 2. **Facility design; development and operation.** The authority may enter into
 49.19 management contracts, lease agreements, or both, with a Minnesota nonprofit corporation
 49.20 to design, develop, and operate a facility to further the purposes of this chapter at the site
 49.21 determined by the board and on the terms that the board finds desirable. The board must
 49.22 identify ~~and acquire~~ a site that will accommodate, where practical, the following facilities
 49.23 and activities:

49.24 (1) housing for bred and lactating animals;

49.25 (2) milking parlor;

49.26 (3) automatic milking systems;

49.27 (4) cross-ventilated and natural-ventilated housing;

49.28 (5) transition cow housing;

49.29 (6) special needs and hospital housing;

49.30 (7) classrooms and a conference room;

- 50.1 (8) dairy processing facility with retail;
- 50.2 (9) visitors' center;
- 50.3 (10) student housing;
- 50.4 (11) laboratory facilities;
- 50.5 (12) space to accommodate installation of an anaerobic digester system to research
- 50.6 energy production from feedstock produced on site or from off-site sources; and
- 50.7 (13) space for feed storage to allow for research capabilities at the facility.

50.8 Notwithstanding the provisions of section 32C.01, subdivision 7, relating to conflict of

50.9 interest, a director or officer of the authority who is also a director, officer, or member of

50.10 a nonprofit corporation with which the authority enters into management contracts or lease

50.11 agreements may participate in and vote on the decision of the board as to the terms and

50.12 conditions of management contracts or lease agreements between the Minnesota nonprofit

50.13 corporation and the authority.

50.14 Sec. 57. Minnesota Statutes 2016, section 32C.06, is amended to read:

50.15 **32C.06 EXPIRATION.**

50.16 If by August 1, ~~2017~~ 2020, the authority board has not identified and ~~acquired~~ a site for

50.17 a facility, as provided in section 32C.02, subdivision 2, sections 32C.01 to 32C.05 and this

50.18 section are repealed on that date. The Department of Agriculture shall notify the revisor of

50.19 statutes if the repealer under this section becomes effective.

50.20 Sec. 58. Minnesota Statutes 2016, section 41A.12, subdivision 3, is amended to read:

50.21 Subd. 3. **Oversight.** The commissioner, ~~in consultation with the chairs and ranking~~

50.22 ~~minority members of the house of representatives and senate committees with jurisdiction~~

50.23 ~~over agriculture finance,~~ must allocate available appropriated funds among eligible uses as

50.24 provided by law, develop competitive eligibility criteria, and award funds on a needs basis.

50.25 By February 1 each year, the commissioner shall report to the legislature ~~on the allocation~~

50.26 ~~among eligible uses and any financial assistance provided~~ the outcomes achieved under

50.27 this section.

50.28 Sec. 59. Minnesota Statutes 2016, section 41A.20, subdivision 2, is amended to read:

50.29 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source

50.30 at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from

51.1 the state border, raw materials may be sourced from within a 100-mile radius. Raw materials
 51.2 must be from forest resources. The facility must be located in Minnesota, must begin
 51.3 production at a specific location by June 30, 2025, and must not begin operating before July
 51.4 1, ~~2017~~ 2019. Eligible facilities include existing companies and facilities that are adding
 51.5 siding production capacity, or retrofitting existing capacity, as well as new companies and
 51.6 facilities. Eligible siding production facilities must produce at least 200,000,000 siding
 51.7 square feet on a 3/8 inch nominal basis of siding each year.

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

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

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

51.14 Sec. 60. Minnesota Statutes 2016, section 41B.03, subdivision 2, is amended to read:

51.15 Subd. 2. **Eligibility for restructured loan.** In addition to the eligibility requirements
 51.16 of subdivision 1, a prospective borrower for a restructured loan must:

51.17 (1) have received at least 50 percent of average annual gross income from farming for
 51.18 the past three years or, for homesteaded property, received at least 40 percent of average
 51.19 gross income from farming in the past three years, and farming must be the principal
 51.20 occupation of the borrower;

51.21 (2) have projected annual expenses, including operating expenses, family living, and
 51.22 interest expenses after the restructuring, that do not exceed 95 percent of the borrower's
 51.23 projected annual income considering prior production history and projected prices for farm
 51.24 production, except that the authority may reduce the 95 percent requirement if it finds that
 51.25 other significant factors in the loan application support the making of the loan;

51.26 (3) demonstrate substantial difficulty in meeting projected annual expenses without
 51.27 restructuring the loan; and

51.28 (4) have a total net worth, including assets and liabilities of the borrower's spouse and
 51.29 dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017 and an amount in subsequent
 51.30 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
 51.31 rate as determined by the United States All-Items Consumer Price Index.

52.1 Sec. 61. Minnesota Statutes 2016, section 41B.03, subdivision 3, is amended to read:

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

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

52.7 (2) have a total net worth, including assets and liabilities of the borrower's spouse and
52.8 dependents, of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in subsequent
52.9 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
52.10 rate as determined by the United States All-Items Consumer Price Index;

52.11 (3) demonstrate a need for the loan;

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

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

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

52.16 (7) agree to participate in a farm management program approved by the commissioner
52.17 of agriculture for at least the first three years of the loan, if an approved program is available
52.18 within 45 miles from the borrower's residence. The commissioner may waive this requirement
52.19 for any of the programs administered by the authority if the participant requests a waiver
52.20 and has either a four-year degree in an agricultural program or certification as an adult farm
52.21 management instructor; and

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

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

52.26 Sec. 62. Minnesota Statutes 2016, section 41B.043, subdivision 5, is amended to read:

52.27 Subd. 5. **Total net worth limit.** A prospective borrower for an agricultural improvement
52.28 loan in which the authority holds an interest must have a total net worth, including assets
52.29 and liabilities of the borrower's spouse and dependents, of less than ~~\$350,000 in 2004~~
52.30 \$800,000 in 2017 and an amount in subsequent years which is adjusted for inflation by
52.31 multiplying that amount by the cumulative inflation rate as determined by the United States
52.32 All-Items Consumer Price Index.

53.1 Sec. 63. Minnesota Statutes 2016, section 41B.045, subdivision 2, is amended to read:

53.2 Subd. 2. **Loan participation.** The authority may participate in a livestock expansion
 53.3 loan with an eligible lender to a livestock farmer who meets the requirements of section
 53.4 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock
 53.5 operation. A prospective borrower must have a total net worth, including assets and liabilities
 53.6 of the borrower's spouse and dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017
 53.7 and an amount in subsequent years which is adjusted for inflation by multiplying that amount
 53.8 by the cumulative inflation rate as determined by the United States All-Items Consumer
 53.9 Price Index.

53.10 Participation is limited to 45 percent of the principal amount of the loan or \$525,000,
 53.11 whichever is less. The interest rates and repayment terms of the authority's participation
 53.12 interest may be different from the interest rates and repayment terms of the lender's retained
 53.13 portion of the loan.

53.14 Sec. 64. Minnesota Statutes 2016, section 41C.02, subdivision 12, is amended to read:

53.15 Subd. 12. **Low or moderate net worth.** "Low or moderate net worth" means:

53.16 (1) for an individual, an aggregate net worth of the individual and the individual's spouse
 53.17 and minor children of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in
 53.18 subsequent years which is adjusted for inflation by multiplying that amount by the cumulative
 53.19 inflation rate as determined by the United States All-Items Consumer Price Index; or

53.20 (2) for a partnership, an aggregate net worth of all partners, including each partner's net
 53.21 capital in the partnership, and each partner's spouse and minor children of less than twice
 53.22 the amount set for an individual in clause (1). However, the aggregate net worth of each
 53.23 partner and that partner's spouse and minor children may not exceed the amount set for an
 53.24 individual in clause (1).

53.25 Sec. 65. Minnesota Statutes 2016, section 116V.01, subdivision 1, is amended to read:

53.26 Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is
 53.27 established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code
 53.28 of 1986, as amended. The Agricultural Utilization Research Institute shall conduct onsite
 53.29 and applied research, promote the establishment of new products and product uses and the
 53.30 expansion of existing markets for the state's agricultural commodities and products, including
 53.31 direct financial and technical assistance for ~~Minnesota~~ entrepreneurs in Minnesota and
 53.32 bordering states. The institute must establish or maintain facilities and work with private

54.1 and public entities to leverage the resources available to achieve maximum results for
54.2 Minnesota agriculture.

54.3 Sec. 66. Minnesota Statutes 2016, section 116V.01, subdivision 2, is amended to read:

54.4 Subd. 2. **Board of directors.** The board of directors of the Agricultural Utilization
54.5 Research Institute is comprised of:

54.6 (1) the chairs of the senate and the house of representatives standing committees with
54.7 jurisdiction over agriculture finance or the chair's designee;

54.8 (2) two representatives of statewide farm organizations;

54.9 (3) two representatives of agribusiness; ~~and~~

54.10 (4) three representatives of the commodity promotion councils; and

54.11 (5) two at-large representatives.

54.12 Sec. 67. Minnesota Statutes 2016, section 116V.01, subdivision 3, is amended to read:

54.13 Subd. 3. **Duties.** (a) The Agricultural Utilization Research Institute shall:

54.14 (1) identify development opportunities for agricultural products;

54.15 (2) implement a program that identifies techniques to meet those opportunities;

54.16 (3) monitor and coordinate research among the public and private organizations and
54.17 individuals specifically addressing procedures to transfer new technology to businesses,
54.18 farmers, and individuals;

54.19 ~~(4) provide research grants to public and private educational institutions and other~~
54.20 ~~organizations that are undertaking basic and applied research to promote the development~~
54.21 ~~of emerging agricultural industries;~~

54.22 ~~(5)~~ assist organizations and individuals with market analysis and product marketing
54.23 implementations;

54.24 ~~(6)~~ (5) to the extent possible earn and receive revenue from contracts, patents, licenses,
54.25 royalties, grants, fees-for-service, and memberships;

54.26 ~~(7)~~ (6) work with the Department of Agriculture, the United States Department of
54.27 Agriculture, the Department of Employment and Economic Development, and other agencies
54.28 to maximize marketing opportunities locally, nationally, and internationally; and

55.1 ~~(8)~~ (7) leverage available funds from federal, state, and private sources to develop new
55.2 markets and value added opportunities for Minnesota agricultural products.

55.3 (b) The Agricultural Utilization Research Institute board of directors shall have the sole
55.4 approval authority for establishing agricultural utilization research priorities, requests for
55.5 proposals to meet those priorities, awarding of grants, hiring and direction of personnel,
55.6 and other expenditures of funds consistent with the adopted and approved mission and goals
55.7 of the Agricultural Utilization Research Institute. The actions and expenditures of the
55.8 Agricultural Utilization Research Institute are subject to audit. The institute shall annually
55.9 report by February 1 to the senate and house of representatives standing committees with
55.10 jurisdiction over agricultural policy and funding. The report must list projects initiated,
55.11 progress on projects, and financial information relating to expenditures, income from other
55.12 sources, and other information to allow the committees to evaluate the effectiveness of the
55.13 institute's activities.

55.14 (c) The Agricultural Utilization Research Institute shall convene a Renewable Energy
55.15 Roundtable, the purpose of which shall be to further the state's leadership on bioenergy
55.16 issues.

55.17 (i) The Renewable Energy Roundtable shall consist of one representative appointed by
55.18 the commissioner of the Minnesota Department of Agriculture, one appointed by the
55.19 commissioner of the Minnesota Department of Commerce, one appointed by the chancellor
55.20 of the Minnesota State Colleges and Universities, and one appointed by the president of the
55.21 University of Minnesota. The appointees must have expertise relevant to bioenergy.

55.22 (ii) The board shall oversee the activities and shall provide staff to assist the Renewable
55.23 Energy Roundtable.

55.24 (iii) The Renewable Energy Roundtable will engage professionals and experts from
55.25 private, government, academic, and nonprofit entities across the state to identify bioenergy
55.26 opportunities and collaborate with a broad group of interested parties to identify future
55.27 alternative courses of action the state can take to sustain a long-term competitive position
55.28 in renewable energy through the year 2025. The Renewable Energy Roundtable will consult,
55.29 advise, and review projects and initiatives funded by the state as directed by the
55.30 administration and the legislature.

55.31 Sec. 68. Minnesota Statutes 2016, section 116V.01, subdivision 4, is amended to read:

55.32 Subd. 4. **Staff.** The board of directors shall hire ~~staff~~ an executive director for the
55.33 Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization

56.1 Research Institute are not state employees and may participate in state retirement, deferred
 56.2 compensation, insurance, or other plans that apply to state employees generally and are
 56.3 subject to regulation by the state Campaign Finance and Public Disclosure Board.

56.4 Sec. 69. Minnesota Statutes 2016, section 116V.01, subdivision 7, is amended to read:

56.5 Subd. 7. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct
 56.6 of the business of the institute consistent with this section. The corporation must publish
 56.7 bylaws and amendments to the bylaws ~~in the State Register~~ on the board's Web site.

56.8 Sec. 70. Minnesota Statutes 2016, section 116V.01, subdivision 10, is amended to read:

56.9 Subd. 10. **Meetings.** The board of directors shall meet at least twice each year and may
 56.10 hold additional meetings upon giving notice in accordance with the bylaws of the institute.
 56.11 Board meetings are subject to chapter 13D, except section 13D.01, subdivision 6, as it
 56.12 pertains to financial information, business plans, income and expense projections, customer
 56.13 lists, market and feasibility studies, and trade secret information as defined by section 13.37,
 56.14 subdivision 1, paragraph (b). For the purposes of section 13D.015, the board of directors is
 56.15 a state board.

56.16 Sec. 71. Minnesota Statutes 2016, section 116V.01, subdivision 11, is amended to read:

56.17 Subd. 11. **Conflict of interest.** A director, employee, or officer of the institute may not
 56.18 ~~participate in~~ advocate for or vote on a decision of the board relating to an organization in
 56.19 which the director, employee, or officer has either a direct or indirect financial interest.

56.20 Sec. 72. Minnesota Statutes 2016, section 116V.01, subdivision 13, is amended to read:

56.21 Subd. 13. **Funds.** The institute may accept and use gifts, grants, or contributions from
 56.22 any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell,
 56.23 exchange, or otherwise dispose of and invest or reinvest the money, securities, or other
 56.24 property given or bequested to it. The principal of these funds, the income from them, and
 56.25 all other revenues received by it from any nonstate source ~~must be placed in the depositories~~
 56.26 ~~the board determines and is~~ are subject to expenditure for the board's purposes. Receipts
 56.27 and expenditures of more than ~~\$25,000~~ \$50,000 must be approved by the ~~full~~ board.

56.28 Sec. 73. Minnesota Statutes 2016, section 116V.01, subdivision 14, is amended to read:

56.29 Subd. 14. **Accounts; audits.** The institute may establish funds and accounts that it finds
 56.30 convenient. The board shall provide for and pay the cost of an ~~independent annual~~ audit of

57.1 its official books and records by the legislative auditor subject to sections 3.971 and 3.972.
57.2 In addition, the board shall provide and pay for the cost of an annual financial audit of its
57.3 official books and records by a CPA firm licensed under chapter 326A. A copy of ~~this~~ the
57.4 annual financial audit shall be filed with the ~~secretary of state~~ Office of the Attorney General,
57.5 Charities Division.

57.6 For purposes of this section, "institute" means the Agricultural Utilization Research
57.7 Institute established under this section and "board of directors" means the board of directors
57.8 of the Agricultural Utilization Research Institute.

57.9 Sec. 74. Minnesota Statutes 2016, section 223.17, subdivision 8, is amended to read:

57.10 Subd. 8. **Bond disbursement.** (a) The bond required under subdivision 4 shall provide
57.11 for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand,
57.12 the purchase price of grain sold to the grain buyer in the manner provided by subdivision
57.13 5, including loss caused by failure to pay within the time required. The bond shall be
57.14 conditioned upon the grain buyer being duly licensed as provided herein.

57.15 (b) The commissioner shall promptly determine the validity of all claims filed and notify
57.16 the claimants of the determination. An aggrieved party may appeal the commissioner's
57.17 determination by requesting, within 15 days, that the commissioner initiate a contested case
57.18 proceeding. In the absence of such a request, or following the issuance of a final order in a
57.19 contested case, the surety company shall issue payment promptly to those claimants entitled
57.20 to payment. The commissioner may apply to the district court for an order appointing a
57.21 trustee or receiver to manage and supervise the operations of the grain buyer in default. The
57.22 commissioner may participate in any resulting court proceeding as an interested party.

57.23 (c) If a grain buyer has become liable to more than one producer by reason of breaches
57.24 of the conditions of the bond and the amount of the bond is insufficient to pay the entire
57.25 liability to all producers entitled to the protection of the bond, the proceeds of the bond shall
57.26 be apportioned among the bona fide claimants.

57.27 (d) The bond shall not be cumulative from one licensing period to the next. The maximum
57.28 liability of the bond shall be its face value for the licensing period.

57.29 (e) The bond disbursement shall occur 200 days from the date the commissioner publishes
57.30 a public notice of a claim. At the end of this time period, the commissioner shall initiate
57.31 bond payments on all valid claims received by the commissioner.

58.1 Sec. 75. Minnesota Statutes 2016, section 232.22, subdivision 7, is amended to read:

58.2 Subd. 7. **Bond disbursement.** (a) The bond of a public grain warehouse operator must
58.3 be conditioned that the public grain warehouse operator issuing a grain warehouse receipt
58.4 is liable to the depositor for the delivery of the kind, grade and net quantity of grain called
58.5 for by the receipt.

58.6 (b) Upon notification of default, the commissioner shall determine the validity of all
58.7 claims and notify all parties having filed claims. Any aggrieved party may appeal the
58.8 commissioner's determination by requesting, within 15 days, that the commissioner initiate
58.9 a contested case proceeding. In the absence of such a request, or following the issuance of
58.10 a final order in a contested case, the surety company shall issue payment to those claimants
58.11 entitled to payment. If the commissioner determines it is necessary, the commissioner may
58.12 apply to the district court for an order appointing a trustee or receiver to manage and supervise
58.13 the operations of the grain warehouse operator in default. The commissioner may participate
58.14 in any resulting court proceeding as an interested party.

58.15 (c) For the purpose of determining the amount of bond disbursement against all valid
58.16 claims under a condition one bond, all grain owned or stored in the public grain warehouse
58.17 shall be sold and the combined proceeds deposited in a special fund. Payment shall be made
58.18 from the special fund satisfying the valid claims of grain warehouse receipt holders.

58.19 (d) If a public grain warehouse operator has become liable to more than one depositor
58.20 or producer by reason of breaches of the conditions of the bond and the amount of the bond
58.21 is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid
58.22 claimants, the proceeds of the bond and special fund shall be apportioned among the valid
58.23 claimants on a pro rata basis.

58.24 (e) A bond is not cumulative from one licensing period to the next. The maximum
58.25 liability of the bond shall be its face value for the licensing period.

58.26 (f) The bond disbursement shall occur 200 days from the date the commissioner publishes
58.27 a public notice of a claim. At the end of this time period, the commissioner shall initiate
58.28 bond payments on all valid claims received by the department.

58.29 Sec. 76. Minnesota Statutes 2016, section 336.9-601, is amended to read:

58.30 **336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;**
58.31 **CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT**
58.32 **INTANGIBLES, OR PROMISSORY NOTES.**

59.1 (a) **Rights of secured party after default.** After default, a secured party has the rights
59.2 provided in this part and, except as otherwise provided in section 336.9-602, those provided
59.3 by agreement of the parties. A secured party:

59.4 (1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security
59.5 interest, or agricultural lien by any available judicial procedure; and

59.6 (2) if the collateral is documents, may proceed either as to the documents or as to the
59.7 goods they cover.

59.8 (b) **Rights and duties of secured party in possession or control.** A secured party in
59.9 possession of collateral or control of collateral under section 336.7-106, 336.9-104,
59.10 336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

59.11 (c) **Rights cumulative; simultaneous exercise.** The rights under subsections (a) and
59.12 (b) are cumulative and may be exercised simultaneously.

59.13 (d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) and
59.14 section 336.9-605, after default, a debtor and an obligor have the rights provided in this part
59.15 and by agreement of the parties.

59.16 (e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment,
59.17 the lien of any levy that may be made upon the collateral by virtue of an execution based
59.18 upon the judgment relates back to the earliest of:

59.19 (1) the date of perfection of the security interest or agricultural lien in the collateral;

59.20 (2) the date of filing a financing statement covering the collateral; or

59.21 (3) any date specified in a statute under which the agricultural lien was created.

59.22 (f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest
59.23 or agricultural lien by judicial procedure within the meaning of this section. A secured party
59.24 may purchase at the sale and thereafter hold the collateral free of any other requirements
59.25 of this article.

59.26 (g) **Consignor or buyer of certain rights to payment.** Except as otherwise provided
59.27 in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor
59.28 or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

59.29 (h) **Security interest in collateral that is agricultural property; enforcement.** A
59.30 person may not begin to enforce a security interest in collateral that is agricultural property
59.31 subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ the amount
59.32 provided in section 583.24, subdivision 5, unless: a mediation notice under subsection (i)

60.1 is served on the debtor after a condition of default has occurred in the security agreement
60.2 and a copy served on the director of the agricultural extension service; and the debtor and
60.3 creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed
60.4 under sections 583.20 to 583.32.

60.5 (i) **Mediation notice.** A mediation notice under subsection (h) must contain the following
60.6 notice with the blanks properly filled in.

60.7 "TO: ...(Name of Debtor)...

60.8 YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY
60.9 AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural
60.10 Property Collateral). THE AMOUNT OF THE OUTSTANDING DEBT IS ...(Amount of
60.11 Debt)...

60.12 AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE
60.13 THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY
60.14 DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A
60.15 COURT JUDGMENT AGAINST THE PROPERTY.

60.16 YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION.
60.17 IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE
60.18 MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT
60.19 WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY
60.20 ENFORCES THE DEBT.

60.21 IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE
60.22 AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION
60.23 MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL
60.24 INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE
60.25 TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION
60.26 RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS
60.27 POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR
60.28 HANDLING FUTURE FINANCIAL RELATIONS.

60.29 TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A
60.30 MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU
60.31 RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT
60.32 ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

60.33 FROM: ...(Name and Address of Secured Party)..."

61.1 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 61.2 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

61.3 Sec. 77. Minnesota Statutes 2016, section 344.03, subdivision 1, is amended to read:

61.4 Subdivision 1. **Adjoining owners.** ~~If all or a part of adjoining Minnesota land is improved~~
 61.5 ~~and used;~~ (a) Except as provided in paragraph (b), if two adjoining lands are both used in
 61.6 whole or in part to produce or maintain livestock for agricultural or commercial purposes
 61.7 and one or both of the owners of the land desires the land to be partly or totally fenced, the
 61.8 land owners or occupants shall build and maintain a partition fence between their lands in
 61.9 equal shares.

61.10 (b) The requirement in this section and the procedures in this chapter apply to the
 61.11 Department of Natural Resources when it owns land adjoining privately owned land subject
 61.12 to this section and chapter and the landowner desires the land permanently fenced for the
 61.13 purpose of restraining livestock.

61.14 (c) For purposes of this section, "livestock" means beef cattle, dairy cattle, swine, poultry,
 61.15 goats, donkeys, hinnies, mules, farmed Cervidae, Ratitae, bison, sheep, horses, alpacas, and
 61.16 llamas.

61.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 61.18 applies to partition fences built pursuant to Minnesota Statutes, chapter 344, on or after that
 61.19 date.

61.20 Sec. 78. Minnesota Statutes 2016, section 550.365, subdivision 1, is amended to read:

61.21 Subdivision 1. **Requirement.** A person may not attach, execute on, levy on, or seize
 61.22 agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more
 61.23 than ~~\$5,000~~ the amount provided in section 583.24, subdivision 5, unless: (1) a mediation
 61.24 notice is served on the judgment debtor and a copy served on the director and the debtor
 61.25 and creditor have completed mediation under sections 583.20 to 583.32; or (2) as otherwise
 61.26 allowed under sections 583.20 to 583.32.

61.27 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 61.28 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

61.29 Sec. 79. Minnesota Statutes 2016, section 559.209, subdivision 1, is amended to read:

61.30 Subdivision 1. **Requirement.** A person may not begin to terminate a contract for deed
 61.31 under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32

62.1 for a remaining balance on the contract of more than ~~\$5,000~~ the amount provided in section
 62.2 583.24, subdivision 5, unless: (1) a mediation notice is served on the contract for deed
 62.3 purchaser after a default has occurred under the contract and a copy served on the director
 62.4 and the contract for deed vendor and purchaser have completed mediation under sections
 62.5 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

62.6 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 62.7 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

62.8 Sec. 80. Minnesota Statutes 2016, section 582.039, subdivision 1, is amended to read:

62.9 Subdivision 1. **Requirement.** A person may not begin a proceeding under this chapter
 62.10 or chapter 580 to foreclose a mortgage on agricultural property subject to sections 583.20
 62.11 to 583.32 that has a secured debt of more than ~~\$5,000~~ the amount provided in section 583.24,
 62.12 subdivision 5, unless: (1) a mediation notice is served on the mortgagor after a default has
 62.13 occurred in the mortgage and a copy is served on the director and the mortgagor and
 62.14 mortgagee have completed mediation under sections 583.20 to 583.32; or (2) as otherwise
 62.15 allowed under sections 583.20 to 583.32.

62.16 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 62.17 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

62.18 Sec. 81. Minnesota Statutes 2016, section 583.215, is amended to read:

62.19 **583.215 EXPIRATION.**

62.20 Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to
 62.21 583.32, expire June 30, ~~2018~~ 2022.

62.22 Sec. 82. Minnesota Statutes 2016, section 583.24, subdivision 4, is amended to read:

62.23 Subd. 4. **Debts.** The Farmer-Lender Mediation Act does not apply to a debt:

62.24 (1) for which a proof of claim form has been filed in bankruptcy by a creditor or that
 62.25 was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after July
 62.26 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

62.27 (2) if the debt was in default when the creditor received a mediation proceeding notice
 62.28 under the Farmer-Lender Mediation Act and the creditor filed a claim form, the debt was
 62.29 mediated during the mediation period under section 583.26, subdivision 8, and (i) the
 62.30 mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

63.1 (3) for which the creditor has served a mediation notice, the debtor has failed to make
 63.2 a timely request for mediation, and within 60 days after the debtor failed to make a timely
 63.3 request the creditor began a proceeding to enforce the debt against the agricultural property
 63.4 of the debtor;

63.5 (4) for which a creditor has received a mediation proceeding notice and the creditor and
 63.6 debtor have restructured the debt and have signed a separate mediation agreement with
 63.7 respect to that debt; ~~or~~

63.8 (5) for which there is a lien for rental value of farm machinery under section 514.661;
 63.9 or

63.10 (6) that is a new line of credit, loan, or other debt extended by a creditor to the debtor
 63.11 as a result of a mediation conducted pursuant to the Farmer-Lender Mediation Act. However,
 63.12 this new debt becomes subject to the Farmer-Lender Mediation Act two years after the
 63.13 mediation from which the new debt originated ends, as evidenced by the date on the
 63.14 termination statement issued by the mediator under section 583.26, subdivision 10.

63.15 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 63.16 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

63.17 Sec. 83. Minnesota Statutes 2016, section 583.24, is amended by adding a subdivision to
 63.18 read:

63.19 Subd. 5. **Minimum eligible debt amount.** The minimum eligible debt amount is \$15,000.
 63.20 In 2022 and every five years thereafter, the commissioner of agriculture, in consultation
 63.21 with the director, must report to the legislative committees with jurisdiction over agriculture
 63.22 policy what the minimum eligible debt amount under this subdivision would be if adjusted
 63.23 using the United States Department of Agriculture's Index of the Cost of Production.

63.24 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 63.25 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

63.26 Sec. 84. Minnesota Statutes 2016, section 583.26, subdivision 2, is amended to read:

63.27 Subd. 2. **Mediation request.** (a) A debtor must file a mediation request form with the
 63.28 director by 14 days after receiving a mediation notice. The debtor must state all known
 63.29 creditors with debts secured for agricultural property and must authorize the director to
 63.30 obtain the debtor's credit report from one or more credit reporting agencies. The mediation
 63.31 request form must include an instruction that the debtor must state all known creditors with
 63.32 debts secured by agricultural property and unsecured creditors that are necessary for the

64.1 farm operation of the debtor. It is the debtor's discretion as to which unsecured creditors
 64.2 are necessary for the farm operation but the mediation request form must notify the debtor
 64.3 that omission of a significant unsecured creditor could result in a bad-faith determination
 64.4 pursuant to section 583.27, subdivisions 1, paragraph (a), clause (2), and 2. The mediation
 64.5 request must state the date that the notice was served on the debtor. The director shall make
 64.6 mediation request forms available in the county recorder's and county extension office of
 64.7 each county.

64.8 (b) Except as provided in section 583.24, subdivision 4, paragraph (a), clause (3), a
 64.9 debtor who fails to file a timely mediation request waives the right to mediation for that
 64.10 debt under the Farmer-Lender Mediation Act. The director shall notify the creditor who
 64.11 served the mediation notice stating that the creditor may proceed against the agricultural
 64.12 property because the debtor has failed to file a mediation request.

64.13 (c) If a debtor has not received a mediation notice and is subject to a proceeding of a
 64.14 creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections
 64.15 336.9-601 to 336.9-628, terminating a contract for deed to purchase agricultural property
 64.16 under section 559.21, or garnishing, levying on, executing on, seizing, or attaching
 64.17 agricultural property, the debtor may file a mediation request with the director. The mediation
 64.18 request form must indicate that the debtor has not received a mediation notice.

64.19 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 64.20 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

64.21 Sec. 85. Minnesota Statutes 2016, section 583.26, subdivision 3, is amended to read:

64.22 Subd. 3. **Financial analyst and farm advocate.** (a) Within three business days after
 64.23 receiving a mediation request, the director shall provide a financial analyst to meet with the
 64.24 debtor and assure that all information relative to the finances of the debtor is prepared ~~for~~
 64.25 prior to the initial mediation meeting. The financial analyst must review and, if necessary,
 64.26 prepare the debtor's financial records before the initial mediation meeting.

64.27 (b) After receiving the mediation notice, the director shall provide the debtor with a list
 64.28 of farm advocates that may be available without charge to assist the debtor and the financial
 64.29 analyst.

64.30 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 64.31 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

65.1 Sec. 86. Minnesota Statutes 2016, section 583.26, subdivision 3a, is amended to read:

65.2 Subd. 3a. **Orientation session.** The director shall schedule an orientation session to be
 65.3 held at least five days before the first mediation meeting. The debtor, the financial analyst,
 65.4 and a mediator shall participate in the orientation session. The mediator at the session need
 65.5 not be the one assigned to the mediation proceeding under subdivision 4. Creditors
 65.6 participating in the mediation may participate in the orientation session. At the orientation
 65.7 session, the financial analyst shall review the debtor's financial and inventory records to
 65.8 determine if they are adequate for the mediation and inform the debtor of any inadequacies,
 65.9 and the mediator shall inform the debtor of the requirements of the mediation process
 65.10 including but not limited to the requirement to participate in good faith by addressing, prior
 65.11 to the initial mediation meeting, any inadequacies identified by the financial analyst.

65.12 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 65.13 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

65.14 Sec. 87. Minnesota Statutes 2016, section 583.26, subdivision 4, is amended to read:

65.15 Subd. 4. **Mediation proceeding notice.** (a) By ten days after receiving a mediation
 65.16 request, the director shall send: (1) a mediation proceeding notice to the debtor; (2) a
 65.17 mediation proceeding notice to all creditors listed by the debtor in the mediation request
 65.18 and any additional secured creditors identified by the director from the credit report obtained
 65.19 with the debtor's permission under subdivision 2; and (3) a claim form to all secured creditors
 65.20 stated by the debtor or identified by the director.

65.21 (b) The mediation proceeding notice must state:

65.22 (1) the name and address of the debtor;

65.23 (2) that the debtor has requested mediation under the Farmer-Lender Mediation Act;

65.24 (3) the time and place for the orientation session;

65.25 (4) the time and place for the initial mediation meeting;

65.26 (5) a list of the names of three mediators that may be assigned to the proceeding, along
 65.27 with background information on those mediators including biographical information, a
 65.28 summary of previous mediation experience, and the number of agreements signed by parties
 65.29 to previous mediation;

65.30 (6) that the debtor and the initiating creditor may each request the director to exclude
 65.31 one mediator by notifying the director within three days after receiving the notice;

66.1 (7) that in lieu of having a mediator assigned by the director, the debtor and any one or
66.2 more of the creditors may agree to select and pay for a professional mediator that is approved
66.3 by the director;

66.4 (8) that the Farmer-Lender Mediation Act prohibits the creditor from beginning or
66.5 continuing a proceeding to enforce the debt against agricultural property for 90 days after
66.6 the debtor files a mediation request with the director unless otherwise allowed; and

66.7 (9) that the creditor must provide the debtor by the initial mediation meeting with copies
66.8 of notes and contracts for debts subject to the Farmer-Lender Mediation Act and provide a
66.9 statement of interest rates on the debts, delinquent payments, unpaid principal and interest
66.10 balances, the creditor's value of the collateral, and debt restructuring programs available by
66.11 the creditor.

66.12 (c) An initial mediation meeting must be held within 20 days of the notice.

66.13 (d) The initiating creditor and the debtor may each request the director to exclude one
66.14 mediator from the list by sending the director a notice to exclude the mediator within three
66.15 days after receiving the mediation proceeding notice.

66.16 (e) In lieu of the director assigning a mediator, the debtor and any one or more of the
66.17 creditors may agree to select and pay for a professional mediator for the mediation
66.18 proceeding. The director must approve the professional mediator before the professional
66.19 mediator may be assigned to the mediation proceeding. The professional mediator may not
66.20 be approved unless the professional mediator prepares and signs an affidavit:

66.21 (1) disclosing any biases, relationships, or previous associations with the debtor or
66.22 creditors subject to the mediation proceedings;

66.23 (2) stating certifications, training, or qualifications as a professional mediator;

66.24 (3) disclosing fees to be charged or a rate schedule of fees for the mediation proceeding;
66.25 and

66.26 (4) affirming to uphold the Farmer-Lender Mediation Act and faithfully discharge the
66.27 duties of a mediator.

66.28 (f) After receiving a mediation proceeding notice, a secured creditor must return a claim
66.29 form if the debt is not subject to the Farmer-Lender Mediation Act and specify why the debt
66.30 is not subject to sections 583.20 to 583.32.

66.31 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
66.32 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

67.1 Sec. 88. Minnesota Statutes 2016, section 583.26, subdivision 10, is amended to read:

67.2 Subd. 10. **End of mediation.** (a) The mediator shall sign and serve to the parties and
67.3 the director a termination statement by the end of the time period specified in subdivision
67.4 5.

67.5 (b) The mediator shall prepare a termination statement that:

67.6 (1) acknowledges that mediation has ended and specifies the date on which the mediation
67.7 ended; and

67.8 (2) describes or references agreements, if any, reached between a creditor and the debtor;
67.9 ~~if any~~, including any new line of credit, loan, or other debt issued by a creditor to the debtor
67.10 as a result of the mediation; and agreements, if any, reached among creditors, ~~if any~~.

67.11 (c) Mediation agreements may be included as part of the termination statement.

67.12 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
67.13 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

67.14 Sec. 89. Minnesota Statutes 2016, section 583.27, subdivision 1, is amended to read:

67.15 Subdivision 1. **Obligation of good faith.** (a) The parties must engage in mediation in
67.16 good faith. Prior to the initial mediation meeting, the director must notify all parties in
67.17 writing of their obligation to participate in good faith, the consequences of failing to
67.18 participate in good faith, and that not participating in good faith includes: (1) a failure on a
67.19 regular or continuing basis to attend and participate in mediation sessions without cause;
67.20 (2) failure to provide full information no later than the initial mediation meeting regarding
67.21 the financial obligations of the parties and other creditors including the obligation of a
67.22 creditor to provide information under section 583.26, subdivision 5, paragraph (d); (3)
67.23 failure of the creditor to designate a representative to participate in the mediation with
67.24 authority to make binding commitments within one business day to fully settle, compromise,
67.25 or otherwise mediate the matter; (4) lack of a written statement of debt restructuring
67.26 alternatives and a statement of reasons why alternatives are unacceptable to one of the
67.27 parties; (5) failure of a creditor to release funds from the sale of farm products to the debtor
67.28 for necessary living and farm operating expenses; or (6) other similar behavior which
67.29 evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance,
67.30 or forgive debt does not, in itself, evidence lack of good faith by the creditor.

67.31 (b) The amount that the creditor is required to release for necessary living expenses
67.32 under this section is limited to ~~\$1,600~~ \$3,600 per month less the debtor's off-farm income.
67.33 In 2022 and every five years thereafter, the commissioner of agriculture, in consultation

68.1 with the director, must report to the legislative committees with jurisdiction over agriculture
 68.2 policy what the monetary limit under this paragraph would be if adjusted using the United
 68.3 States All-Items Consumer Price Index.

68.4 (c) If the debtor and creditor do not agree on the amount of necessary living expenses
 68.5 to be released, the debtor or creditor may petition conciliation court in the county of the
 68.6 debtor's residence to make a determination of the amount to be released. The conciliation
 68.7 court must make the determination within ten days after receiving the petition.

68.8 (d) If the debtor and creditors do not agree on the amount of necessary operating expenses
 68.9 or necessary living and operating expenses to be released, the debtor or a creditor requested
 68.10 to release necessary living or operating expenses may petition the district court of the debtor's
 68.11 residence to make a determination of the amount to be released. The court shall hear and
 68.12 make a determination of the amount of living and operating expenses to be released within
 68.13 ten days after receiving the petition. The court shall also add or subtract up to ten days to
 68.14 the time when the creditor can begin to enforce a proceeding to collect the debt against
 68.15 agricultural property of the debtor and assess costs, including any attorney fees, among the
 68.16 parties to the court proceeding. The court shall equitably adjust the time to begin a creditor's
 68.17 proceeding and the assessment of costs based on the parties' good faith claim to the amount
 68.18 of living and operating expenses to be released.

68.19 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 68.20 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

68.21 Sec. 90. **WOLF-LIVESTOCK CONFLICT PREVENTION PILOT PROGRAM.**

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

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

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

68.30 (1) the purchase of guard animals;

68.31 (2) veterinary costs for guard animals;

68.32 (3) the installation of wolf barriers; wolf barriers may include pens, fladry, and fencing;

- 69.1 (4) the installation of wolf-detering lights and alarms; and
- 69.2 (5) calving or lambing shelters.
- 69.3 (d) Eligible grant recipients must:
- 69.4 (1) make a good-faith effort to avoid wolf-livestock conflicts;
- 69.5 (2) make a good-faith effort to care for guard animals paid for under this section;
- 69.6 (3) retain proper documentation of expenses;
- 69.7 (4) report annually to the commissioner on the effectiveness of the nonlethal methods
- 69.8 employed; and
- 69.9 (5) allow follow-up evaluation and monitoring by the commissioner.
- 69.10 (e) Grant recipients shall continue to be eligible for depredation payments under
- 69.11 Minnesota Statutes, section 3.737.

69.12 **Sec. 91. BASE BUDGET REPORT REQUIRED.**

69.13 No later than October 15, 2018, the commissioner of agriculture must submit a report

69.14 detailing the agency's base budget, including any prior appropriation riders, to the chairs

69.15 and ranking minority members of the legislative committees with jurisdiction over agriculture

69.16 finance.

69.17 **Sec. 92. REVISOR'S INSTRUCTION.**

69.18 The revisor of statutes shall renumber Minnesota Statutes, section 18B.01, subdivision

69.19 9a, to Minnesota Statutes, section 18B.01, subdivision 9d, and correct any cross-references

69.20 related to the renumbering.

69.21 **Sec. 93. REPEALER.**

69.22 Minnesota Statutes 2016, sections 18B.01, subdivisions 10a, 10b, and 22a; 18B.285;

69.23 25.371, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 41A.20, subdivision 6;

69.24 41D.01, subdivision 4; 383C.809; and 583.22, subdivision 7b, are repealed.

69.25 **ARTICLE 3**

69.26 **DAIRY LAW REORGANIZATION**

69.27 **Section 1.** Minnesota Statutes 2016, section 13.6435, subdivision 8, is amended to read:

70.1 Subd. 8. **Dairy products.** Financial and production information obtained by the
70.2 commissioner of agriculture to administer chapter ~~32~~ 32D are classified under section ~~32.71~~,
70.3 ~~subdivision 2~~ 32D.25, subdivision 2.

70.4 Sec. 2. Minnesota Statutes 2016, section 17.983, subdivision 1, is amended to read:

70.5 Subdivision 1. **Administrative penalties; citation.** If a person has violated a provision
70.6 of chapter 25, 31B, or ~~32~~ 32D, the commissioner may issue a written citation to the person
70.7 by personal service or by certified mail. The citation must describe the nature of the violation
70.8 and the statute or rule alleged to have been violated; state the time for correction, if
70.9 applicable; and the amount of any proposed fine. The citation must advise the person to
70.10 notify the commissioner in writing within 30 days if the person wishes to appeal the citation.
70.11 If the person fails to appeal the citation, the citation is the final order and not subject to
70.12 further review.

70.13 Sec. 3. Minnesota Statutes 2016, section 17.984, subdivision 1, is amended to read:

70.14 Subdivision 1. **Authority.** To carry out the commissioner's enforcement duties under
70.15 chapter ~~32~~ 32D, the commissioner may, upon presenting appropriate credentials, during
70.16 regular working hours and at other reasonable times, inspect premises subject to the
70.17 commissioner's enforcement and licensing authority for reasons related to the commissioner's
70.18 enforcement and licensing authority; request information from persons with information
70.19 relevant to an inspection; and inspect relevant papers and records, including business records.
70.20 The commissioner may issue notices in lieu of citations for minor violations if a notice is
70.21 in the public interest.

70.22 Sec. 4. Minnesota Statutes 2016, section 28A.05, is amended to read:

70.23 **28A.05 CLASSIFICATION.**

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

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

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

71.1 (c) Wholesale food processors or manufacturers are persons who process or manufacture
 71.2 raw materials and other food ingredients into food items, or who reprocess food items, or
 71.3 who package food for sale to others for resale, or who commercially slaughter animals or
 71.4 poultry. Included herein are persons who can, extract, ferment, distill, pickle, bake, freeze,
 71.5 dry, smoke, grind, mix, stuff, pack, bottle, recondition, or otherwise treat or preserve food
 71.6 for sale to others for resale, cold storage warehouse operators as defined in section 28.01,
 71.7 subdivision 3, salvage food processors as defined in section 31.495, subdivision 1, and dairy
 71.8 plants as defined in section ~~32.01~~ 32D.01, subdivision 6.

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

71.12 Sec. 5. Minnesota Statutes 2016, section 28A.085, subdivision 1, is amended to read:

71.13 Subdivision 1. **Violations; prohibited acts.** The commissioner may charge a reinspection
 71.14 fee for each reinspection of a food handler that:

71.15 (1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, ~~32~~
 71.16 32D, 33, or 34, or rules adopted under one of those chapters; or

71.17 (2) fails to correct equipment and facility deficiencies as required in rules adopted under
 71.18 chapter 28, 29, 30, 31, 31A, ~~32~~ 32D, or 34.

71.19 The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed
 71.20 at \$150. The fee for a firm with gross food sales over \$1,000,000 is \$200. The fee for a
 71.21 subsequent reinspection of a firm for the same violation is 50 percent of their current license
 71.22 fee or \$300, whichever is greater. The establishment must be issued written notice of
 71.23 violations with a reasonable date for compliance listed on the notice. An initial inspection
 71.24 relating to a complaint is not a reinspection.

71.25 Sec. 6. **32D.01 DEFINITIONS.**

71.26 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

71.27 Subd. 2. **Adulterated.** "Adulterated" means an item is covered by section 34A.02.

71.28 Subd. 3. **Cheese.** "Cheese" includes all varieties of cheese, cheese spreads, cheese foods,
 71.29 cheese compounds, or processed cheese made or manufactured in whole or in part from
 71.30 milk.

71.31 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of agriculture.

72.1 Subd. 5. **Dairy farm.** "Dairy farm" means a place or premises where one or more lactating
 72.2 animals, including cows, goats, sheep, water buffalo, camels, or other hoofed mammals,
 72.3 are kept, and from which all or a portion of the milk produced at the place or premises is
 72.4 delivered, sold, or offered for sale.

72.5 Subd. 6. **Dairy plant.** "Dairy plant" means any place where a dairy product is
 72.6 manufactured, processed, or handled and includes milk-receiving stations, creameries,
 72.7 cheese factories, condenseries, milk plants, transfer stations, and marketing organizations
 72.8 that purchase milk and cream directly from producers for resale and other establishments,
 72.9 as those terms are used in this chapter and chapters 17, 27, and 31; but does not include any
 72.10 place where dairy products are not processed but sold at whole or retail only.

72.11 Subd. 7. **Dairy product.** "Dairy product" means milk as defined by Code of Federal
 72.12 Regulations, title 21, cream, any product or by-product of either, or any commodity among
 72.13 the principal constituents or ingredients of which is one or a combination of two or more
 72.14 of them, as determined by standards, grades, or rules adopted by the commissioner.

72.15 Subd. 8. **Fluid milk products.** "Fluid milk products" means yogurt, cream, sour cream,
 72.16 half and half, reconstituted half and half, concentrated milk, concentrated milk products,
 72.17 skim milk, nonfat milk, chocolate flavored milk, chocolate flavored dairy drink, chocolate
 72.18 flavored reconstituted milk, chocolate flavored reconstituted dairy drink, buttermilk, cultured
 72.19 buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted
 72.20 cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made
 72.21 by the addition of any substance to milk or to any of the fluid milk products enumerated
 72.22 under this subdivision or by rule adopted by the commissioner.

72.23 Subd. 9. **Goat milk.** "Goat milk" means a whole, fresh, clean lacteal secretion free from
 72.24 colostrum, obtained by the complete milking of one or more healthy goats.

72.25 Subd. 10. **Milk.** "Milk" means the normal lacteal secretion, practically free of colostrum,
 72.26 obtained by the milking of one or more healthy hoofed mammals. Hoofed mammals include
 72.27 but are not limited to cattle, water buffalo, sheep, goats, yaks, and camels.

72.28 Subd. 11. **Milk for manufacturing purposes.** "Milk for manufacturing purposes" means
 72.29 milk produced for processing and manufacturing into products for human consumption but
 72.30 not subject to Grade A or comparable requirements.

72.31 Subd. 12. **Milk-receiving station.** "Milk-receiving station" means a dairy plant where
 72.32 raw milk for pasteurization or for manufacture is received, handled, or prepared for
 72.33 processing or for resale as unpasteurized milk or fluid milk products.

73.1 Subd. 13. **Minnesota farmstead cheese.** "Minnesota farmstead cheese" means cheese
 73.2 manufactured in Minnesota on the same farm that the milk used in its manufacturing is
 73.3 produced.

73.4 Subd. 14. **Misbranded or misbranding.** "Misbranded" or "misbranding" means an item
 73.5 is covered by section 34A.03.

73.6 Subd. 15. **Pasteurization or pasteurized.** (a) "Pasteurization," "pasteurized," and similar
 73.7 terms mean:

73.8 (1) the process of heating every particle of milk or dairy product in properly operated
 73.9 equipment approved by the commissioner to a temperature of at least 145 degrees Fahrenheit
 73.10 and holding the temperature for at least 30 minutes;

73.11 (2) the process of heating every particle of milk or dairy product in properly operated
 73.12 equipment approved by the commissioner to a temperature of at least 161 degrees Fahrenheit
 73.13 and holding the temperature for at least 15 seconds; or

73.14 (3) the process of heating every particle of milk or dairy product in properly operated
 73.15 equipment approved by the commissioner to the temperatures and holding for the times as
 73.16 the commissioner may prescribe by rule, containing standards more stringent than those
 73.17 imposed by this subdivision.

73.18 (b) Nothing in this subdivision shall be construed as excluding any other process that
 73.19 has been demonstrated to be equally efficient and is approved by the commissioner.

73.20 Subd. 16. **Recombinant bovine growth hormone or rBGH.** "Recombinant bovine
 73.21 growth hormone" or "rBGH" means a growth hormone intended for use in bovine animals
 73.22 that has been produced through recombinant DNA techniques, described alternately as
 73.23 recombinant bovine somatotropin or rBST.

73.24 Sec. 7. **[32D.02] INSPECTION AUTHORITY AND DUTIES.**

73.25 Subdivision 1. **Enforcement.** The commissioner is charged with the enforcement of this
 73.26 chapter.

73.27 Subd. 2. **Power and authority.** For the purpose of enforcing this chapter, the
 73.28 commissioner and the commissioner's assistants, agents, and employees have the power
 73.29 and authority granted under sections 31.02 to 31.171.

73.30 Subd. 3. **Inspection of dairies.** At times the commissioner determines proper, the
 73.31 commissioner shall inspect all places where dairy products are made, stored, or served as

74.1 food for purchase, and all places where hoofed mammals are kept by persons engaged in
74.2 the sale of milk, and shall require the correction of all unsanitary conditions and practices.

74.3 Subd. 4. **Refusal of inspection.** A refusal or physical threat that prevents the completion
74.4 of an inspection or neglect to obey a lawful direction of the commissioner or the
74.5 commissioner's agent given while carrying out this section may result in the suspension of
74.6 the offender's permit or certification or other enforcement as deemed appropriate by the
74.7 commissioner. The offender is required to meet with a representative of the offender's plant
74.8 or marketing organization and a representative of the commissioner within 48 hours of
74.9 receiving notice, excluding holidays or weekends, or the suspension or enforcement action
74.10 shall take effect. A producer may request a hearing before the commissioner or the
74.11 commissioner's agent if a serious concern exists relative to the retention of the offender's
74.12 permit or certification to sell milk.

74.13 Subd. 5. **Inspection service.** To ensure compliance with the laws and rules governing
74.14 the production, handling, processing, and sale of milk and dairy products, the commissioner
74.15 is authorized, through a duly trained and qualified milk inspector, to inspect milk and milk
74.16 products and the premises and plants where milk and milk products are produced, handled,
74.17 and processed. Inspection services must acquaint the processor and producers with the
74.18 requirements for a Grade A or manufacturing grade milk supply for preliminary inspection
74.19 to determine if a processor has brought the processor's farms and plants to the state of
74.20 compliance that qualifies the processor's products for the Grade A or manufacturing grade
74.21 label, and for continuous inspection to ensure that a farm or plant and all products from a
74.22 farm or plant are in compliance with this chapter.

74.23 Subd. 6. **Field service.** Grade A or manufacturing grade processors shall provide a
74.24 continuous field service to assist producers who sell their milk to the processor's plant to
74.25 attain and maintain compliance with this chapter. A person who performs field service must
74.26 first obtain a permit from the commissioner. A person desiring to secure a permit must apply
74.27 on a form provided by the commissioner, and before a permit is issued the commissioner
74.28 shall determine that the applicant is competent and qualified to perform field service. The
74.29 permit is not transferable to another person and may be revoked for due cause after the
74.30 holder of the permit has been given the opportunity for a hearing. The permit holder must
74.31 be given a notice in writing of the time and place of the hearing at least seven days before
74.32 the date of the hearing.

74.33 Subd. 7. **Enforcement standards.** The standards in this chapter and rules adopted under
74.34 this chapter by the commissioner shall be the only standards for use in Minnesota. No
74.35 municipality or other subdivision of state government shall provide, by ordinance, more

75.1 stringent or comprehensive standards than are contained in this chapter and rules adopted
75.2 by the commissioner under this chapter.

75.3 Subd. 8. **Rules.** (a) The commissioner shall by rule adopt identity, production, and
75.4 processing standards for both Grade A and manufacturing grade milk and dairy products.

75.5 (b) In the exercise of the authority to establish requirements for Grade A milk and milk
75.6 products, the commissioner adopts definitions, standards of identity, and requirements for
75.7 production and processing contained in the most current version of the Grade A Pasteurized
75.8 Milk Ordinance, and its associated documents, of the United States Department of Health
75.9 and Human Services in a manner provided for and not in conflict with law.

75.10 (c) Producers of milk, other than Grade A, shall conform to the standards contained in
75.11 subparts B, C, D, E, and F of the United States Department of Agriculture Agricultural
75.12 Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and
75.13 its Production and Processing, except that the commissioner shall develop methods by which
75.14 producers are able to comply with the standards without violation of religious beliefs.

75.15 Subd. 9. **Certified industry inspection.** Industry personnel may be certified to perform
75.16 any inspection, to the extent allowed by federal law and provided that performance of the
75.17 inspections is consistent with rules adopted in subdivision 8.

75.18 Subd. 10. **Fees; dairy services account; appropriation.** (a) All fees and penalties
75.19 collected under this chapter must be deposited in the dairy services account in the agricultural
75.20 fund. Money in the account, including interest, is appropriated to the commissioner for
75.21 purposes of administering this chapter.

75.22 (b) Unless otherwise noted, all fees are payable by a processor or marketing organization
75.23 and are invoiced on July 1 of each year for Grade A and January 1 of each year for
75.24 manufacturing grade, and if not paid within 30 days of the due date, inspection service may
75.25 be discontinued. If a farm discontinues the production of milk within six months of the
75.26 billing date, a request for a refund based on inspection services not received may be made
75.27 by the processor or by the marketing organization on behalf of its patrons. This request must
75.28 be made in writing by June 30 for manufacturing grade or by December 31 for Grade A.
75.29 Upon approval by the commissioner, refunds must be made to the processor or marketing
75.30 organization.

76.1 Sec. 8. **[32D.03] BULK MILK HAULER AND SAMPLER LICENSE.**

76.2 Subdivision 1. License requirement. A person collecting milk from a dairy farm and
76.3 transporting the milk by bulk pickup and not in individual containers from farm to plant
76.4 must obtain a bulk milk hauler and sampler license.

76.5 Subd. 2. Application. A person desiring to secure a bulk milk hauler and sampler license
76.6 must apply on a form provided by the commissioner. Before the license is issued, the
76.7 commissioner shall determine that the applicant is competent and qualified.

76.8 Subd. 3. Term of license; transferability. An initial bulk milk hauler and sampler
76.9 license issued by the commissioner expires on the following December 31 and is not
76.10 transferable. A renewal bulk milk hauler and sampler license is not transferable, is valid for
76.11 two years, and expires on December 31 of the second year.

76.12 Subd. 4. Fees and penalties. The fee for an initial or renewal bulk milk hauler and
76.13 sampler license is \$60. The fee shall be paid to the commissioner before the commissioner
76.14 issues an initial or renewal bulk milk hauler and sampler license. If a bulk milk hauler and
76.15 sampler license renewal is not applied for on or before January 1, a fee of \$30 shall be
76.16 imposed. A person who does not renew a bulk milk hauler and sampler license within one
76.17 year following its December 31 expiration date, except those persons who do not renew the
76.18 bulk milk hauler and sampler license while engaged in active military service, shall be
76.19 required to prove competency and qualification under subdivision 2 before a bulk milk
76.20 hauler and sampler license is issued. The commissioner may require any other person who
76.21 renews a bulk milk hauler and sampler license to prove competency and qualification in
76.22 the same manner.

76.23 Subd. 5. Suspension or cancellation. The commissioner is empowered to conduct
76.24 enforcement action, suspend, or cancel any bulk milk hauler and sampler license pursuant
76.25 to section 34A.06.

76.26 Sec. 9. **[32D.04] MILK TANK TRUCKS.**

76.27 All farm bulk milk pickup tankers, milk transports, and tankers used to transport milk
76.28 products must be inspected and obtain a permit issued by the commissioner at least once
76.29 every 12 months. The owner or operator must pay a \$25 permit fee per tanker to the
76.30 commissioner. The commissioner may appoint a person the commissioner deems qualified
76.31 to make inspections.

77.1 Sec. 10. **[32D.05] GRADE A DAIRY FARM PERMITTING; WATER WELL**
77.2 **DISTANCE REQUIREMENT.**

77.3 (a) No milk producer may sell or distribute milk from a dairy farm as Grade A milk
77.4 without a valid Grade A dairy farm permit issued by the commissioner.

77.5 (b) A dairy farmer who wishes to be permitted to produce Grade A milk may not be
77.6 denied the Grade A permit solely because of provisions in rules adopted by the commissioner
77.7 requiring a minimum distance between a water well and dairy farm. To be eligible for a
77.8 Grade A permit, the following conditions must be met:

77.9 (1) the water well must have been in place prior to January 1, 1974;

77.10 (2) the water well must comply with all other rules applicable to the well, other than the
77.11 distance requirement; and

77.12 (3) water from the well must be tested at least once every 12 months. More frequent
77.13 testing may be required in compliance with guidelines established by the commissioner if
77.14 water test results fail to meet water quality requirements.

77.15 Sec. 11. **[32D.06] GRADE A DAIRY FARM INSPECTION; FEES.**

77.16 (a) As provided in section 32D.02, the commissioner shall provide inspection service
77.17 to any milk producer who wishes to market Grade A milk and is in compliance with the
77.18 requirement for the production of Grade A milk. Grade A inspections shall be completed
77.19 at least once every six months.

77.20 (b) The fee for inspections must be no more than \$50 per farm, paid annually by the
77.21 processor or by the marketing organization on behalf of its patrons.

77.22 (c) For a farm requiring a reinspection in addition to the required biannual inspections,
77.23 an additional fee must be paid by the processor or by the marketing organization on behalf
77.24 of its patrons. The fee for reinspection of a farm with fewer than 100 hooved milk-producing
77.25 animals is \$60 per reinspection. The fee for reinspection of a farm with 100 or more hooved
77.26 milk-producing animals is \$150 per reinspection.

77.27 Sec. 12. **[32D.07] MANUFACTURING GRADE DAIRY FARM CERTIFICATION.**

77.28 A producer who wishes to sell milk for manufacturing purposes must obtain from the
77.29 commissioner an annual Grade B farm certification.

78.1 Sec. 13. **[32D.08] MANUFACTURING GRADE DAIRY FARM INSPECTION;**
78.2 **FEES.**

78.3 (a) A producer selling milk for manufacturing purposes must be inspected at least once
78.4 every 12 months.

78.5 (b) The fee for the certification inspection must not be more than \$25 per producer, to
78.6 be paid annually by the processor or the marketing organization on behalf of its patrons.

78.7 (c) For a producer requiring more than one inspection for certification, a reinspection
78.8 fee of \$45 must be paid by the processor or by the marketing organization on behalf of its
78.9 patrons.

78.10 Sec. 14. **[32D.09] DAIRY PLANT LICENSING AND PERMITTING.**

78.11 Subdivision 1. **Licensing.** A dairy plant must obtain a license as required under section
78.12 28A.04.

78.13 Subd. 2. **Permitting.** No person shall operate a dairy plant in this state unless the dairy
78.14 plant, equipment, and water supply and plumbing system have been first approved by the
78.15 commissioner and a permit issued to operate the same. A permit may be revoked by the
78.16 commissioner for due cause pursuant to section 34A.06.

78.17 Subd. 3. **Approval.** At the time of filing the application for a permit, the applicant shall
78.18 submit to the commissioner duplicate floor plans of the plant that show the placement of
78.19 equipment, the source of water supply and method of distribution, a detailed pasteurization
78.20 flow chart, and the location of the plumbing system, including the disposal of wastes. New
78.21 construction or alteration of an existing dairy plant shall be made only with the approval of
78.22 the commissioner and duplicate plans for the construction or alteration shall be submitted
78.23 to the commissioner for approval. The fee for approval services is \$45 per hour of department
78.24 staff time spent in the approval process.

78.25 Subd. 4. **Farmstead cheese.** (a) The commissioner or the commissioner's designee shall
78.26 issue an additional permit to a dairy plant that desires to use the name "Minnesota farmstead
78.27 cheese" upon application made by the dairy plant for use of the name, provided the cheese
78.28 meets the definition in section 32D.01, subdivision 13.

78.29 (b) No cheese or packaged cheese that is sold, offered or exposed for sale, or held in
78.30 possession with intent to sell at either retail or wholesale in this state may be labeled or
78.31 described as "Minnesota farmstead cheese" unless it meets the criteria in section 32D.01,
78.32 subdivision 13, and the manufacturer has obtained the designated permit.

79.1 Sec. 15. **[32D.10] INSPECTIONS.**

79.2 (a) Inspections of Grade A plants must be completed at least once every three months.
79.3 A pasteurization plant requesting Grade A inspection must pay an annual inspection fee of
79.4 no more than \$500.

79.5 (b) Inspections of manufacturing plants that process milk or milk products other than
79.6 Grade A must be completed at least once every six months. A manufacturing plant that
79.7 pasteurizes milk or milk by-products must pay an annual fee based on the number of
79.8 pasteurization units. The fee must not exceed \$140 per unit.

79.9 Sec. 16. **[32D.11] PROCUREMENT FEE.**

79.10 A dairy plant operator in this state must pay to the commissioner on or before the 18th
79.11 of each month a fee of 1.1 cents per hundredweight of milk purchased the previous month.
79.12 If a milk producer in this state ships milk out of the state for sale, the producer must pay
79.13 the fee to the commissioner unless the purchaser voluntarily pays the fee. Producers who
79.14 ship milk out of state and processors must submit to the commissioner monthly reports
79.15 related to milk purchases along with the appropriate procurement fee. The commissioner
79.16 shall have access to all relevant purchase or sale records as necessary to verify compliance
79.17 with this section and may require the producer or purchaser to produce records as necessary
79.18 to determine compliance.

79.19 Sec. 17. **[32D.12] SELECTED PRODUCTS FEE.**

79.20 (a) A manufacturer must pay to the commissioner a fee for fluid milk processed and
79.21 milk used in the manufacture of fluid milk products sold for retail sale in Minnesota in an
79.22 amount not less than five cents and not more than nine cents per hundredweight as set by
79.23 the commissioner's order. No change within any 12-month period may be in excess of one
79.24 cent per hundredweight.

79.25 (b) A processor must report quantities of milk processed under paragraph (a) on forms
79.26 provided by the commissioner. Processor fees must be paid monthly. The commissioner
79.27 may require the production of records as necessary to determine compliance with this
79.28 paragraph.

79.29 (c) The commissioner may create within the department a dairy consulting program to
79.30 provide assistance to dairy producers who are experiencing problems meeting the sanitation
79.31 and quality requirements of the dairy laws and rules. The commissioner may use money

80.1 appropriated from the dairy services account to pay for the program authorized in this
80.2 paragraph.

80.3 **Sec. 18. [32D.13] MILK QUALITY STANDARDS.**

80.4 **Subdivision 1. Visible adulteration or odors.** Milk shall not be visibly adulterated, or
80.5 have any objectionable odor, or be abnormal in appearance or consistency.

80.6 **Subd. 2. Grade A raw milk.** (a) The bacterial count of Grade A raw milk from producers
80.7 must not exceed 100,000 bacteria per milliliter prior to commingling with other producer
80.8 milk.

80.9 (b) After commingling with other producer milk, the bacteria count must not exceed
80.10 300,000 per milliliter prior to pasteurization.

80.11 **Subd. 3. Grade A pasteurized milk and fluid milk products.** (a) The bacterial count
80.12 of Grade A pasteurized milk and fluid milk products, at any time after pasteurization until
80.13 delivery, must not exceed 20,000 bacteria per milliliter.

80.14 (b) The coliform count of Grade A pasteurized milk and fluid milk products must not
80.15 exceed ten bacteria per milliliter except that bulk tank transport shipments must not exceed
80.16 100 per milliliter.

80.17 **Subd. 4. Raw milk, other than Grade A.** The bacterial count of raw milk other than
80.18 Grade A from producers must not exceed 500,000 bacteria per milliliter prior to commingling
80.19 with other producer milk.

80.20 **Subd. 5. Pasteurized milk, other than Grade A.** The bacterial count of pasteurized
80.21 milk other than Grade A pasteurized milk, at any time after pasteurization until delivery,
80.22 must not exceed 20,000 bacteria per milliliter.

80.23 **Subd. 6. Exceptions.** Bacterial count standards do not apply to sour cream, cultured
80.24 buttermilk, and other cultured fluid milk products.

80.25 **Subd. 7. Rules and standards.** The commissioner may prescribe standards and rules
80.26 adopted in accordance with law more stringent than those imposed by this section.

80.27 **Subd. 8. Somatic cell count.** (a) The somatic cell count, as determined by a direct
80.28 microscopic somatic cell count or an electronic somatic cell count, must not exceed 750,000
80.29 cells per milliliter for Grade A raw milk and raw milk other than Grade A. Notwithstanding
80.30 any federal standard, the somatic cell count of goat milk must not exceed 1,500,000 cells
80.31 per milliliter.

81.1 (b) The commissioner may prescribe standards and rules adopted in accordance with
81.2 law more stringent than those imposed by this subdivision.

81.3 Subd. 9. **Temperature.** If milk is received or collected from a dairy farm more than two
81.4 hours after the most recent milking, the temperature of the milk shall not exceed 45 degrees
81.5 Fahrenheit (7 degrees Celsius). If the milk consists of a blend of milk from two or more
81.6 milking, and the milk is received or collected less than two hours after the most recent
81.7 milking, the blend temperature shall not exceed 50 degrees Fahrenheit (10 degrees Celsius).

81.8 Subd. 10. **Industry enforcement.** A dairy plant is not required to reject milk shipments
81.9 in response to a violation of subdivisions 2 to 9 unless the commissioner suspends or revokes
81.10 the dairy plant permit or milk producer's Grade A permit or manufacturing grade certification.

81.11 Sec. 19. **[32D.14] OFFICIAL PRODUCER SAMPLES.**

81.12 (a) An official producer sample for each producer must be analyzed for bacteria, somatic
81.13 cell count, temperature, and antibiotic residues at least once per month in four out of every
81.14 six months. Official producer samples must be collected and analyzed without providing
81.15 the producer with prior notification of the sampling date.

81.16 (b) Official producer sample results must be inclusive of all animals from which milk
81.17 is collected and sold on the day of sampling.

81.18 (c) Official producer sample results must be collected by a licensed sampler.

81.19 Sec. 20. **[32D.15] MONTHLY REPORTING.**

81.20 (a) In at least four out of every six months, the dairy plant that procures milk from the
81.21 producer must report to the commissioner at least one representative test result for bacteria,
81.22 somatic cell count, temperature, and antibiotic residues. The result shall be reported within
81.23 seven days after the laboratory obtains the test results.

81.24 (b) A laboratory that performs the tests required under this section for a dairy plant may
81.25 report the test results for the dairy plant.

81.26 (c) A dairy plant or laboratory shall report test results under this section in an electronic
81.27 form approved by the department or using an approved alternative.

81.28 Sec. 21. **[32D.16] ENFORCEMENT.**

81.29 The commissioner shall suspend a producer's permit or certification if three of the last
81.30 five official producer samples exceed the applicable standard. The commissioner shall

82.1 provide warning of a pending suspension when two of the last four producer samples exceed
 82.2 the applicable standard.

82.3 **Sec. 22. [32D.17] LABORATORY CERTIFICATION.**

82.4 (a) A laboratory and its methods are required to be approved or certified prior to testing
 82.5 Grade A milk samples. The results of approved or certified laboratories may be used by
 82.6 official regulatory agencies in enforcement of requirements for milk and milk products. The
 82.7 approval or certification remains valid unless suspended or revoked by the commissioner
 82.8 for failure to comply with the requirements of this chapter.

82.9 (b) Certified or approved laboratories must receive a permit from the commissioner.
 82.10 The permit remains valid without renewal unless suspended or revoked by the commissioner
 82.11 for failure to comply with the requirements of this chapter.

82.12 (c) Satisfactory analytical procedures and results for split samples, the nature, number,
 82.13 and frequency of which shall be in accordance with rules established by the commissioner,
 82.14 shall be required of a certified laboratory for retention of its certification and permit.

82.15 (d) An application for initial certification or biennial recertification, or for recertification
 82.16 following suspension or revocation of a permit, shall be accompanied by an annual fee
 82.17 based on the number of analyses approved and the number of specific tests for which they
 82.18 are approved. The fee must not be less than \$150 nor more than \$200 for each analysis
 82.19 approved and not less than \$35 nor more than \$50 for each test approved. The commissioner
 82.20 may annually adjust assessments within the limits established by this subdivision to meet
 82.21 the cost recovery of the services required by this section.

82.22 **Sec. 23. [32D.18] MILK BOUGHT BY WEIGHT; TESTING METHODS.**

82.23 Subdivision 1. **Milk fat, protein, and solids not fat bases of payment; tests.** (a) Milk
 82.24 must be purchased from producers using a formula based on one or more of the following:

82.25 (1) payment of a standard rate with uniform differentials for milk testing above or below
 82.26 3.5 percent milk fat;

82.27 (2) payment of a standard rate for the pounds of milk fat contained in the milk;

82.28 (3) payment of a standard rate for the pounds of protein contained in the milk;

82.29 (4) payment of a standard rate for the pounds of nonfat solids contained in the milk; or

82.30 (5) payment of standard rates based on other attributes of value in the milk.

83.1 (b) In addition, an adjustment may be made on the basis of milk quality and other
 83.2 premiums. Testing procedures for determining the percentages of milk fat, protein, and
 83.3 nonfat solids must comply with the methods approved by the Association of Analytical
 83.4 Chemists or be as adopted by rule.

83.5 Subd. 2. **Apparatus to conform to specifications.** Glassware, test bottles, pipettes, acid
 83.6 measures, chemicals, scales, and other apparatus used in the operation of these tests shall
 83.7 conform to the specifications for the particular test method.

83.8 Subd. 3. **Penalties for violations.** A person who:

83.9 (1) employs any test other than those tests authorized by rule adopted by the
 83.10 commissioner, or any methods other than the standard official methods for determining the
 83.11 milk fat content of milk or cream;

83.12 (2) incorrectly samples milk or cream purchased or sold;

83.13 (3) incorrectly weighs milk or cream purchased or sold;

83.14 (4) incorrectly grades milk or cream purchased or sold;

83.15 (5) makes a false entry of the weight, test result, or grade of any milk or cream purchased
 83.16 or sold;

83.17 (6) incorrectly samples, weighs, tests, or records or reports weights or tests of skim milk
 83.18 or buttermilk purchased or sold;

83.19 (7) underreads the tests;

83.20 (8) falsifies the reading of the tests;

83.21 (9) manipulates the reading of the tests; or

83.22 (10) falsely states, certifies, or uses in the purchase or sale of milk or cream a misreading
 83.23 of such tests, whether the tests or actual reading have been made by the person or by any
 83.24 other person,

83.25 is guilty of a misdemeanor.

83.26 Sec. 24. **[32D.19] ADULTERATED DAIRY PRODUCTS.**

83.27 Subdivision 1. **Purchase and sale prohibition.** A person may not sell or knowingly
 83.28 buy adulterated dairy products.

83.29 Subd. 2. **Manufacture of food for human consumption from adulterated milk or**
 83.30 **cream prohibited.** An article of food for human consumption may not be manufactured

84.1 from adulterated milk or cream, except as provided in the Federal Food, Drug, and Cosmetic
84.2 Act, United States Code, title 21, section 301 et seq., and related federal regulations.

84.3 Subd. 3. **Adulterated milk.** For purposes of this section, milk is adulterated if it:

84.4 (1) is drawn in a filthy or unsanitary place;

84.5 (2) is drawn from unhealthy or diseased animals;

84.6 (3) contains water in excess of that normally found in milk;

84.7 (4) contains a substance that is not a normal constituent of the milk except as allowed
84.8 in this chapter; or

84.9 (5) contains drug residues or other chemical or biological substances in amounts above
84.10 the tolerances or safe levels established by rule.

84.11 Subd. 4. **Drug residues.** (a) Before processing milk, all bulk milk pickup tankers must
84.12 be tested for the presence of beta lactam drug residues and for other residues as determined
84.13 necessary by the commissioner. Milk received from a producer in other than a bulk milk
84.14 pickup tanker is also subject to this section.

84.15 (b) Bulk milk tankers that confirm positive for beta lactam drug residues or other residues
84.16 must follow up with producer sample testing of all producers contained on the positive load.

84.17 (c) Individual producer samples must be tested for the presence of beta lactam drug
84.18 residues at least once a month for four out of every six-month period. Results of these tests
84.19 must be reported to the commissioner as official producer sample results using established
84.20 electronic reporting procedures.

84.21 (d) Drug residue testing methods must be those approved by the Food and Drug
84.22 Administration (FDA) and the National Conference of Interstate Milk Shipments or listed
84.23 in the FDA's current version of M-a-85.

84.24 (e) All drug residue samples testing positive must be reported to the commissioner or
84.25 the commissioner's designee within 24 hours. The report must include how and where the
84.26 milk was disposed of, and the volume, the responsible producer, and the possible cause of
84.27 the violative residue. All milk sample residue results must be recorded and retained for six
84.28 months by the receiving plant for examination by the commissioner or the commissioner's
84.29 designee.

84.30 Subd. 5. **Penalties.** (a) The permit or certification of a milk producer identified as having
84.31 a positive drug residue is immediately suspended. The producer must not ship milk while
84.32 the permit or certification is suspended.

85.1 (b) The producer's permit or certification may be reinstated after being sampled by the
85.2 commissioner or the commissioner's designee and testing negative on the sample.

85.3 (c) A milk producer may not change plants within 30 days, without permission of the
85.4 commissioner, after receiving notification from the commissioner of a residue violation.

85.5 (d) The producer that is identified with the drug residue violation is responsible for the
85.6 value of all milk on any load that tests positive for drug residues and any costs associated
85.7 with its disposal. Payment shall be made to the purchaser of the milk.

85.8 (e) For the first and second violation within a 12-month period, the dairy producer must,
85.9 within 30 days of the date of the residue:

85.10 (1) meet with the dairy inspector to review potential causes of the adulteration; and

85.11 (2) complete the designated drug residue prevention educational program with a licensed
85.12 veterinarian and submit the signed certificate to the commissioner.

85.13 (f) Failure to comply with the requirements for the first and second violation listed in
85.14 paragraph (e) may result in suspension of the producer's permit or certification until the
85.15 conditions in paragraph (e) are met.

85.16 (g) For the third or subsequent violation within a 12-month period, the commissioner
85.17 may initiate proceedings for further enforcement action, that may include a penalty of up
85.18 to a 30-day permit or certification suspension. In lieu of a suspension, the producer may be
85.19 assessed an administrative penalty of up to \$1,000 or the value of milk sold during the
85.20 intended suspension period.

85.21 Subd. 6. **Other forms of adulteration.** A milk producer who violates subdivision 3 is
85.22 subject to any of the following penalties:

85.23 (1) the permit or certification of a milk producer identified as having adulterated milk
85.24 is immediately suspended. The producer may not ship milk while the permit or certification
85.25 is suspended;

85.26 (2) the producer that is identified with the adulterated milk violation is responsible for
85.27 the value of all milk on any load that is contaminated by the adulterant and any costs
85.28 associated with its disposal. Payment shall be made to the purchaser of the milk;

85.29 (3) the producer's permit or certification may be reinstated after the commissioner receives
85.30 adequate verification that the milk is no longer adulterated; and

85.31 (4) the commissioner may, after evaluation of the severity and repetitive nature of the
85.32 adulteration, initiate additional enforcement action in the form of permit or certification

86.1 suspension for up to 30 days or in lieu of suspension, an administrative penalty of up to
86.2 \$1,000, or the value of the milk sold during the intended suspension period for each violation.

86.3 Subd. 7. **Civil penalty.** A person other than a milk producer who causes milk to be
86.4 adulterated is subject to a civil penalty of up to \$1,000.

86.5 Subd. 8. **Appeals.** A dairy producer may appeal an adulteration violation by sending
86.6 written notice to the commissioner within ten days of receipt of the notice of a violation.
86.7 The appeal must contain a description of why the producer wishes to appeal the violation.

86.8 Sec. 25. **[32D.20] LIMITATION ON SALE.**

86.9 Subdivision 1. **Pasteurization.** No milk or fluid milk products shall be sold, offered or
86.10 exposed for sale, or held in possession for sale for the purpose of human consumption in
86.11 fluid form in this state unless the milk or fluid milk product has been pasteurized, as defined
86.12 in section 32D.01, subdivision 15, and cooled, provided that this section shall not apply to
86.13 milk, cream, or skim milk occasionally secured or purchased for personal use by a consumer
86.14 at the place or farm where the milk is produced.

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

86.19 (b) Milk and dairy products must be labeled with the plant number where the product
86.20 was produced, or if produced in a state where official plant numbers are not assigned, the
86.21 name of the manufacturer and the address of the plant where it was manufactured.

86.22 Sec. 26. **[32D.21] COOLING AFTER PASTEURIZATION.**

86.23 Immediately following pasteurization, all milk and fluid milk products shall be cooled
86.24 in properly operated equipment approved by the commissioner to a temperature of 45 degrees
86.25 Fahrenheit or lower, and maintained at 45 degrees Fahrenheit or lower until delivered;
86.26 provided, however, that if the milk or fluid milk product is to be cultured immediately after
86.27 pasteurization, then cooling may be delayed until after the culturing process is completed;
86.28 provided further that the commissioner may prescribe by rule standards more stringent than
86.29 those imposed by this section.

87.1 Sec. 27. **[32D.22] MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

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

87.8 Sec. 28. **[32D.23] RECOMBINANT BOVINE GROWTH HORMONE LABELING.**

87.9 Subdivision 1. **Labeling.** Products offered for wholesale or retail sale in this state that
87.10 contain milk, cream, or any product or by-product of milk or cream that have been processed
87.11 and handled pursuant to this section may be labeled with an rBGH statement that is not
87.12 false or misleading and in accordance with the federal labeling standards. Products offered
87.13 for wholesale or retail sale in this state need not contain any further label information relative
87.14 to the use of rBGH in milk production.

87.15 Subd. 2. **Affidavit; records.** (a) A dairy plant purchasing milk or cream to be used in
87.16 products labeled with rBGH claims pursuant to subdivision 1 must provide an affidavit
87.17 from each producer that states that all cows used in the producer's dairy operations have
87.18 not and will not be treated with rBGH, without advanced written notice of at least 30 days.

87.19 (b) The affidavit must be signed by the producer or authorized representative. Affidavits
87.20 must be kept on file for not less than two years after receiving written notice that rBGH use
87.21 status will change.

87.22 (c) If a plant chooses to process and handle only milk or milk products sourced from
87.23 cows who have not been treated with rBGH, the plant, as an alternative to providing
87.24 individual producer affidavits, may provide one affidavit to certify that the plant has
87.25 procedures in place to verify that all producers are not using rBGH. A copy of the written
87.26 procedure that describes this verification process must also be provided with the plant
87.27 affidavit.

87.28 (d) All affidavits and corresponding records must be available for inspection by the
87.29 commissioner.

87.30 (e) Dairy plants supplying milk or cream to a processor or manufacturer of a product to
87.31 be labeled pursuant to subdivision 1, for use in that product, shall supply a certification to
87.32 that processor or manufacturer stating that producers of the supplied milk or cream have
87.33 executed and delivered affidavits pursuant to this subdivision.

88.1 Subd. 3. **Separation of nontreated cows and milk.** Milk or cream from
88.2 non-rBGH-treated cows used in manufacturing or processing of products labeled pursuant
88.3 to subdivision 1 must be kept fully separate from any other milk or cream through all stages
88.4 of storage, transportation, and processing until the milk or resulting dairy products are in
88.5 final packaged form in a properly labeled container. Records of the separation must be kept
88.6 by the dairy plant and product processor or manufacturer at all stages and made available
88.7 to the commissioner for inspection.

88.8 Sec. 29. [32D.24] DAIRY TRADE PRACTICES; DEFINITIONS.

88.9 Subdivision 1. **Application.** The definitions in this section apply to sections 32D.24 to
88.10 32D.28.

88.11 Subd. 2. **Basic cost.** (a) "Basic cost," for a processor, means the actual cost of the raw
88.12 milk plus 75 percent of the actual processing and handling costs for a selected class I or
88.13 class II dairy product.

88.14 (b) Basic cost, for a wholesaler, means the actual cost of the selected class I or class II
88.15 dairy product purchased from the processor or another wholesaler.

88.16 (c) Basic cost, for a retailer, means the actual cost of the selected class I or class II dairy
88.17 product purchased from a processor or wholesaler.

88.18 Subd. 3. **Bona fide charity.** "Bona fide charity" means a corporation, trust, fund, or
88.19 foundation organized and operated exclusively for religious, charitable, scientific, literary,
88.20 or educational purposes.

88.21 Subd. 4. **Processor.** "Processor" means a person engaged in manufacturing or processing
88.22 selected class I or class II dairy products in the person's own plant for sale in Minnesota.

88.23 Subd. 5. **Producer.** "Producer" means a person who operates a dairy herd or herds in
88.24 Minnesota producing milk or cream commercially and whose milk or cream is sold to, or
88.25 received or handled by, a distributor or processor. Producer does not include an incorporated
88.26 or unincorporated association of producers.

88.27 Subd. 6. **Responsible person.** "Responsible person" means the business entity that
88.28 makes payment to an individual Grade A or Grade B milk producer.

88.29 Subd. 7. **Selected class I dairy products.** "Selected class I dairy products" means milk
88.30 for human consumption in fluid form and all other class I dairy products as defined by the
88.31 Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40,
88.32 or successor orders.

89.1 Subd. 8. **Selected class II dairy products.** "Selected class II dairy products" means
 89.2 milk for human consumption processed into fluid cream, eggnog, yogurt, and all other class
 89.3 II dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal
 89.4 Regulations, title 7, part 1030.40, or successor orders.

89.5 Subd. 9. **Sell at retail; sale at retail; retail sales.** "Sell at retail," "sale at retail," or
 89.6 "retail sales" means a retail sale or offer for retail sale of a selected class I or class II dairy
 89.7 product for ultimate consumption or use.

89.8 Subd. 10. **Sell at wholesale; sale at wholesale; wholesale sales.** "Sell at wholesale,"
 89.9 "sale at wholesale," or "wholesale sales" means sale or offer for sale of a selected class I
 89.10 dairy product for purposes of resale or further processing or manufacturing but does not
 89.11 include a producer selling or delivering milk to a processor.

89.12 Subd. 11. **Wholesaler.** "Wholesaler" means a person including a distributor in the
 89.13 business of making sales of selected class I or class II dairy products at wholesale in
 89.14 Minnesota. In the case of a person making sales at both retail and wholesale, wholesaler
 89.15 applies only to the sales at wholesale.

89.16 Sec. 30. **[32D.25] DUTIES AND POWERS OF COMMISSIONER; DATA PRIVACY.**

89.17 Subdivision 1. **Duties; rules.** The commissioner shall adopt rules to implement and
 89.18 administer sections 32D.24 to 32D.28.

89.19 Subd. 2. **Data privacy.** Financial and production information received by the
 89.20 commissioner on processors, wholesalers, or retailers, including but not limited to financial
 89.21 statements, fee reports, price schedules, cost documentation, books, papers, records, or other
 89.22 documentation for the purpose of administration and enforcement of this chapter is classified
 89.23 private data or nonpublic data pursuant to chapter 13. The classification shall not limit the
 89.24 use of the information in the preparation, institution, or conduct of a legal proceeding by
 89.25 the commissioner in enforcing this chapter.

89.26 Sec. 31. **[32D.26] SALES BELOW COST PROHIBITED; EXCEPTIONS.**

89.27 Subdivision 1. **Policy; processors; wholesalers; retailers.** (a) It is the intent of the
 89.28 legislature to accomplish partial deregulation of milk marketing with a minimum negative
 89.29 impact on small-volume retailers.

89.30 (b) A processor or wholesaler may not sell or offer for sale selected class I or class II
 89.31 dairy products at a price lower than the processor's or wholesaler's basic cost.

90.1 (c) A retailer may not sell or offer for sale selected class I or class II dairy products at
 90.2 a retail price lower than (1) 105 percent of the retailer's basic cost until June 30, 1994; and
 90.3 (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use
 90.4 any method or device in the sale or offer for sale of a selected dairy product that results in
 90.5 a violation of this section.

90.6 Subd. 2. **Exceptions.** The minimum processor, wholesaler, and retailer prices of
 90.7 subdivision 1 do not apply:

90.8 (1) to a sale complying with section 325D.06;

90.9 (2) to a retailer giving away selected class I and class II dairy products for free if the
 90.10 customer is not required to make a purchase; or

90.11 (3) to a processor, wholesaler, or retailer giving away selected class I and class II dairy
 90.12 products for free or at a reduced cost to a bona fide charity.

90.13 **Sec. 32. [32D.27] REDRESS FOR INJURY OR THREATENED INJURY.**

90.14 A person injured by a violation of sections 32D.24 to 32D.28 may commence a legal
 90.15 action based on the violation in a court of competent jurisdiction and may recover economic
 90.16 damages and the costs of the action, including reasonable attorney fees. A person injured
 90.17 or who is threatened with injury or loss by reason of violation of sections 32D.24 to 32D.28
 90.18 may commence a legal action based on the violation and obtain injunctive relief in a court
 90.19 of competent jurisdiction against persons involved in a violation or threatened violation of
 90.20 sections 32D.24 to 32D.28 to prevent and restrain violations or threatened violations of
 90.21 sections 32D.24 to 32D.28 without alleging or proving actual damages or that an adequate
 90.22 remedy at law does not exist, so that injunctive relief can be obtained promptly and without
 90.23 awaiting evidence of injury or actual damage. The injunctive relief does not abridge and is
 90.24 not in lieu of any other civil remedy provided in sections 32D.24 to 32D.28.

90.25 **Sec. 33. [32D.28] ANNUAL SUSPENSION OF DAIRY TRADE PRACTICES ACT.**

90.26 The provisions of section 32D.26 are suspended during the month of June each year in
 90.27 honor of "Dairy Month."

90.28 **Sec. 34. Minnesota Statutes 2016, section 34A.01, subdivision 1, is amended to read:**

90.29 **Subdivision 1. **Applicability.**** The definitions in this section and chapters 28, 28A, 29,
 90.30 30, 31, 31A, ~~32~~ 32D, and 34 apply to this chapter. The definitions in this section apply to
 90.31 chapter ~~32~~ 32D.

91.1 Sec. 35. **REPEALER.**

91.2 Minnesota Statutes 2016, sections 32.01, subdivisions 1, 2, 6, 8, 9, 10, 11, and 12; 32.021;
91.3 32.071; 32.072; 32.073; 32.074; 32.075; 32.076; 32.078; 32.10; 32.102; 32.103; 32.105;
91.4 32.106; 32.21; 32.212; 32.22; 32.25; 32.391, subdivisions 1, 1d, 1e, 1f, 1g, 2, and 3; 32.392;
91.5 32.393; 32.394, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 8b, 8c, 8d, 8e, 9, 11, and 12; 32.395;
91.6 32.397; 32.398, subdivision 1; 32.401, subdivisions 1, 2, 3, and 5; 32.415; 32.416; 32.475;
91.7 32.481, subdivision 1; 32.482; 32.483; 32.484; 32.486; 32.55, subdivisions 1, 2, 3, 4, 5, 12,
91.8 13, and 14; 32.555; 32.56; 32.61; 32.62; 32.63; 32.64; 32.645; 32.70; 32.71; 32.72; 32.74;
91.9 32.745; 32.75; and 32.90, are repealed."

91.10 Renumber the sections in sequence and correct the internal references

91.11 Amend the title accordingly