

April 29, 2023

The Honorable Samantha Vang, Chair
545 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

The Honorable Kristi Pursell
523 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

The Honorable Paul Anderson
277 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

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

The Honorable Robert Kupec
3101 Minnesota Senate Building
95 University Avenue West
Saint Paul, Minnesota 55155

The Honorable Torrey Westrom
2201 Minnesota Senate Building
95 University Avenue West
Saint Paul, Minnesota 55155

Dear Conference Committee Conferees:

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

Governor's Budget Requests

This January, Governor Walz outlined his supplemental budget request for the Minnesota Department of Agriculture (MDA). Governor Walz proposed investing over \$117 million in General Funds to respond to the needs of Minnesota's agriculture industry. Many of these proposed requests came from MDA's public portal and meetings in which Minnesotans were invited to share their priorities and give feedback on how dollars should be invested. This portal and the listening sessions helped the Department better understand the state's needs and focus efforts where there was broad support for investment.

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

The Governor's agriculture funding priorities include:

- \$35,164,000 in FY26-27 for the Agricultural Growth Research Innovation Program (AGRI) and extends the sunset date from 2025 to 2035
- \$5,000,000 to establish a Grain Indemnity Fund
- \$8,055,000 to maintain current service levels
- \$1,500,000 for the agricultural emergency account
- \$2,400,000 to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payment
- \$4,000,000 for the Agriculture Best Management Practices (AgBMP) Loan Program
- \$700,000 for expanding the Emerging Farmers Office
- \$300,000 to increase staff capacity for the Rural Finance Program
- \$300,000 for international trade support
- \$300,000 for a climate coordinator
- \$300,000 for a meat processing liaison
- \$4,000,000 for Soil Health Equipment Grants
- \$500,000 for the AGRI Meat Processing Grants
- \$800,000 for noxious weeds and invasive plants
- \$700,000 for Farmers Market Hubs Grants
- \$500,000 to Second Harvest Heartland to purchase milk
- \$200,000 to the Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) Program to compensate emerging farmers for crops donated to hunger relief organizations in Minnesota
- \$3,000,000 for Biofuels Infrastructure Grants
- \$5,000,000 for the Bioincentive Program
- \$500,000 for farm safety and wellness
- \$500,000 for services to immigrant and BIPOC producers and food-system businesses
- \$400,000 for beginning farmer equipment and infrastructure grants
- \$200,000 for pollinator research

We are grateful that both the House Agriculture Finance and Policy Committee and the Senate Agriculture, Broadband, and Rural Development Committee chose to include funding for the majority of these recommendations, including the Grain Indemnity Fund, IT Modernization, funding the AGRI program beyond its 2025 sunset, meat processing, noxious weeds, soil health, assistance for emerging and beginning farmers, international trade support, the Good Acre LEAFF Program, and animal disease preparedness and response. Although not in the Governor's budget recommendation, we appreciate that both the House and the Senate included funding for cooperative grants and the DAIRI Program to help assist our nearly 2,000 dairy farms across the state.

The MDA does have several concerns with some provisions in the House bill as written, including the changes to the makeup of the Board of Animal Health, fully funding AGRI in the out years, as well as the regulation of treated seed and pesticides containing PFAS. However, we are committed to further working on these items and look forward to discussing them with the conferees.

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

Sincerely,

A handwritten signature in cursive script that reads "Thom Petersen". The signature is written in black ink and is positioned above the printed name.

Commissioner Thom Petersen

CC:

Governor Tim Walz

Speaker Melissa Hortman

Majority Leader Kari Dziedzic