

1.1 Senator moves to amend S.F. No. 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 APPROPRIATIONS
1.14 Available for the Year
1.15 Ending June 30
1.16 2018 2019

1.17 Sec. 2. DEPARTMENT OF AGRICULTURE

1.18 Subdivision 1. Total Appropriation \$ 51,019,000 \$ 50,869,000

1.19 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
1.20		
1.21	<u>50,631,000</u>	<u>50,481,000</u>
1.22	<u>388,000</u>	<u>388,000</u>

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

1.26 Subd. 2. Protection Services 17,666,000 17,666,000

1.27 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
1.28		
1.29	<u>17,278,000</u>	<u>17,278,000</u>
1.30	<u>388,000</u>	<u>388,000</u>

1.31 (a) \$25,000 the first year and \$25,000 the
1.32 second year are to develop and maintain

- 2.1 cottage food license exemption outreach and
2.2 training materials.
- 2.3 (b) \$75,000 the first year and \$75,000 the
2.4 second year are to coordinate the correctional
2.5 facility vocational training program and to
2.6 assist entities that have explored the feasibility
2.7 of establishing a USDA-certified or state
2.8 "equal to" food processing facility within 30
2.9 miles of the Northeast Regional Corrections
2.10 Center.
- 2.11 (c) \$250,000 the first year and \$250,000 the
2.12 second year are for transfer to the pollinator
2.13 habitat and research account in the agricultural
2.14 fund. These are onetime transfers.
- 2.15 (d) \$388,000 the first year and \$388,000 the
2.16 second year are from the remediation fund for
2.17 administrative funding for the voluntary
2.18 cleanup program.
- 2.19 (e) \$125,000 the first year and \$125,000 the
2.20 second year are for the industrial hemp pilot
2.21 program under Minnesota Statutes, section
2.22 18K.09. These are onetime appropriations.
- 2.23 (f) \$175,000 the first year and \$175,000 the
2.24 second year are for compensation for
2.25 destroyed or crippled livestock under
2.26 Minnesota Statutes, section 3.737. This
2.27 appropriation may be spent to compensate for
2.28 livestock that were destroyed or crippled
2.29 during fiscal year 2017. If the amount in the
2.30 first year is insufficient, the amount in the
2.31 second year is available in the first year.
- 2.32 (g) \$155,000 the first year and \$155,000 the
2.33 second year are for compensation for crop
2.34 damage under Minnesota Statutes, section

3.1 3.7371. If the amount in the first year is
3.2 insufficient, the amount in the second year is
3.3 available in the first year. The commissioner
3.4 may use up to \$30,000 of the appropriation
3.5 each year to reimburse expenses incurred by
3.6 the commissioner or the commissioner's
3.7 approved agent to investigate and resolve
3.8 claims.

3.9 If the commissioner determines that claims
3.10 made under Minnesota Statutes, section 3.737
3.11 or 3.7371, are unusually high, amounts
3.12 appropriated for either program may be
3.13 transferred to the appropriation for the other
3.14 program.

3.15 (h) \$250,000 the first year and \$250,000 the
3.16 second year are to expand current capabilities
3.17 for rapid detection, identification, containment,
3.18 control, and management of high priority plant
3.19 pests and pathogens. These are onetime
3.20 appropriations.

3.21 (i) \$300,000 the first year and \$300,000 the
3.22 second year are for transfer to the noxious
3.23 weed and invasive plant species assistance
3.24 account in the agricultural fund to award
3.25 grants to local units of government under
3.26 Minnesota Statutes, section 18.90, with
3.27 preference given to local units of government
3.28 responding to Palmer amaranth or other weeds
3.29 on the eradicate list. These are onetime
3.30 transfers. The commissioner may use up to
3.31 4.5 percent of this appropriation for costs
3.32 incurred to administer the grant program.

3.33 (j) \$120,000 the first year and \$120,000 the
3.34 second year are for wolf-livestock conflict
3.35 prevention grants under article 2, section 12.

4.1 The commissioner must submit a report to the
 4.2 chairs and ranking minority members of the
 4.3 legislative committees with jurisdiction over
 4.4 agriculture policy and finance by January 15,
 4.5 2020, on the outcomes of the wolf-livestock
 4.6 conflict prevention grants and whether
 4.7 livestock compensation claims were reduced
 4.8 in the areas that grants were awarded. This is
 4.9 a onetime appropriation.

4.10 **Subd. 3. Agricultural Marketing and**
 4.11 **Development**

3,996,000

3,996,000

4.12 (a) The commissioner must provide outreach
 4.13 to urban farmers regarding the department's
 4.14 financial and technical assistance programs
 4.15 and must assist urban farmers in applying for
 4.16 assistance.

4.17 (b) \$186,000 the first year and \$186,000 the
 4.18 second year are for transfer to the Minnesota
 4.19 grown account and may be used as grants for
 4.20 Minnesota grown promotion under Minnesota
 4.21 Statutes, section 17.102. Grants may be made
 4.22 for one year. Notwithstanding Minnesota
 4.23 Statutes, section 16A.28, the appropriations
 4.24 encumbered under contract on or before June
 4.25 30, 2019, for Minnesota grown grants in this
 4.26 paragraph are available until June 30, 2021.

4.27 (c) \$634,000 the first year and \$634,000 the
 4.28 second year are for continuation of the dairy
 4.29 development and profitability enhancement
 4.30 and dairy business planning grant programs
 4.31 established under Laws 1997, chapter 216,
 4.32 section 7, subdivision 2, and Laws 2001, First
 4.33 Special Session chapter 2, section 9,
 4.34 subdivision 2. The commissioner may allocate
 4.35 the available sums among permissible

5.1 activities, including efforts to improve the
 5.2 quality of milk produced in the state, in the
 5.3 proportions that the commissioner deems most
 5.4 beneficial to Minnesota's dairy farmers. The
 5.5 commissioner must submit a detailed
 5.6 accomplishment report and a work plan
 5.7 detailing future plans for, and anticipated
 5.8 accomplishments from, expenditures under
 5.9 this program to the chairs and ranking minority
 5.10 members of the legislative committees with
 5.11 jurisdiction over agriculture policy and finance
 5.12 on or before the start of each fiscal year. If
 5.13 significant changes are made to the plans in
 5.14 the course of the year, the commissioner must
 5.15 notify the chairs and ranking minority
 5.16 members.

5.17 (d) The commissioner may use funds
 5.18 appropriated in this subdivision for annual
 5.19 cost-share payments to resident farmers or
 5.20 entities that sell, process, or package
 5.21 agricultural products in this state for the costs
 5.22 of organic certification. The commissioner
 5.23 may allocate these funds for assistance for
 5.24 persons transitioning from conventional to
 5.25 organic agriculture.

5.26 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 5.27 **Advancement**

21,717,000

21,717,000

5.28 (a) \$9,300,000 the first year and \$9,300,000
 5.29 the second year are for transfer to the
 5.30 agriculture research, education, extension, and
 5.31 technology transfer account under Minnesota
 5.32 Statutes, section 41A.14, subdivision 3. Of
 5.33 these amounts: at least \$600,000 the first year
 5.34 and \$600,000 the second year are for the
 5.35 Minnesota Agricultural Experiment Station's
 5.36 agriculture rapid response fund under

6.1 Minnesota Statutes, section 41A.14,
6.2 subdivision 1, clause (2); \$2,000,000 the first
6.3 year and \$2,000,000 the second year are for
6.4 grants to the Minnesota Agriculture Education
6.5 Leadership Council to enhance agricultural
6.6 education with priority given to Farm Business
6.7 Management challenge grants; up to \$350,000
6.8 the first year and up to \$350,000 the second
6.9 year are for potato breeding; and up to
6.10 \$450,000 the first year and up to \$450,000 the
6.11 second year are for the cultivated wild rice
6.12 breeding project at the North Central Research
6.13 and Outreach Center to include a tenure
6.14 track/research associate plant breeder. The
6.15 commissioner shall transfer the remaining
6.16 funds in this appropriation each year to the
6.17 Board of Regents of the University of
6.18 Minnesota for purposes of Minnesota Statutes,
6.19 section 41A.14. Of the amount transferred to
6.20 the Board of Regents, up to \$1,000,000 each
6.21 year is for research on avian influenza,
6.22 including prevention measures that can be
6.23 taken.

6.24 To the extent practicable, funds expended
6.25 under Minnesota Statutes, section 41A.14,
6.26 subdivision 1, clauses (1) and (2), must
6.27 supplement and not supplant existing sources
6.28 and levels of funding. The commissioner may
6.29 use up to one percent of this appropriation for
6.30 costs incurred to administer the program.

6.31 (b) \$12,392,000 the first year and \$12,392,000
6.32 the second year are for the agricultural growth,
6.33 research, and innovation program in
6.34 Minnesota Statutes, section 41A.12. Except
6.35 as provided below, the commissioner may

7.1 allocate the appropriation each year among
7.2 the following areas: facilitating the start-up,
7.3 modernization, or expansion of livestock
7.4 operations including beginning and
7.5 transitioning livestock operations; developing
7.6 new markets for Minnesota farmers by
7.7 providing more fruits, vegetables, meat, grain,
7.8 and dairy for Minnesota school children;
7.9 assisting value-added agricultural businesses
7.10 to begin or expand, access new markets, or
7.11 diversify; urban youth agricultural education;
7.12 urban agriculture community development;
7.13 facilitating the start-up, modernization, or
7.14 expansion of other beginning and transitioning
7.15 farms including by providing loans under
7.16 Minnesota Statutes, section 41B.056;
7.17 sustainable agriculture on-farm research and
7.18 demonstration; development or expansion of
7.19 food hubs and other alternative
7.20 community-based food distribution systems;
7.21 enhancing renewable energy infrastructure
7.22 and use; crop research; Farm Business
7.23 Management tuition assistance; good
7.24 agricultural practices/good handling practices
7.25 certification assistance; establishing and
7.26 supporting farmer-led water management
7.27 councils; and implementing farmer-led water
7.28 quality improvement practices. The
7.29 commissioner may use up to 4.5 percent of
7.30 this appropriation for costs incurred to
7.31 administer the program. Any unencumbered
7.32 balance does not cancel at the end of the first
7.33 year and is available for the second year.
7.34 Notwithstanding Minnesota Statutes, section
7.35 16A.28, appropriations encumbered under
7.36 contract on or before June 30, 2019, for

8.1 agricultural growth, research, and innovation
8.2 grants are available until June 30, 2021.

8.3 Of the amount appropriated for the agricultural
8.4 growth, research, and innovation program in
8.5 Minnesota Statutes, section 41A.12:

8.6 (1) \$1,000,000 the first year and \$1,000,000
8.7 the second year are for distribution in equal
8.8 amounts to each of the state's county fairs to
8.9 preserve and promote Minnesota agriculture;

8.10 (2) \$1,500,000 the first year and \$1,500,000
8.11 the second year are for incentive payments
8.12 under Minnesota Statutes, sections 41A.16,
8.13 41A.17, and 41A.18. Notwithstanding
8.14 Minnesota Statutes, section 16A.28, the first
8.15 year appropriation is available until June 30,
8.16 2019, and the second year appropriation is
8.17 available until June 30, 2020;

8.18 (3) \$3,000,000 the first year and \$3,000,000
8.19 the second year are for livestock investment
8.20 grants under Minnesota Statutes, section
8.21 17.118;

8.22 (4) \$3,000,000 the first year and \$3,000,000
8.23 the second year are for value-added agriculture
8.24 grants;

8.25 (5) \$1,000,000 the first year and \$1,000,000
8.26 the second year are for grants to install
8.27 equipment necessary to store or dispense
8.28 biofuels to the public in order to meet the
8.29 biofuel requirement goals established under
8.30 Minnesota Statutes, section 239.7911;

8.31 (6) \$350,000 the first year and \$350,000 the
8.32 second year are for grants to expand
8.33 Minnesota agriculture, including
8.34 Minnesota-grown hemp, to new markets;

9.1 (7) \$400,000 the first year is for a grant to the
 9.2 Board of Trustees of the Minnesota State
 9.3 Colleges and Universities to renovate the
 9.4 GROW-IT Center at Metropolitan State
 9.5 University;

9.6 (8) Up to \$350,000 the first year and up to
 9.7 \$350,000 the second year are for urban youth
 9.8 agricultural education and urban agriculture
 9.9 community development on parcels of publicly
 9.10 owned land suitable for urban agriculture, in
 9.11 consultation with urban agriculture
 9.12 stakeholders. The commissioner must also
 9.13 consult with the commissioner of
 9.14 transportation, commissioner of
 9.15 administration, and local units of government
 9.16 to identify parcels of publicly owned land that
 9.17 are suitable for urban agriculture;

9.18 (9) \$100,000 the first year is for grants to
 9.19 ethnic minority chambers of commerce to
 9.20 connect immigrants and new American
 9.21 citizens to farming opportunities in this state;
 9.22 and

9.23 (10) \$450,000 the first year and \$450,000 the
 9.24 second year are for farm business management
 9.25 scholarships.

9.26 For value-added agriculture grants under
 9.27 clause (4), the commissioner may award up
 9.28 to two grants of up to \$750,000 per grant for
 9.29 new or expanding livestock product processing
 9.30 facilities or dairy product processing facilities
 9.31 that provide significant economic impact to
 9.32 the region. The remaining value-added
 9.33 agriculture grants are for awards between
 9.34 \$1,000 and \$200,000 per grant. The
 9.35 appropriations in clauses (1) to (10) are

10.1 onetime. If the appropriation for incentive
 10.2 payments in clause (2) exceeds the total
 10.3 amount for which all producers are eligible in
 10.4 a fiscal year, the balance of the appropriation
 10.5 is available for the agricultural growth,
 10.6 research, and innovation program. Any
 10.7 unencumbered balance does not cancel at the
 10.8 end of the first year and is available for the
 10.9 second year.

10.10 The base budget for the agricultural growth,
 10.11 research, and innovation program for fiscal
 10.12 year 2020 and later is \$13,273,000 each fiscal
 10.13 year. Of this amount, \$4,500,000 each year is
 10.14 for incentive payments under Minnesota
 10.15 Statutes, sections 41A.16, 41A.17, 41A.18,
 10.16 and 41A.20.

10.17 (c) \$25,000 the first year and \$25,000 the
 10.18 second year are for grants to the Southern
 10.19 Minnesota Initiative Foundation to promote
 10.20 local foods through an annual event that raises
 10.21 public awareness of local foods and connects
 10.22 local food producers and processors with
 10.23 potential buyers.

10.24 <u>Subd. 5. Administration and Financial Assistance</u>	<u>7,640,000</u>	<u>7,490,000</u>
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10.25 (a) \$474,000 the first year and \$474,000 the
 10.26 second year are for payments to county and
 10.27 district agricultural societies and associations
 10.28 under Minnesota Statutes, section 38.02,
 10.29 subdivision 1. Aid payments to county and
 10.30 district agricultural societies and associations
 10.31 shall be disbursed no later than July 15 of each
 10.32 year. These payments are the amount of aid
 10.33 from the state for an annual fair held in the
 10.34 previous calendar year.

- 11.1 (b) \$1,000 the first year and \$1,000 the second
11.2 year are for grants to the Minnesota State
11.3 Poultry Association.
- 11.4 (c) \$18,000 the first year and \$18,000 the
11.5 second year are for grants to the Minnesota
11.6 Livestock Breeders Association.
- 11.7 (d) \$47,000 the first year and \$47,000 the
11.8 second year are for the Northern Crops
11.9 Institute. These appropriations may be spent
11.10 to purchase equipment.
- 11.11 (e) \$220,000 the first year and \$220,000 the
11.12 second year are for farm advocate services.
- 11.13 (f) \$17,000 the first year and \$17,000 the
11.14 second year are for grants to the Minnesota
11.15 Horticultural Society.
- 11.16 (g) \$108,000 the first year and \$108,000 the
11.17 second year are for annual grants to the
11.18 Minnesota Turf Seed Council for basic and
11.19 applied research on: (1) the improved
11.20 production of forage and turf seed related to
11.21 new and improved varieties; and (2) native
11.22 plants, including plant breeding, nutrient
11.23 management, pest management, disease
11.24 management, yield, and viability. The grant
11.25 recipient may subcontract with a qualified
11.26 third party for some or all of the basic or
11.27 applied research. Any unencumbered balance
11.28 does not cancel at the end of the first year and
11.29 is available for the second year. This is a
11.30 onetime appropriation.
- 11.31 (h) \$113,000 the first year and \$113,000 the
11.32 second year are for transfer to the Board of
11.33 Trustees of the Minnesota State Colleges and
11.34 Universities for statewide mental health

12.1 counseling support to farm families and
12.2 business operators. South Central College shall
12.3 serve as the fiscal agent.

12.4 (i) \$550,000 the first year and \$550,000 the
12.5 second year are for grants to Second Harvest
12.6 Heartland on behalf of Minnesota's six
12.7 Feeding America food banks for the purchase
12.8 of milk for distribution to Minnesota's food
12.9 shelves and other charitable organizations that
12.10 are eligible to receive food from the food
12.11 banks. Milk purchased under the grants must
12.12 be acquired from Minnesota milk processors
12.13 and based on low-cost bids. The milk must be
12.14 allocated to each Feeding America food bank
12.15 servicing Minnesota according to the formula
12.16 used in the distribution of United States
12.17 Department of Agriculture commodities under
12.18 The Emergency Food Assistance Program
12.19 (TEFAP). Second Harvest Heartland must
12.20 submit quarterly reports to the commissioner
12.21 on forms prescribed by the commissioner. The
12.22 reports must include, but are not limited to,
12.23 information on the expenditure of funds, the
12.24 amount of milk purchased, and the
12.25 organizations to which the milk was
12.26 distributed. Second Harvest Heartland may
12.27 enter into contracts or agreements with food
12.28 banks for shared funding or reimbursement of
12.29 the direct purchase of milk. Each food bank
12.30 receiving money from this appropriation may
12.31 use up to two percent of the grant for
12.32 administrative expenses. Any unencumbered
12.33 balance does not cancel at the end of the first
12.34 year and is available for the second year.

- 13.1 (j) \$1,100,000 the first year and \$1,100,000
13.2 the second year are for grants to Second
13.3 Harvest Heartland on behalf of the six Feeding
13.4 America food banks that serve Minnesota to
13.5 compensate agricultural producers and
13.6 processors for costs incurred to harvest and
13.7 package for transfer surplus fruits, vegetables,
13.8 and other agricultural commodities that would
13.9 otherwise go unharvested, be discarded, or
13.10 sold in a secondary market. Surplus
13.11 commodities must be distributed statewide to
13.12 food shelves and other charitable organizations
13.13 that are eligible to receive food from the food
13.14 banks. Surplus food acquired under this
13.15 appropriation must be from Minnesota
13.16 producers and processors. Second Harvest
13.17 Heartland must report in the form prescribed
13.18 by the commissioner. Second Harvest
13.19 Heartland may use up to 15 percent of each
13.20 grant for matching administrative and
13.21 transportation expenses. Any unencumbered
13.22 balance does not cancel at the end of the first
13.23 year and is available for the second year.
- 13.24 (k) \$150,000 the first year and \$150,000 the
13.25 second year are for grants to the Center for
13.26 Rural Policy and Development.
- 13.27 (l) \$235,000 the first year and \$235,000 the
13.28 second year are for grants to the Minnesota
13.29 Agricultural Education and Leadership
13.30 Council for programs of the council under
13.31 Minnesota Statutes, chapter 41D.
- 13.32 (m) \$600,000 the first year and \$600,000 the
13.33 second year are for grants to the Board of
13.34 Regents of the University of Minnesota to
13.35 develop, in consultation with the

14.1 commissioner of agriculture and the Board of
 14.2 Animal Health, a software tool or application
 14.3 through the Veterinary Diagnostic Laboratory
 14.4 that empowers veterinarians and producers to
 14.5 understand the movement of unique pathogen
 14.6 strains in livestock and poultry production
 14.7 systems, monitor antibiotic resistance, and
 14.8 implement effective biosecurity measures that
 14.9 promote animal health and limit production
 14.10 losses. This is a onetime appropriation.

14.11 (n) \$150,000 the first year is for the tractor
 14.12 rollover protection pilot program under
 14.13 Minnesota Statutes, section 17.119. This is a
 14.14 onetime appropriation and is available until
 14.15 June 30, 2019.

14.16 By January 15, 2018, the commissioner shall
 14.17 submit a report to the chairs and ranking
 14.18 minority members of the legislative
 14.19 committees with jurisdiction over agricultural
 14.20 policy and finance with a list of inspections
 14.21 the department conducts at more frequent
 14.22 intervals than federal law requires, an
 14.23 explanation of why the additional inspections
 14.24 are necessary, and provide recommendations
 14.25 for eliminating any unnecessary inspections.

14.26 Sec. 3. **BOARD OF ANIMAL HEALTH** \$ **5,384,000** \$ **5,384,000**

14.27 Sec. 4. **AGRICULTURAL UTILIZATION**
 14.28 **RESEARCH INSTITUTE** \$ **3,643,000** \$ **3,643,000**

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

14.32 Subd. 4. **Agriculture, Bioenergy, and Bioproduct** 19,010,000
 14.33 **Advancement** 14,993,000 **18,316,000**

15.1 \$4,483,000 the first year and \$8,500,000 the
15.2 second year are for transfer to the agriculture
15.3 research, education, extension, and technology
15.4 transfer account under Minnesota Statutes,
15.5 section 41A.14, subdivision 3. The transfer in
15.6 this paragraph includes money for plant
15.7 breeders at the University of Minnesota for
15.8 wild rice, potatoes, and grapes. Of these
15.9 amounts, at least \$600,000 each year is for the
15.10 Minnesota Agricultural Experiment Station's
15.11 Agriculture Rapid Response Fund under
15.12 Minnesota Statutes, section 41A.14,
15.13 subdivision 1, clause (2). Of the amount
15.14 appropriated in this paragraph, \$1,000,000
15.15 each year is for transfer to the Board of
15.16 Regents of the University of Minnesota for
15.17 research to determine (1) what is causing avian
15.18 influenza, (2) why some fowl are more
15.19 susceptible, and (3) prevention measures that
15.20 can be taken. Of the amount appropriated in
15.21 this paragraph, \$2,000,000 each year is for
15.22 grants to the Minnesota Agriculture Education
15.23 Leadership Council to enhance agricultural
15.24 education with priority given to Farm Business
15.25 Management challenge grants. The
15.26 commissioner shall transfer the remaining
15.27 grant funds in this appropriation each year to
15.28 the Board of Regents of the University of
15.29 Minnesota for purposes of Minnesota Statutes,
15.30 section 41A.14.

15.31 To the extent practicable, funds expended
15.32 under Minnesota Statutes, section 41A.14,
15.33 subdivision 1, clauses (1) and (2), must
15.34 supplement and not supplant existing sources
15.35 and levels of funding. The commissioner may
15.36 use up to 4.5 percent of this appropriation for

16.1 costs incurred to administer the program. Any
16.2 unencumbered balance does not cancel at the
16.3 end of the first year and is available for the
16.4 second year.
16.5 \$10,235,000 the first year and ~~\$10,235,000~~
16.6 \$9,541,000 the second year are for the
16.7 agricultural growth, research, and innovation
16.8 program in Minnesota Statutes, section
16.9 41A.12. No later than February 1, 2016, and
16.10 February 1, 2017, the commissioner must
16.11 report to the legislative committees with
16.12 jurisdiction over agriculture policy and finance
16.13 regarding the commissioner's
16.14 accomplishments and anticipated
16.15 accomplishments in the following areas:
16.16 facilitating the start-up, modernization, or
16.17 expansion of livestock operations including
16.18 beginning and transitioning livestock
16.19 operations; developing new markets for
16.20 Minnesota farmers by providing more fruits,
16.21 vegetables, meat, grain, and dairy for
16.22 Minnesota school children; assisting
16.23 value-added agricultural businesses to begin
16.24 or expand, access new markets, or diversify
16.25 products; developing urban agriculture;
16.26 facilitating the start-up, modernization, or
16.27 expansion of other beginning and transitioning
16.28 farms including loans under Minnesota
16.29 Statutes, section 41B.056; sustainable
16.30 agriculture on farm research and
16.31 demonstration; development or expansion of
16.32 food hubs and other alternative
16.33 community-based food distribution systems;
16.34 incentive payments under Minnesota Statutes,
16.35 sections 41A.16, 41A.17, and 41A.18; and
16.36 research on bioenergy, biobased content, or

17.1 biobased formulated products and other
17.2 renewable energy development. The
17.3 commissioner may use up to 4.5 percent of
17.4 this appropriation for costs incurred to
17.5 administer the program. Any unencumbered
17.6 balance does not cancel at the end of the first
17.7 year and is available for the second year.
17.8 Notwithstanding Minnesota Statutes, section
17.9 16A.28, the appropriations encumbered under
17.10 contract on or before June 30, 2017, for
17.11 agricultural growth, research, and innovation
17.12 grants are available until June 30, 2019.

17.13 The commissioner may use funds appropriated
17.14 for the agricultural growth, research, and
17.15 innovation program as provided in this
17.16 paragraph. The commissioner may award
17.17 grants to owners of Minnesota facilities
17.18 producing bioenergy, biobased content, or a
17.19 biobased formulated product; to organizations
17.20 that provide for on-station, on-farm field scale
17.21 research and outreach to develop and test the
17.22 agronomic and economic requirements of
17.23 diverse strands of prairie plants and other
17.24 perennials for bioenergy systems; or to certain
17.25 nongovernmental entities. For the purposes of
17.26 this paragraph, "bioenergy" includes
17.27 transportation fuels derived from cellulosic
17.28 material, as well as the generation of energy
17.29 for commercial heat, industrial process heat,
17.30 or electrical power from cellulosic materials
17.31 via gasification or other processes. Grants are
17.32 limited to 50 percent of the cost of research,
17.33 technical assistance, or equipment related to
17.34 bioenergy, biobased content, or biobased
17.35 formulated product production or \$500,000,
17.36 whichever is less. Grants to nongovernmental

18.1 entities for the development of business plans
18.2 and structures related to community ownership
18.3 of eligible bioenergy facilities together may
18.4 not exceed \$150,000. The commissioner shall
18.5 make a good-faith effort to select projects that
18.6 have merit and, when taken together, represent
18.7 a variety of bioenergy technologies, biomass
18.8 feedstocks, and geographic regions of the
18.9 state. Projects must have a qualified engineer
18.10 provide certification on the technology and
18.11 fuel source. Grantees must provide reports at
18.12 the request of the commissioner.

18.13 Of the amount appropriated for the agricultural
18.14 growth, research, and innovation program in
18.15 this subdivision, \$1,000,000 the first year and
18.16 \$1,000,000 the second year are for distribution
18.17 in equal amounts to each of the state's county
18.18 fairs to preserve and promote Minnesota
18.19 agriculture.

18.20 Of the amount appropriated for the agricultural
18.21 growth, research, and innovation program in
18.22 this subdivision, \$500,000 in fiscal year 2016
18.23 and ~~\$1,500,000~~ \$806,000 in fiscal year 2017
18.24 are for incentive payments under Minnesota
18.25 Statutes, sections 41A.16, 41A.17, and
18.26 41A.18. If the appropriation exceeds the total
18.27 amount for which all producers are eligible in
18.28 a fiscal year, the balance of the appropriation
18.29 is available to the commissioner for the
18.30 agricultural growth, research, and innovation
18.31 program. Notwithstanding Minnesota Statutes,
18.32 section 16A.28, the first year appropriation is
18.33 available until June 30, 2017, and the second
18.34 year appropriation is available until June 30,
18.35 2018. The commissioner may use up to 4.5

19.1 percent of the appropriation for administration
19.2 of the incentive payment programs.

19.3 Of the amount appropriated for the agricultural
19.4 growth, research, and innovation program in
19.5 this subdivision, \$250,000 the first year is for
19.6 grants to communities to develop or expand
19.7 food hubs and other alternative
19.8 community-based food distribution systems.

19.9 Of this amount, \$50,000 is for the
19.10 commissioner to consult with existing food
19.11 hubs, alternative community-based food
19.12 distribution systems, and University of
19.13 Minnesota Extension to identify best practices
19.14 for use by other Minnesota communities. No
19.15 later than December 15, 2015, the
19.16 commissioner must report to the legislative
19.17 committees with jurisdiction over agriculture
19.18 and health regarding the status of emerging
19.19 alternative community-based food distribution
19.20 systems in the state along with
19.21 recommendations to eliminate any barriers to
19.22 success. Any unencumbered balance does not
19.23 cancel at the end of the first year and is
19.24 available for the second year. This is a onetime
19.25 appropriation.

19.26 \$250,000 the first year and \$250,000 the
19.27 second year are for grants that enable retail
19.28 petroleum dispensers to dispense biofuels to
19.29 the public in accordance with the biofuel
19.30 replacement goals established under
19.31 Minnesota Statutes, section 239.7911. A retail
19.32 petroleum dispenser selling petroleum for use
19.33 in spark ignition engines for vehicle model
19.34 years after 2000 is eligible for grant money
19.35 under this paragraph if the retail petroleum

20.1 dispenser has no more than 15 retail petroleum
20.2 dispensing sites and each site is located in
20.3 Minnesota. The grant money received under
20.4 this paragraph must be used for the installation
20.5 of appropriate technology that uses fuel
20.6 dispensing equipment appropriate for at least
20.7 one fuel dispensing site to dispense gasoline
20.8 that is blended with 15 percent of
20.9 agriculturally derived, denatured ethanol, by
20.10 volume, and appropriate technical assistance
20.11 related to the installation. A grant award must
20.12 not exceed 85 percent of the cost of the
20.13 technical assistance and appropriate
20.14 technology, including remetering of and
20.15 retrofits for retail petroleum dispensers and
20.16 replacement of petroleum dispenser projects.
20.17 The commissioner may use up to \$35,000 of
20.18 this appropriation for administrative expenses.
20.19 The commissioner shall cooperate with biofuel
20.20 stakeholders in the implementation of the grant
20.21 program. The commissioner must report to
20.22 the legislative committees with jurisdiction
20.23 over agriculture policy and finance by
20.24 February 1 each year, detailing the number of
20.25 grants awarded under this paragraph and the
20.26 projected effect of the grant program on
20.27 meeting the biofuel replacement goals under
20.28 Minnesota Statutes, section 239.7911. These
20.29 are onetime appropriations.

20.30 \$25,000 the first year and \$25,000 the second
20.31 year are for grants to the Southern Minnesota
20.32 Initiative Foundation to promote local foods
20.33 through an annual event that raises public
20.34 awareness of local foods and connects local
20.35 food producers and processors with potential
20.36 buyers.

21.1 Sec. 6. **APPROPRIATION CANCELLATION.**

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

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

21.8 **ARTICLE 2**

21.9 **AGRICULTURAL POLICY**

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

21.11 **3.7371 COMPENSATION FOR CROP OR FENCE DAMAGE CAUSED BY ELK.**

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

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

21.20 Subd. 3. **Compensation.** (a) The crop owner is entitled to the target price or the market
 21.21 price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield
 21.22 loss determined according to agricultural stabilization and conservation service programs
 21.23 for individual farms, adjusted annually, as determined by the commissioner, upon
 21.24 recommendation of the ~~county extension~~ commissioner's approved agent for the owner's
 21.25 county. Verification of fence damage or destruction by elk may be provided by submitting
 21.26 photographs or other evidence and documentation together with a statement from an
 21.27 independent witness using forms prescribed by the commissioner. The commissioner, upon
 21.28 recommendation of the commissioner's approved agent, shall determine whether the crop
 21.29 damage or destruction or damage to or destruction of a fence surrounding a crop or pasture
 21.30 is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In
 21.31 any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence
 21.32 surrounding a crop or pasture that is less than \$100 in value and may be compensated up

22.1 to \$20,000, as determined under this section, if normal harvest procedures for the area are
22.2 followed.

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

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

22.9 Subd. 5. **Decision on claims; opening land to hunting.** If the commissioner finds that
22.10 ~~the crop or pasture~~ owner has shown that the damage or destruction of the owner's crop or
22.11 damage to or destruction of a fence surrounding a crop or pasture was caused more probably
22.12 than not by elk, the commissioner shall pay compensation as provided in this section and
22.13 the rules of the commissioner. ~~A crop~~ An owner who receives compensation under this
22.14 section may, by written permission, permit hunting on the land at the landowner's discretion.

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

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

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

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

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

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

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

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

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

23.9 Sec. 2. Minnesota Statutes 2016, section 17.119, subdivision 1, is amended to read:

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

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

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

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

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

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

23.24 Sec. 3. Minnesota Statutes 2016, section 17.119, subdivision 2, is amended to read:

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

23.28 Sec. 4. Minnesota Statutes 2016, section 18.79, subdivision 18, is amended to read:

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

24.1 noxious weeds or invasive plants to enhance regulatory compliance and voluntary efforts
 24.2 to eliminate or manage these plants. The commissioner shall call and attend meetings and
 24.3 conferences dealing with the subject of noxious weeds. The commissioner shall maintain
 24.4 on the department's Web site noxious weed management information including but not
 24.5 limited to the roles and responsibilities of citizens and government entities under sections
 24.6 18.76 to 18.91 and specific guidance as to whom a person should contact to report a noxious
 24.7 weed issue.

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

24.10 **Sec. 5. [18B.051] POLLINATOR HABITAT AND RESEARCH ACCOUNT.**

24.11 A pollinator habitat and research account is established in the agricultural fund. Money
 24.12 in the account, including interest, is appropriated to the Board of Regents of the University
 24.13 of Minnesota for pollinator research and outreach including, but not limited to, science-based
 24.14 best practices and the identification and establishment of habitat beneficial to pollinators.

24.15 Sec. 6. Minnesota Statutes 2016, section 18B.33, subdivision 1, is amended to read:

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

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

24.24 (c) A person licensed under this section is not required to verify, document, or otherwise
 24.25 prove a particular need prior to or following the application of a pesticide registered under
 24.26 FIFRA.

24.27 Sec. 7. Minnesota Statutes 2016, section 18B.34, subdivision 1, is amended to read:

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

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

25.5 (c) A person licensed under this section is not required to verify, document, or otherwise
 25.6 prove a particular need prior to or following the application of a pesticide registered under
 25.7 FIFRA.

25.8 Sec. 8. Minnesota Statutes 2016, section 18B.36, subdivision 1, is amended to read:

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

25.12 (1) as a traditional exchange of services without financial compensation;

25.13 (2) on a site owned, rented, or managed by the person or the person's employees; or

25.14 (3) when the private applicator is one of two or fewer employees and the owner or
 25.15 operator is a certified private applicator or is licensed as a noncommercial applicator.

25.16 (b) A person may not purchase a restricted use pesticide without presenting a license
 25.17 card, certified private applicator card, or the card number.

25.18 (c) A person certified under this section is not required to verify, document, or otherwise
 25.19 prove a particular need prior to or following the application of a pesticide registered under
 25.20 FIFRA.

25.21 Sec. 9. Minnesota Statutes 2016, section 41A.12, subdivision 3, is amended to read:

25.22 Subd. 3. **Oversight.** The commissioner, ~~in consultation with the chairs and ranking~~
 25.23 ~~minority members of the house of representatives and senate committees with jurisdiction~~
 25.24 ~~over agriculture finance,~~ must allocate available appropriated funds among eligible uses as
 25.25 provided by law, develop competitive eligibility criteria, and award funds on a needs basis.
 25.26 By February 1 each year, the commissioner shall report to the legislature ~~on the allocation~~
 25.27 ~~among eligible uses and any financial assistance provided~~ the outcomes achieved under
 25.28 this section.

25.29 Sec. 10. Minnesota Statutes 2016, section 41A.20, subdivision 2, is amended to read:

25.30 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source
 25.31 at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from

26.1 the state border, raw materials may be sourced from within a 100-mile radius. Raw materials
 26.2 must be from forest resources. The facility must be located in Minnesota, must begin
 26.3 production at a specific location by June 30, 2025, and must not begin operating before July
 26.4 1, ~~2017~~ 2019. Eligible facilities include existing companies and facilities that are adding
 26.5 siding production capacity, or retrofitting existing capacity, as well as new companies and
 26.6 facilities. Eligible siding production facilities must produce at least 200,000,000 siding
 26.7 square feet on a 3/8 inch nominal basis of siding each year.

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

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

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

26.14 Sec. 11. Minnesota Statutes 2016, section 344.03, subdivision 1, is amended to read:

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

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

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

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

27.1 Sec. 12. **WOLF-LIVESTOCK CONFLICT PREVENTION PILOT PROGRAM.**

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

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

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

27.10 (1) the purchase of guard animals;

27.11 (2) veterinary costs for guard animals;

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

27.13 (4) the installation of wolf-detering lights and alarms; and

27.14 (5) calving or lambing shelters.

27.15 (d) Eligible grant recipients must:

27.16 (1) make a good-faith effort to avoid wolf-livestock conflicts;

27.17 (2) make a good-faith effort to care for guard animals paid for under this section;

27.18 (3) retain proper documentation of expenses;

27.19 (4) report annually to the commissioner on the effectiveness of the nonlethal methods
27.20 employed; and

27.21 (5) allow follow-up evaluation and monitoring by the commissioner.

27.22 (e) Grant recipients shall continue to be eligible for depredation payments under
27.23 Minnesota Statutes, section 3.737.

27.24 Sec. 13. **BASE BUDGET REPORT REQUIRED.**

27.25 No later than October 15, 2018, the commissioner of agriculture must submit a report
27.26 detailing the agency's base budget, including any prior appropriation riders, to the chairs
27.27 and ranking minority members of the legislative committees with jurisdiction over agriculture
27.28 finance.

28.1 Sec. 14. **REPEALER.**

28.2 Minnesota Statutes 2016, sections 41A.20, subdivision 6; and 383C.809, are repealed."

28.3 Renumber the sections in sequence and correct the internal references

28.4 Delete the title and insert:

28.5 "A bill for an act

28.6 relating to agriculture; establishing a budget for the Department of Agriculture,
28.7 the Board of Animal Health, and the Agricultural Utilization Research Institute;
28.8 making policy and technical changes to various agriculture-related provisions;
28.9 establishing programs; modifying partition fence law; requiring reports;
28.10 appropriating money; amending Minnesota Statutes 2016, sections 3.7371; 17.119,
28.11 subdivisions 1, 2; 18.79, subdivision 18; 18B.33, subdivision 1; 18B.34, subdivision
28.12 1; 18B.36, subdivision 1; 41A.12, subdivision 3; 41A.20, subdivision 2; 344.03,
28.13 subdivision 1; Laws 2015, First Special Session chapter 4, article 1, section 2,
28.14 subdivision 4, as amended; proposing coding for new law in Minnesota Statutes,
28.15 chapter 18B; repealing Minnesota Statutes 2016, sections 41A.20, subdivision 6;
28.16 383C.809."