

April 3, 2022

The Honorable Mike Sundin
417 State Office Building
Saint Paul, Minnesota 55155

Dear Chair Sundin:

I want to thank you and your colleagues for putting together the proposed agriculture budget contained in HF4366 and the Delete All amendment. Our agency appreciates the commitment of you and the members of the House Agriculture Finance & Policy Committee to the supplemental budget process.

First, I want to take a moment to reflect on all that has transpired since we were last together. COVID-19's impact on Minnesota and our nation cannot be overstated. Seemingly overnight our "normal" disappeared and everyone had to pivot and adapt to a new and uncertain reality. Farmers lost markets, processing plants closed, grocery stores struggled to protect their workers' health and the supply chain issues plagued all aspects of life. Each day brought more challenges, more questions, and precious few clear answers.

Yet even during the worst days of the pandemic, the employees of the Minnesota Department of Agriculture continued to serve the people of Minnesota. Our staff worked around the clock to help farmers access new markets, to dispose of thousands of livestock, to continue certifying pesticide applicators, to assist family farmers dealing with foreclosure and mental health struggles. Our staff did all of this and much more while trying to take care of themselves and their loved ones in a pandemic. The employees of the Minnesota Department of Agriculture have been true public servants in a time when public service matters more than ever. It is an honor to be associated with them.

I also want to thank you for the strong budget that you provided for the agency last year. We were able to make some important investments and respond to the changing needs of our agricultural producers.

Governor's Budget Requests

Earlier this year Governor Walz outlined his supplemental budget request for the Minnesota Department of Agriculture. Governor Walz invested over \$50 million in general funds to respond to the needs of Minnesota's agriculture industry. Many of these proposed requests came from the public portal, in which citizens were able to share their priorities and give feedback on how dollars should be invested. This helped the Department better understand the needs and focus efforts where there was broad support.

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:

- \$1,000,000 for noxious weeds and invasive plants

- \$5,000,000 to establish a grain indemnity fund
- \$100,000 to support laboratory testing for the Minnesota meat and poultry inspection program
- \$3,000,000 the second year is for grants to fund the Forever Green Agriculture Initiative at the University of Minnesota
- \$10,000,000 for a soil health financial assistance program
- \$1,500,000 to create and implement a program to support farmers markets and direct marketing producers
- \$150,000 to create and implement a program for specialty crop growers and value-added businesses transition to sustainable packaging solutions to comply with the Food Safety Modernization Act
- \$250,000 to expand the new markets cost-share program
- \$1,500,000 for grants to federally recognized economic development districts to assist small- to medium-sized meat and poultry processors hiring new employees
- \$1,000,000 for grants to facilitate the start-up, modernization or expansion of grocery stores, corner stores, farmers' markets or related food retailers
- \$250,000 to expand co-packing and shared cold storage capacity through grants to provide commercial production space and cold storage facilities
- \$300,000 for farm business management tuition assistance with priority to specialty crop farmers, urban farmers, and farmers facing mediation
- \$500,000 for grants to local governments, regional planning and economic development organizations and Tribal governments for planning and implementation of activities for value-added food and agricultural economic development
- \$2,000,000 to provide culturally appropriate services to emerging farmers and food-system-related businesses
- \$2,000,000 to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payment
- \$1,500,000 the second year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041, for emergency preparedness and response activities, including for the University of Minnesota Veterinary Diagnostic Laboratory
- \$3,000,000 the second year is available to create and implement a hunger relief program with grants to Second Harvest Heartland, on behalf of the Feeding America food banks that serve Minnesota, and to The Food Group

- \$2,000,000 the second year is for transfer to the Board of Trustees of the Minnesota State Colleges and Universities to support livestock processing technical education at Central Lakes College and Ridgewater College
- \$1,000,000 the second year is for a grant 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
- \$17,000,000 in fiscal year 2023 is appropriated from the general fund to the Board of Water and Soil Resources to accelerate the adoption of soil health practices

We are grateful that the House chose to include funding for the majority of these recommendations including IT modernization, meat processing, noxious weeds, soil health, farmers markets, assistance for emerging farmers, the Ag Innovation Campus, Forever Green, and Animal Disease Preparedness and Response. The Department looks forward to better serving farmers through these investments and with numerous cases of the Highly Pathogenic Avian Influenza (HPAI) in both backyard and commercial flocks, funding for Animal Disease Preparedness and Response is especially critical and timely.

Together we have successfully built three previous Department budgets, and while we have a few concerns about HF4366, including the lack of a grain indemnity fund, I am confident we can continue to work together to craft a budget that will ensure we continue to invest in Minnesota's agriculture sector.

I thank you for your partnership and consideration.

Sincerely,



Thom Petersen
Commissioner

CC:
House Ways and Means Committee Chair Rena Moran