



Governor's Supplemental Budget - Agriculture

April 4, 2024

"Our mission is to enhance all Minnesotans' quality of life by equitably ensuring the integrity of our food supply, the health of our environment, and the strength and resilience of our agricultural economy."

MDA Budget Recommendation: AGRI

\$4 million General Fund request

- The Governor recommends a one-time increase to Agricultural Growth, Research, and Innovation program to support the dairy and livestock industries in Minnesota.

MDA Budget Recommendation: Nitrate Treatment

\$3 million General Fund request

- The Governor recommends funding for in-home water treatment systems to remove nitrates from drinking water.
- This funding will be targeted to residents with a demonstrated financial need who could not otherwise afford to treat water or purchase an alternative drinking water source.
- Funds will also be used to provide education, outreach, and technical assistance to homeowners.

MDA Budget Recommendation: ARFEC Sunset

Fees are collected but no General Fund appropriation is requested

- The Governor recommends extending the sunset date for the Agricultural Fertilizer Research and Education Council (AFREC) as well as the authority to continue to collect the fee on bulk fertilizer sales which is used to support the council for five years.
- Under current law, the council will sunset at the end of FY 2025 and the authority to collect the fee of \$0.40 per ton will sunset at the end of FY 2024.

MDA Budget Recommendation: Dairy Profitability & Enhancement

This item is budget neutral

- The Governor recommends changes to the Dairy Development and Profitability Enhancement statute to broaden the use of the funds to support dairy farmers in meeting evolving needs of the dairy production and processing industries.
- The proposed changes would expand the ways that the program could address short-term needs and long-term challenges facing the industry, such as reduced processing capacity, and allow for producers to explore new marketing opportunities and support local food systems.

MDA Budget Recommendation: Hemp Program Guidelines

This item is budget neutral

- Minnesota operates an industrial hemp program under the oversight of the USDA.
- Changes in USDA regulations and requirements may require changes to Minnesota's USDA-approved plan.
- This proposal would allow the MDA to change the state's plan to comply with mandatory federal rules without going through the usual full state rulemaking process, thus keeping the state's plan in good standing with the USDA.

MDA Budget Recommendation: Expanding Farm to School & Early Care Grant

This item is budget neutral

- The Governor recommends expanding eligibility for the Farm to School and Early Care Grant program to include homebased early care providers.
- The program currently provides resources for schools and early childhood education centers for local food purchases.
- This proposal will expand eligibility to allow for home-based providers to participate in the program.

MDA Budget Recommendation: Organic Advisory Task Force Sunset Date

This item is budget neutral

- The Governor recommends extending the expiration date of the Organic Advisory Task Force from June 30, 2024 to June 30, 2034.

MDA Budget Recommendation: Farmers Market Grant Technical Changes

This item is budget neutral

- The Governor recommends expanding the eligible uses for the appropriation for farmers' market infrastructure grants to support nutrition programs.
- Current law stipulates that this funding be spent on infrastructure that supports Supplemental Nutrition Assistance Program (SNAP), Electronic Benefits Transfer (EBT), Senior Farmers Market Nutrition Program (SFMNP), and related programs.
- This recommendation would expand eligible uses to include costs like service fees and staff capacity. It would also allow for cost sharing in addition to grants and would expand the timeline for using the funds by a year.

MDA Budget Recommendation: Rural Finance Authority Changes

These items are budget neutral

- **Beginning Farmer Tax Credit Expansion** - The Governor recommends changing Minnesota Statute 41B.0391 to expand the definition of an "individual" to an "individual or individually owned limited liability corporation" regarding the Beginning Farmer Tax Credit.
- **Disaster Loan Program** - The Governor recommends allowing for the Disaster Loan Program to include additional cost of feed as a covered hazard during declared droughts.
- **Maximum Loan Amount Increases** - The Governor recommends that the loan limits of all Rural Finance Authority (RFA) bond funded loan programs be increased by \$100,000 each. The affected programs include the Beginning Farmer Loan Program, the Seller- Sponsored Loan Program, the Agricultural Improvement Loan Program, the Livestock Expansion Loan Program, and the Restructure II Loan Program.

Thank You!

Questions?

Director of Government Relations, Michelle Medina

michelle.medina@state.mn.us