

HOUSE RESEARCH

Bill Summary

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Overview

House File 543 establishes new programs under the Rural Finance Authority in the Department of Agriculture to assist with the funding of livestock processing plants and culturally specific livestock processing plants.

1 Livestock processing plant development program.

Subd. 1. Livestock processing plant loan and grant program. Authorizes the rural finance authority to establish and adopt rules for a loan and grant program to assist cooperatives that wish to start livestock slaughter and processing plants.

Subd. 2. Livestock processing plant development fund. Establishes the fund and directs that all repayments to the fund and interest earned on balances in the fund be deposited in the fund. The fund is available to the commissioner of agriculture to make qualified loans and grants.

Subd. 3. Program requirements. Loans and grants are available to a cooperative organized under chapter 308A that consists of natural persons who reside in Minnesota. The cooperative may be required to submit an application fee, and the total amount of any loan is \$500,000. If appropriated funds are used for the loans, the interest rate is limited to 2%. If bond or other money is used for loans, the interest on this money is to be established by the rural finance authority. After a plant financed through the program has operated for 60 full months, the balance of the loan principal will be forgiven.

2 Culturally specific livestock processing development program.

Subd. 1. Loans and grants for culturally specific plants. Authorizes the rural finance authority to establish and adopt rules for a loan and grant program to assist members of a minority cultural or ethnic community who wish to start livestock slaughter and processing plants.

Subd. 2. Culturally specific livestock processing fund. Establishes the fund and directs that all repayments to the fund and interest earned on balances in the fund be deposited in the fund. The

fund is available to the commissioner of agriculture to make qualified loans and grants.

Subd. 3. Program requirements. Loans and grants are available for a new or relocated livestock processing plant. The loan may be made to a family group or extended family group from the cultural or ethnic group to be served by the plant. The participant may be required to submit an application fee, and the total amount of any loan is \$500,000. If appropriated funds are used for the loans, the interest rate is limited to 2%. If bond or other money is used for loans, the interest on this money is to be established by the rural finance authority. After a plant financed through the program has operated for 60 full months, the balance of the loan principal will be forgiven.

- 3** **Producer payments for livestock processing plants.** Requires the commissioner of agriculture to make producer payments to the operator of a livestock processing plant or culturally specific livestock processing plant. The payment is ten cents per pound for pork or beef and five cents per pound for poultry meat intended for human consumption. Livestock must come from Minnesota farms. The operator of the processing plant is eligible for the producer payments during its first 60 months of operation. The total of all producer payments is capped at \$1,600,000 per year.
- 4** **Appropriation.** A blank amount is appropriated from the general fund to the commissioner of agriculture (from the 1998-99 fiscal biennium) for the livestock processing plant loans and grants, culturally specific livestock processing plant loans, and for producer payments.
- 5** **Effective date.** Sections 1 to 4 are effective the day following final enactment.