

HOUSE RESEARCH

Bill Summary

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Overview

House File 2755 is the Agriculture and Rural Development Finance Committee omnibus bill containing financial and policy issues of importance to the House during the 2004 legislative session. Subject matter in the omnibus bill originated from the Governor's budget reduction proposal plus several house files.

Section

- 1** **Agriculture appropriations and reductions.** Explains how to read the number portion of the appropriations (and budget reduction) bill.
- 2** **Agriculture.** Reduces the appropriation to the Department of Agriculture in fiscal year 2005 by \$306,000. Adds to last year's appropriation for the Protection Services division by an extra \$191,000 for the invasive species program.
- 3** **Board of Animal Health.** Reduces the appropriation to the board of animal health by \$84,000.
- 4** **Commissioner duties; periodic notice to agencies; report to legislature.** Requires the commissioner of administration to send a notice each six months to the head of each department or agency for which the commissioner provides highway passenger vehicles. The notice reminds the department head of the statutory requirement to use E85 fuel in flexible fuel vehicles whenever possible. The commissioner is to report to the legislature each year on the extent to which E85 fuel is used.
- 5** **Agency Reports.** Agencies and departments are to report to the commissioner of administration their use of E85 fuel in vehicles designed to burn it.
- 6** **Loan criteria; shared savings loan program.** Changes the interest rate on shared savings

Section

loans from a flat six percent to a floating rate that cannot exceed six percent.

- 7 **Awarding of loans.** Adds clarity to existing language for the shared savings loan program so that loans can be made to resident farmers who begin or expand organic farming operations.
- 8 **Administration; information dissemination.** Funding for loans under the Department of Agriculture "shared savings loan program" are to be made from the new, pooled, revolving loan account created in section 29 (Minn. Stat. § 41B.06) rather than the special account created in 1988.
- 9 **Farm manure digester technology.** Transfers any remaining balance in the old farm manure digester technology loan fund to the new RFA revolving loan fund that will be available for several loan programs.
- 10 **Commissioner's powers.** Broadens the authority of the Department of Agriculture to do scale testing at export locations.
- 11 **Administration; appropriation.** Fees charged by the Department of Agriculture for testing scales and weighing equipment must be the same as those charged by the division of weights and measures.
- 12 **Certificate fees.** The Department of Agriculture must charge fees to cover costs for the laboratory work required for issuing a phytosanitary certificate or export certificate.
- 13 **Supplemental, additional, or other certificates and permits.** The Department of Agriculture can issue plant health certificates verifying that Minnesota agricultural products meet requirements for import by other states or countries.
- 14 **Produce examined; when.** Allows interstate cooperation for produce inspection services.
- 15 **Rules for control of brucellosis in cattle.** Provides that a prescription from a licensed veterinarian is not required for the sale of certain vaccines use for beef cattle.
- 16 **County fair aid; pro rata distribution; conditions.**

A county agricultural society does not become disqualified for failing to hold an annual fair if the cause is a calamity or an epidemic declared by the board of animal health. In existing statute, only a declaration by the commissioner of health could trigger the waiver from disqualification.

Also, this section reduces the minimum required members for an agricultural society from 25 to 15 members.

A list of premiums posted on an Internet web site will now qualify as adequate public announcement of the prizes to be awarded at the county fair. Currently, paper copies must be published and distributed.

The information an agricultural society is required to provide annually to the commissioner of agriculture is reduced to information on premiums paid, and it does not necessarily have to be on forms provided by the commissioner.

The types of exhibits eligible for premiums is expanded to include "other products of a creative nature."

- 17 **Entitlement for pro rata distribution.** The paperwork and procedures for receipt of state aid for county fairs is simplified.
- 18 **Annual meetings, reports.** The explicit content of the reports given by officers of the

Section

agricultural society at the annual meeting of an agricultural society is simplified. A certified copy of the annual report will not need to be filed with the commissioner of agriculture and the county recorder. The reports of an agricultural society are public data and available for inspection by any person.

- 19 Appropriations by municipalities.** Removes a \$1,000 per year cap on the amount a city or township can contribute to an agricultural society for holding a fair.
- 20 Appropriations for county fairs.** Removes historic caps on the amounts a county board can appropriate to an agricultural society to assist in maintaining a county fair.
- 21 Sites and buildings.** Eliminates a cap of \$7,500 on the amount a county can appropriate for purposes of buying fair ground property and erecting buildings on the grounds.
- 22 Exemption from zoning ordinances.** Clarifies that county fair buildings are exempt from zoning ordinances whether owned by the county or a county agricultural society.
- 23 Ethanol producer payments.** Amends existing statute to reduce the requirement (adopted in 2003) that an ethanol plant applying for producer payments after June 30, 2003, must disclose its ownership structure and principal shareholders.
- 24 General powers of the Rural Finance Authority.** Authorizes the Rural Finance Authority (RFA) to transfer available money from its security account to a special revenue account to make agricultural loans through arrangements with other agencies of state government.
- 25 Dairy upgrade pilot loan program.** Establishes within the RFA a new pilot program to help dairy farmers purchase breeding stock and equipment and make environmental and facility improvements.

Eligibility standards for the loan program are specified.

Participation loans made by the RFA are limited to a maximum of \$50,000 and must represent no more than 45 percent of the total loan principal. The RFA can adjust the interest rate on its portion of the loans on an annual basis.

- 26 State participation; value-added agricultural product stock purchase loan program.** Increases the maximum state participation share in a loan under the value-added agricultural product stock loan program from \$24,000 to \$40,000.
- 27 Deposit of payments.** Requires that all repayments of loans issued under the manure digester loan program be deposited into the new revolving loan account.
- 28 Rural Finance Authority revolving loan account.** A new revolving account is set up under the control of the RFA to receive general fund appropriations and by which the RFA can administer the several loan programs that are based on revolving loans.
- 29 Low or moderate net worth.** Amends the definition of low or moderate net worth for purposes of the agricultural development program under the Rural Finance Authority (chapter 41C). The base net worth value is adjusted from \$200,000 to \$350,000 and the base year for inflation adjustments is changed from 1991 to 2004.
- 30 Dairy modernization grants.** Authorizes the commissioner of employment and economic development to disburse funds to regional or statewide development organizations for dairy modernization grants. The commissioner, along with the commissioner of agriculture, is to establish the application process and provide a basis for screening grants to dairy farm operators. Eligible uses for grant funds include the construction or improvement of buildings, facilities, and equipment for dairy animals.
- 31 Authorized activities.** Allows veterinarians in compliance with subdivision 6 (created by

Section

section 2, below) to perform teaching, demonstration, and research duties for the education of veterinarians and pathologists at the Veterinary Diagnostic Laboratory, University of Minnesota.

- 32 Faculty licensure.** Creates a new subdivision allowing certain veterinary clinicians at the University to treat animals at the Medical Center if they don't possess the same license required of other veterinary practitioners but meet criteria in this subdivision.

The practitioner must have held a hard-to-fill faculty position at the College of Veterinary Medicine for five years or more prior to 2003 or been specialty board certified by AVMA. If these criteria are met the clinician may practice in the specialty area while in the employ of the Veterinary Medical Center

Or, a specialty practitioner in a hard-to-fill faculty position at the University who has graduated from a board-approved foreign veterinary school may be issued a temporary faculty clinician license. The temporary license is valid for two years and allows the licensee to practice in the specialty area while in the employ of the Veterinary Medical Center. The holder of a temporary license may be issued two-year extensions to the license if enrolled in a PhD program. Holders who are not enrolled in a PhD program may be granted a single two-year license extension. In both cases the extensions are contingent upon demonstrating suitable progress in an academic program.

Temporary and specialty faculty clinician licensees are governed by the same rules of practice as other state-licensed veterinarians.

License fees and late payment fees for temporary and specialty practitioners are the same as for other state-licensed veterinarians.

- 33 Grain buyers and storage account; fees.** Increases annual fees for Department of Agriculture inspections of grain buyer facilities.
- 34 Grain buyer's bond.** The amount of a bond required of a grain buyer is based on gross annual purchases of grain-larger purchasers being required to be bonded at a higher level. The highest required bond amount in currently law is \$50,000 for a buyer with gross annual purchases of \$3,000,000. An amendment to this section adds additional categories for large buyers. The new minimum will be \$150,000 in bond for a buyer with gross annual purchases of over \$24,000,000.

A grain buyer who has filed a bond with the Commissioner prior to July 1, 2004, is not required to meet the new, higher bond amounts until July 1, 2006.

- 35 Financial statements.** The level of the minimum financial statement required to be submitted by an applicant for a grain buyer's bond is increased from a "compilation report" to a "reviewed financial statement or audit."
- 36 Warehouse operator or household goods warehouse operator to obtain license.** Increases the fee for an annual license (based on square footage) for public storage warehouse or household goods warehouses.
- 37 Fees: grain buyers and storage account.** Establishes an annual examination fee for licensed public grain warehouse owners based on the bushel capacity of the facility.
- 38 Grain banks; fees.** Sets a uniform fee of \$140 for each city in which a private grain

Section

warehouse is operated as a grain bank.

- 39 Agricultural operation not a nuisance.** The existing shield from nuisance liability is amended to remove any exemption during the first two years of operation or after a major expansion. The new law provides an affirmative defense against a claim of nuisance liability if the agricultural operation meets three criteria. The operation must be 1) located in an agriculturally zoned area, 2) comply with all federal, state, and county regulations and permits, and 3) operate with generally accepted agricultural practices.

The amendment removes existing limits to the shield against a nuisance claim if the agricultural operation causes injury or direct threat of injury to a person's health or safety. It also removes an existing provision that says the protection does not apply to water pollution issues.

- 40 Exposing domestic animals to disease.** A person who intentionally exposes domestic animals or farm-raised deer, game birds, fish; or other animals listed by Agriculture Department rule to an animal disease is guilty of a gross misdemeanor and is liable for civil damages equal to three times the value of the exposed animals.
- 41 Misdemeanor; trespass on a posted aggregate mining site.** Specifies that a trespass on the locked or posted site of aggregate mining operation is a misdemeanor.
- 42 Trespass on agricultural land.** A person who intentionally and without permission enters a livestock area that has been properly posted as a bio-security area is guilty of a gross misdemeanor. Minimum requirements for properly posting are stipulated. Penalty does not apply to state or county regulatory agents conducting an inspection on posted property.
- 43 Delayed payments in 2003.** An ethanol producer that was denied ethanol producer payments in 2003 for refusing to disclose ownership information is to be given the payments not later than 60 days after the effective date of section 1.
- 44 Transfer of funds; deposit of repayments.** Any remaining balances in the revolving fund accounts for existing Department of Agriculture and RFA programs are transferred to the newly created revolving fund. Repayments on outstanding loans in the several revolving fund loan programs are also redirected to the new account.
- 45 Repealer.** The private manure applicator certification program is repealed.

Enabling legislation for the dedicated revolving loan fund for RFA's value-added agricultural production stock loan program is repealed (this program is now pooled with other programs in the newly created umbrella revolving loan account).

Obsolete provisions of county fair law are repealed.

- 46 Effective date.** Most of the sections of the bill are effective the day following final enactment. The criminal and civil provisions of sections 46 and 48 are effective August 1, 2004.