

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill represents Governor Dayton's proposed budget for the Minnesota Department of Agriculture (MDA), the Board of Animal Health (BAH), and the Agricultural Utilization Research Institute (AURI). Related statutory language is provided in article 2.

### Article 1: Agriculture Appropriations

#### Overview

This article would fund the Minnesota Department of Agriculture (MDA), the Board of Animal Health (BAH), and the Agricultural Utilization Research Institute (AURI) for the 2016-2017 biennium.

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- 1**     **Agriculture appropriations.** Provides boilerplate omnibus appropriation language. All appropriations are from the general fund unless specified otherwise.
- 2**     **Department of Agriculture.** Appropriates funds for MDA's activities, as grouped into four categories.
  - Subd. 1. Total appropriation.** Summarizes total MDA appropriations and the breakdown of that total by fund.
  - Subd. 2. Protection services.** Appropriates general fund, agricultural fund, and remediation fund dollars for MDA's regulatory activities. This category includes the

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following MDA divisions: Pesticide and Fertilizer Management, Dairy and Food Inspection, Plant Protection, and Laboratory Services. The amounts specifically appropriated for certain activities are provided, along with varying levels of instruction and agency discretion.

**Subd. 3. Agricultural marketing and development.** Appropriates general fund dollars for MDA's Agricultural Marketing and Development Division. The amounts specifically appropriated for certain activities are provided, along with varying levels of instruction and agency discretion.

**Subd. 4. Bioenergy and value-added agriculture.** Appropriates general fund dollars for the Agricultural Growth, Research, and Innovation program. Requires annual reporting including specified accomplishment areas. Specifies requirements for any bioenergy grants awarded by MDA pursuant to this appropriation.

**Subd. 5. Administration and financial assistance.** Appropriates general fund dollars for MDA's administration and financial assistance activities. Requires MDA to award pass-through grants to several named entities.

**3 Board of animal health.** Appropriates general fund dollars to BAH.

**4 Agricultural Utilization Research Institute.** Appropriates general fund dollars to AURI.

## Article 2: Agriculture Policy

### Overview

This article includes statutory changes that correspond to the appropriations in article 1 and implement other aspects of Governor Dayton's agriculture budget proposal.

**1 Department of Agriculture data.** Removes a reference to the Shared Savings Loan Program statute that is repealed at the end of this article.

**2 Retail food establishment fees.** Establishes a fee schedule for retail food handlers at food and beverage service establishments licensed by MDA or the Minnesota Department of Health. Creates additional fees for private wells and septic systems, secondary food or beverage service stations, retail food handlers with sales over \$10 million per year, and specialized food processing.

**3 Structural pest.** Modifies the existing statutory definition of "structural pest" in chapter 18B "Pesticide Control" to apply only to invertebrate pests and commensal rodents (i.e., rodents that eat human food).

**4 Structural pest control.** Modifies the existing statutory definition of "structural pest control" for licensing purposes to mean the control of structural pests through the use of pesticides or other means.

**5 Requirement.** Provides that a structural pest control licensee must have a valid license identification card to purchase a restricted use pesticide. A restricted use pesticide is a pesticide that the United States Environmental Protection Agency has identified as

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particularly dangerous to human health and/or the environment if used improperly. Eliminates an existing structural pest control license exemption for persons who control mammal pests by trapping.

- 6 **Requirement.** Provides that a commercial (pesticide) applicator licensee must have a valid license identification card to purchase a restricted use pesticide.
- 7 **Requirement.** Provides that a person may not purchase a restricted use pesticide to perform their official/job duties without possessing a noncommercial (pesticide) applicator license.
- 8 **Payment of inspection fee.** Increases the fertilizer, soil amendment, and plant amendment inspection fee from 30 to 39 cents per ton.
- 9 **Cooperative agreements.** Eliminates the requirement that plant and plant product exporters submit a phytosanitary or export certificate application to MDA. This language is added to a different section of statute in the next section of this bill.
- 10 **Phytosanitary and export certificates.** Inserts the language deleted in the prior section of this bill. Eliminates language requiring MDA to conduct inspections of plants, plant products, or facilities when a person applies for or intends to apply for a certificate. MDA would now have the option to inspect. Eliminates mandatory inspection elements.
- 11 **Certificate fees.** Authorizes MDA to charge a person who requests a phytosanitary or export certification a fee that fully recovers MDA's certification costs. The fee is currently based on mileage and inspection time. The fee would be a minimum of \$75 dollars and a maximum of \$300 for certificate processing, plus mileage and inspection time.
- 12 **Nursery stock.** Modifies the definition of "nursery stock" in chapter 18H "Nursery Law" to exclude sod, as defined in the following section. This exempts sod from nursery certificate and requirements and fees
- 13 **Sod.** Defines sod for purposes of the regulatory exclusion provided in the previous section.
- 14 **Tropical plant.** Defines "tropical plant" for purposes of the Nursery Law and MDA's regulatory activities.
- 15 **Occasional sales.** Modifies the occasional (nursery stock) sales exemption to apply to nursery stock dealer certificates, rather than nursery stock certificates.
- 16 **Fee schedule.** Assesses the nursery stock grower annual certificate fee on all nursery stock, rather than only nursery stock that is grown for certification. Prohibits a nursery stock grower or nursery stock dealer that is operating without a valid MDA permit from offering for sale or selling nursery stock until the grower pays the proper certificate fee and penalty and obtains a valid certificate. Lifts the \$50/hour cap on the MDA fee for reinspections or additional or optional inspections and allows MDA to charge a rate sufficient to fully recover inspection costs.
- 17 **Address.** Defines "address" for purposes of the labeling and permit application requirements in the Minnesota Seed Law.
- 18 **Total viable.** Defines "total viable" for purposes of the Minnesota Seed Law and the following section.

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- 19** **Content.** Modifies seed labeling requirements to require the heading of “total viable” for the optional label data that represents the combined percentages of germination and hard or dormant seed.
- 20** **Hybrid seed corn.** Modifies hybrid corn seed labeling requirements so that the day classification is within three days of the maturity rating determined by the University of Minnesota in comparative trials.
- 21** **Seed laboratory.** Establishes laboratory procedures for MDA’s testing of official seed samples to coincide with those published annually by the Association of Official Seed Analysts, or if procedures do not exist for a particular seed type, then MDA may use procedures from other recognized seed testing sources.
- 22** **Prohibited and restricted weeds.** Requires MDA to identify prohibited weed seeds and restricted noxious weed seeds and to establish allowable rate of occurrence of the latter.
- 23** **Permits; issuance and revocation.** Requires initial labelers who sell native grasses and wildflower seeds in commercial or agricultural quantities to obtain the same permit and pay the same permit fee as initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings.
- 24** **Seed fee permits.** Increases seed permit fees and adds a new gross sales fee category for annual sales of more than \$1 million. The fee for this new category would be \$4,500. Increases seed permit application fees. Establishes a soybean seed fee rate.
- 25** **Brand name registration fee.** Increases the seed brand name registration fee.
- 26** **Amount of fee.** Increases the commercial feed inspection fee and changes the fee payer from the person who first distributes feed to the licensed distributor who distributes commercial feed to a person who is not required to obtain a commercial feed license. Eliminates a fee exemption for a Minnesota feed distributor who substantiates that greater than 50 percent of their feed distribution is to purchasers located outside of Minnesota. Increases the minimum inspection fee.
- 27** **HACCP plan.** Defines “Hazard analysis critical control point” (HACCP) plan for purposes of chapter 28A “Licensing Food Handlers.”
- 28** **Statewide education and evaluation fee.** Defines the term for purposes of chapter 28A and a subsequent section that requires payment of this new food-safety fee.
- 29** **General.** Requires licensed food handler to pay the highest applicable fee, as provided in the following sections.
- 30** **Retail food handler license fees.** Provides that retail food handler license fees are established under a section of statute proposed earlier in this article for coding in Minnesota Statutes, chapter 15 “State Agencies in General.”
- 31** **Wholesale food handler.** Establishes four fee categories for wholesale food handlers.
- 32** **Wholesale food processor or manufacturer.** Establishes fee categories for wholesale food processors and manufacturers. Creates separate fees for entities operating only at the State Fair, for use of the name Minnesota Farmstead Cheese, and for certain milk processors.

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- 33**     **Certain wholesale food processors.** Establishes a separate fee schedule for wholesale processors of meat or poultry products inspected solely by the United States Department of Agriculture. Federal law requires USDA inspection if the meat or poultry will be sold outside of Minnesota.
- 34**     **Food broker.** Establishes a license fee for food brokers or wholesale food handlers that do not take physical possession of food.
- 35**     **Milk marketing organization.** Establishes a license fee for milk marketing organizations without milk processing or manufacturing facilities that purchase milk from producers for delivery to a licensed wholesale food processor or manufacturer.
- 36**     **Additional applicable fees.** Defines and sets additional food handler fees for “individual private water,” “individual private sewer,” “large wholesale food handler establishment,” and “large wholesale food processor or manufacturer establishment.”
- 37**     **Statewide education and evaluation fee.** Requires all retail food handlers, retail mobile food handlers, seasonal temporary or permanent food stands, special event food stands, mobile food units, and food carts to pay an annual \$15 fee. Requires delegated local health boards to collect the fee when an establishment is licensed by the local board.
- 38**     **Penalties.** Establishes a penalty for failure to renew or obtain a food handler license.
- 39**     **Food handler license account; appropriation.** Establishes a new account in the state treasury’s Agricultural Fund to hold food handler fees and penalties. Revenue in the account would be statutorily appropriated to MDA for MDA’s food handler inspection program costs.
- 40**     **Fees; application.** Increases the fees that MDA charges food handlers when reviewing facility floor plans.
- 41**     **Assessments.** Increases the annual limit on assessments paid by a commercial cannery.
- 42**     **Grade A inspection fees.** Increases the annual per-farm Grade A inspection fee paid by milk processors and marketing organizations.
- 43**     **Manufacturing grade farm certification.** Increases the annual per-farm manufacturing grade (milk) inspection fee paid by milk processors and marketing organizations.
- 44**     **Application fee.** Deposits application fees for the Rural Finance Authority’s (RFA) Beginning Farmer and Seller-Sponsored loan programs in the new account established in the following section. RFA is the state’s main agriculture lending arm and is administered by MDA.
- 45**     **Rural Finance Authority administrative account.** Creates this new account in the Special Revenue Fund. Statutorily appropriates account money to MDA for administration expenses associated with the RFA loan programs.
- 46**     **Application and origination fee.** Deposits application and origination fees for RFA’s Loan Restructuring Program in the new account established in the prior section.
- 47**     **Application and origination fee.** Deposits application fees for RFA’s Agricultural Improvement Loan Program in the new account established in a prior section.

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- 48**      **Specifications.** Authorizes RFA to participate in Livestock Expansion loans that are used by a farmer to refinance existing debt.
- 49**      **Application and origination fee.** Deposits application and origination fees for RFA's Livestock Expansion Loan Program in the new account established in a prior section.
- 50**      **Loans.** Deposits application fees for RFA's Value-Added Agricultural Product Loan Program in the new account established in a prior section.
- 51**      **Establishment.** Expands RFA's Disaster Recovery Loan Program by authorizing RFA's participation in loans that help farmers restore farmland.
- 52**      **Loans.** Deposits application fees for RFA's Disaster Recovery Loan Program in the new account established in a prior section.
- 53**      **Loans.** Deposits application fees for RFA's Agroforestry Loan Program in the new account established in a prior section.
- 54**      **Loans.** Deposits application fees for RFA's Methane Digester Program in the new account established in a prior section.
- 55**      **Loans.** Deposits application fees for RFA's Livestock Equipment Loan Program in the new account established in a prior section.
- 56**      **Definitions.** Expands the definition of eligible livestock under RFA's Pilot Agricultural Microloan Program.
- 57**      **Farm Opportunity Loan Program.** Creates a new RFA loan program to enable farmers to add value to crops or livestock, adopt best management practices that emphasize sufficiency and self-sufficiency, achieve environmental improvements through reduced or improved management of inputs, or increase on-farm energy production. Requires a \$50 application fee. Limits state participation in Farm Opportunity Loans to individuals to 45 percent of loan principal or \$45,000, whichever is less. For loans to a group of four or more individuals, the state participation cap would be \$180,000. Participating lenders would own the remainder of the loan. Caps the interest rate on the state's share of a Farm Opportunity Loan at six percent.
- 58**      **Rural Finance Authority revolving loan account.** Deposits Farm Opportunity Loan repayments in RFA's revolving loan account.
- 59**      **Report.** Establishes a \$15 filing fee when a pension or investment fund, corporation, limited partnership, limited liability company, or other entity applies to MDA for an exemption from the corporate farm law. The corporate farm law bars ownership or operation of farmland by these entities unless MDA grants an exemption.
- 60**      **Balances transferred; accounts abolished.** Abolishes existing separate RFA loan program accounts and transfers any balances in those accounts to the new RFA administrative account created in this bill. Abolishes a separate account for MDA's Shared Savings Loan Program and transfers any balance to the new RFA administrative account created in this bill. The Shared Savings Loan Program is repealed in the following section.
- 61**      **Repealer.** Eliminates the Shared Savings Loan Program (§ 17.115) and the existing fee schedule for food handler licenses (§ 28A.08). Extends the Agricultural Growth, Research,

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and Innovation program indefinitely by eliminating the June 30, 2015 expiration date in current law (§ 41A.12).