

Subject Agriculture
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Overview

As introduced, this bill is Governor Walz's supplemental agriculture finance proposal. It modifies appropriations enacted in 2023 and certain programs administered by the Minnesota Department of Agriculture (MDA) and the Rural Finance Authority (RFA).

Article 1: Appropriations

This article modifies certain MDA appropriations that were enacted in last session's agriculture and broadband finance and policy act (Laws 2023, chapter 43).

Section Description - Article 1: Appropriations

1 Department of Agriculture.

Modifies existing appropriations to MDA for fiscal years 2024 and 2025.

Subd. 1. Total appropriation. Lowers the total fiscal year 2024 general fund appropriation and increases the 2025 total general fund appropriation.

Subd. 2. Protection services. Appropriates an additional \$3 million in fiscal year 2025 for nitrate treatment.

Subd. 3. Agricultural marketing and development. Increases the general fund base for fiscal years 2026 and later, providing for a larger operating adjustment in the Agricultural Marketing and Development Division (a corresponding reduction is made to the operating adjustment for administration and financial assistance in subdivision 5). Modifies rider language that governs a farmers market grant program.

Subd. 4. Agriculture, bioenergy, and bioproduct advancement. Deletes, then reappropriates, funding for the Agricultural Growth, Research, and Innovation (AGRI) Program in fiscal year 2025. The new appropriation language includes the following changes as compared to current law: move the \$4 million DAIRI program funding from fiscal year 2024 to fiscal year 2025; increase the total fiscal

Section Description - Article 1: Appropriations

year 2025 AGRI appropriation and the unallocated/flexible AGRI spending amount by \$4,000 (the total fiscal year 2025 increase is \$8,000 including the shift of DAIRI funding from fiscal year 2024 to 2025); expand eligible recipients of AGRI Farm to School grants to include all early childhood education providers and child care providers that participate in the federal National School Lunch Program or Child and Adult Care Food Program; extend the availability of the fiscal year 2025 AGRI Bioincentive Program and AGRI Meat, Poultry, Egg, and Milk Processing funds by one year to June 30, 2027; and extend the availability of the entire fiscal year 2025 AGRI appropriation until June 30, 2027, with an additional three years of availability provided for any portion of the appropriation that is encumbered under contract by that date.

Subd. 5. Administration and financial assistance. Decreases the general fund base amount in fiscal years 2026 and later for an operating adjustment in this area.

Effective date: Specifies that this section would take effect the day following final enactment.

Article 2: Agriculture Statutory Changes

This article modifies various programs administered by MDA or RFA. Among other things, it extends the AFREC fertilizer fee and grant program by five years, authorizes expedited permanent rulemaking for industrial hemp oversight, and allows RFA to participate in Disaster Recovery Loans that help farmers who are impacted by drought purchase feed for their livestock.

Section Description - Article 2: Agriculture Statutory Changes

1-4 AFREC extension.

These sections extend the Agricultural Fertilizer Research and Education Council (AFREC) fee and grant program by five years. Under current law, the fee will expire on June 30th of this year and the program will expire one year later.

5 Rulemaking.

Authorizes MDA to adopt or amend permanent rules for the industrial hemp licensing program without undergoing the full rulemaking process typically required by Minnesota Statutes, chapter 14. Under this section, MDA's rules would have the force and effect of law if the Revisor of Statutes approves the form of the rules, the commissioner of agriculture signs an order adopting them, the Office of

Section Description - Article 2: Agriculture Statutory Changes

- Administrative Hearings approves their legality within 14 days, and MDA publishes the rules in the State Register.
- 6 **Organic agriculture; commissioner duties.**
Extends the expiring Organic Advisory Task Force by 10 years, to June 30, 2034. By law, this task force must advise MDA and the University of Minnesota regarding policies and programs that will improve organic agriculture in the state.
- 7 **Dairy development and profitability enhancement.**
Modifies MDA's Dairy Development and Profitability Enhancement Program. Removes references to profitability enhancement teams. Authorizes MDA to provide assistance to the dairy industry beyond profitability enhancement and dairy business planning grants. Eliminates a requirement that the program provide one-on-one assistance to dairy farms and authorizes instead that the program may provide assistance individually, via teams, or through other specified methods. Authorizes MDA to award dairy business planning grants to dairy processors and expands the eligible uses for which a dairy producer or processor may use these grants.
- 8 **State participation.**
Increases the RFA's maximum participation in a beginning farmer real estate loan from \$400,000 to \$500,000.
- 9 **Definitions.**
Expands eligibility for beginning farmer income tax credits to include beginning farmers (and those who sell or rent agricultural assets to beginning farmers) who are the owner of a limited liability company.
- 10 **State participation.**
Increases the RFA's maximum participation in a restructure loan from \$525,000 to \$625,000.
- 11 **Participation limit; interest.**
Increases the RFA's maximum participation in a seller-sponsored loan from \$400,000 to \$500,000.
- 12 **Loan participation.**
Increases the RFA's maximum participation in an agricultural improvement loan from \$400,000 to \$500,000.

Section Description - Article 2: Agriculture Statutory Changes

13 Loan participation.

Increases the RFA's maximum participation in a livestock expansion and modernization loan from \$525,000 to \$625,000.

14 Establishment.

Expands loan-eligible purposes under the RFA's Disaster Recovery Loan Program to include feed purchased by a farmer when drought is the cause of the purchase.



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