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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-NINTH SESSION

**H. F. No. 2881**

03/10/2016 Authored by Johnson, C.; Rarick and Bly

The bill was read for the first time and referred to the Committee on Agriculture Policy

03/23/2016 Adoption of Report: Amended and re-referred to the Committee on Environment and Natural Resources Policy and Finance

1.1 A bill for an act  
1.2 relating to environment; establishing a working lands watershed restoration  
1.3 program to incentivize the growth of perennial crops; appropriating money;  
1.4 proposing coding for new law in Minnesota Statutes, chapter 103F.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[103F.519] WORKING LANDS WATERSHED RESTORATION**  
1.7 **PROGRAM.**

1.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
1.9 have the meanings given.

1.10 (b) "Advanced biofuel" has the meaning given in section 239.051, subdivision 1a.

1.11 (c) "Agricultural use" has the meaning given in section 17.81, subdivision 4.

1.12 (d) "Biomass processing facility" means a facility producing electricity, advanced  
1.13 biofuel, renewable chemical, or biomass thermal energy from perennial crops.

1.14 (e) "Biomass thermal energy" means energy generated from biomass for commercial  
1.15 heat or industrial process heat.

1.16 (f) "Board" means the Board of Water and Soil Resources.

1.17 (g) "Perennial crops" has the meaning given in section 41A.15, subdivision 9.

1.18 (h) "Renewable chemical" has the meaning given in section 41A.15, subdivision 10.

1.19 Subd. 2. **Establishment.** The board, in consultation with the commissioner of  
1.20 agriculture, shall administer a program to incentivize the establishment and maintenance  
1.21 of perennial crops. The board shall contract with landowners and give priority to contracts  
1.22 that implement water protection actions as identified in a completed watershed restoration  
1.23 and protection strategy developed under section 114D.26.

1.24 Subd. 3. **Eligible land.** Land eligible under this section must:

2.1 (1) have been in agricultural use for annual crop production or have been set aside,  
 2.2 enrolled, or diverted under another federal or state government program for at least two  
 2.3 of the last five years before the date of application; and

2.4 (2) not be currently set aside, enrolled, or diverted under another federal or state  
 2.5 government program.

2.6 Subd. 4. **Contract terms; use as livestock feed.** (a) The board shall offer a contract  
 2.7 rate of no more than 90 percent of the most recent federal conservation reserve program  
 2.8 payment for the county in which the land is located. The board may make additional  
 2.9 payments to assist with the establishment of perennial crops.

2.10 (b) Contracts must be at least ten years in duration.

2.11 (c) Perennial crops grown on land enrolled under this section may be used by a  
 2.12 biomass processing facility or for livestock feed. Perennial crops may be processed in a  
 2.13 manner that utilizes a portion of the plant for livestock.

2.14 (d) The board shall prioritize land with the highest potential to leverage federal  
 2.15 funding.

2.16 (e) The board may establish additional contract terms.

2.17 Subd. 5. **Pilot watershed selection.** The board may select up to two watersheds in  
 2.18 which to conduct an initial pilot program of up to 100,000 total acres. Project watersheds  
 2.19 must have, as determined by the board:

2.20 (1) a completed watershed restoration and protection strategy developed under  
 2.21 section 114D.26, or a hydrological simulation program model approved by the Pollution  
 2.22 Control Agency;

2.23 (2) multiple water quality impairments;

2.24 (3) access to a viable proposed biomass processing facility for the perennial crops  
 2.25 grown under this section; and

2.26 (4) sufficient acres of cropland available for perennial crop production to adequately  
 2.27 supply the proposed biomass processing facility.

2.28 **Sec. 2. FEASIBILITY STUDY AND PROGRAM PLAN; WORKING LANDS**  
 2.29 **WATERSHED RESTORATION PROGRAM.**

2.30 (a) The Board of Water and Soil Resources shall develop a detailed plan to  
 2.31 implement section 103F.519 that includes the following:

2.32 (1) a process for selecting pilot watersheds that are expected to result in the greatest  
 2.33 water quality improvements and exhibit readiness to participate in the program;

2.34 (2) an assessment of the quantity of agricultural land that is expected to be eligible  
 2.35 for the program in each watershed;

- 3.1 (3) an assessment of landowner interest in participating in the program;  
3.2 (4) an assessment of the contract terms and any recommendations for changes to the  
3.3 terms, including consideration of variable payment rates for lands of different priority or  
3.4 type;  
3.5 (5) an assessment of the opportunity to leverage federal funds through the program  
3.6 and recommendations on how to maximize the use of federal funds for assistance to  
3.7 establish perennial crops;  
3.8 (6) an assessment of how other state programs could complement the program;  
3.9 (7) an estimate of water quality improvements expected to result from  
3.10 implementation in pilot watersheds;  
3.11 (8) an assessment of how to best integrate program implementation with existing  
3.12 conservation requirements and develop recommendations on harvest practices and timing  
3.13 to benefit wildlife production;  
3.14 (9) an assessment of the potential viability and water quality benefit of cover crops  
3.15 used in biomass processing facilities;  
3.16 (10) a timeline for implementation, coordinated to the extent possible with proposed  
3.17 biomass processing facilities; and  
3.18 (11) a projection of funding sources needed to complete implementation.  
3.19 (b) The board shall coordinate development of the plan with stakeholders and the  
3.20 commissioners of natural resources, agriculture, and the Pollution Control Agency. The  
3.21 board must submit an interim report by October 15, 2017, and the feasibility study and  
3.22 program plan by February 1, 2018, to the chairs and ranking minority members of the  
3.23 legislative committees and divisions with jurisdiction over agriculture, natural resources,  
3.24 and environment policy and finance and to the Clean Water Council.

3.25 **Sec. 3. APPROPRIATION.**

3.26 \$479,000 in fiscal year 2017 is appropriated from the general fund to the Board of  
3.27 Water and Soil Resources for purposes of this act. This appropriation is onetime and  
3.28 is available until June 30, 2018.