

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2226

(SENATE AUTHORS: WESTROM)

DATE
03/11/2019

D-PG

OFFICIAL STATUS
Introduction and first reading
Referred to Agriculture, Rural Development, and Housing Finance

1.1 A bill for an act
1.2 relating to agriculture; establishing a budget for the Department of Agriculture,
1.3 the Board of Animal Health, and the Agricultural Utilization Research Institute;
1.4 amending Laws 2015, First Special Session chapter 4, article 1, section 2,
1.5 subdivision 4, as amended; Laws 2017, chapter 88, article 1, section 2, subdivisions
1.6 2, 4.

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

1.8 Section 1. AGRICULTURE APPROPRIATIONS.

1.9 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.10 and for the purposes specified in this act. The appropriations are from the general fund, or
1.11 another named fund, and are available for the fiscal years indicated for each purpose. The
1.12 figures "2020" and "2021" used in this act mean that the appropriations listed under them
1.13 are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The
1.14 first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is
1.15 fiscal years 2020 and 2021.

1.16 APPROPRIATIONS
1.17 Available for the Year
1.18 Ending June 30
1.19 2020 2021

1.20 Sec. 2. DEPARTMENT OF AGRICULTURE

1.21 Subdivision 1. Total Appropriation \$ 56,165,000 \$ 55,760,000

1.22	<u>Appropriations by Fund</u>		
1.23		<u>2020</u>	<u>2021</u>
1.24	<u>General</u>	<u>55,766,000</u>	<u>55,361,000</u>
1.25	<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.1 The amounts that may be spent for each
 2.2 purpose are specified in the following
 2.3 subdivisions.

2.4 Subd. 2. **Protection Services**

	<u>Appropriations by Fund</u>	
	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>19,985,000</u>	<u>19,905,000</u>
<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.9 (a) \$399,000 the first year and \$399,000 the
 2.10 second year are from the remediation fund for
 2.11 administrative funding for the voluntary
 2.12 cleanup program.

2.13 (b) \$175,000 the first year and \$175,000 the
 2.14 second year are for compensation for
 2.15 destroyed or crippled livestock under
 2.16 Minnesota Statutes, section 3.737. The
 2.17 appropriation for fiscal year 2020 may be
 2.18 spent to compensate for livestock that were
 2.19 destroyed or crippled during fiscal year 2019.

2.20 If the amount for fiscal year 2020 is
 2.21 insufficient, the amount in fiscal year 2021 is
 2.22 available in fiscal year 2020. The
 2.23 commissioner may use up to \$5,000 each year
 2.24 to reimburse expenses incurred by university
 2.25 extension agents to provide fair market values
 2.26 of destroyed or crippled livestock.

2.27 (c) \$155,000 the first year and \$155,000 the
 2.28 second year are for compensation for crop
 2.29 damage under Minnesota Statutes, section
 2.30 3.7371. If the amount in the first year is
 2.31 insufficient, the amount in the second year is
 2.32 available in the first year. The commissioner
 2.33 may use up to \$30,000 of the appropriation
 2.34 each year to reimburse expenses incurred by
 2.35 the commissioner or the commissioner's

3.1 approved agent to investigate and resolve
3.2 claims.

3.3 If the commissioner determines that claims
3.4 made under Minnesota Statutes, section 3.737
3.5 or 3.7371, are unusually high, amounts
3.6 appropriated for either program may be
3.7 transferred to the appropriation for the other
3.8 program.

3.9 (d) \$1,110,000 the first year and \$1,030,000
3.10 the second year are to replace capital
3.11 equipment in the Department of Agriculture's
3.12 analytical laboratory.

3.13 (e) \$625,000 the first year and \$300,000 the
3.14 second year are for agriculture emergency
3.15 preparedness and response. Of this amount,
3.16 \$325,000 in the first year is for transfer to the
3.17 agricultural fund to increase the balance of the
3.18 agricultural emergency account. This amount
3.19 is a onetime appropriation. The base for fiscal
3.20 years 2022 and 2023 is \$300,000 and is for
3.21 supporting the Department of Agriculture's
3.22 emergency preparedness and response
3.23 activities.

3.24 **Subd. 3. Agricultural Marketing and**
3.25 **Development**

4,096,000

4,096,000

3.26 (a) \$186,000 the first year and \$186,000 the
3.27 second year are for transfer to the Minnesota
3.28 grown account and may be used as grants for
3.29 Minnesota grown promotion under Minnesota
3.30 Statutes, section 17.102. Grants may be made
3.31 for one year. Notwithstanding Minnesota
3.32 Statutes, section 16A.28, the appropriations
3.33 encumbered under contract on or before June
3.34 30, 2021, for Minnesota grown grants in this
3.35 paragraph are available until June 30, 2023.

4.1 (b) \$634,000 the first year and \$634,000 the
4.2 second year are for continuation of the dairy
4.3 development and profitability enhancement
4.4 and dairy business planning grant programs
4.5 established under Laws 1997, chapter 216,
4.6 section 7, subdivision 2, and Laws 2001, First
4.7 Special Session chapter 2, section 9,
4.8 subdivision 2. The commissioner may allocate
4.9 the available sums among permissible
4.10 activities, including efforts to improve the
4.11 quality of milk produced in the state, in the
4.12 proportions that the commissioner deems most
4.13 beneficial to Minnesota's dairy farmers. The
4.14 commissioner must submit a detailed
4.15 accomplishment report and a work plan
4.16 detailing future plans for, and anticipated
4.17 accomplishments from, expenditures under
4.18 this program to the chairs and ranking minority
4.19 members of the legislative committees with
4.20 jurisdiction over agriculture policy and finance
4.21 on or before the start of each fiscal year. If
4.22 significant changes are made to the plans in
4.23 the course of the year, the commissioner must
4.24 notify the chairs and ranking minority
4.25 members.

4.26 (c) The commissioner may use funds
4.27 appropriated in this subdivision for annual
4.28 cost-share payments to resident farmers or
4.29 entities that sell, process, or package
4.30 agricultural products in this state for the costs
4.31 of organic certification. The commissioner
4.32 may allocate these funds for assistance for
4.33 persons transitioning from conventional to
4.34 organic agriculture.

5.1 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 5.2 **Advancement**

23,600,000

23,600,000

5.3 (a) \$9,300,000 the first year and \$9,300,000
 5.4 the second year are for transfer to the
 5.5 agriculture research, education, extension, and
 5.6 technology transfer account under Minnesota
 5.7 Statutes, section 41A.14, subdivision 3. Of
 5.8 these amounts: at least \$600,000 the first year
 5.9 and \$600,000 the second year are for the
 5.10 Minnesota Agricultural Experiment Station's
 5.11 agriculture rapid response fund under
 5.12 Minnesota Statutes, section 41A.14,
 5.13 subdivision 1, clause (2); \$2,000,000 the first
 5.14 year and \$2,000,000 the second year are for
 5.15 grants to the Minnesota Agriculture Education
 5.16 Leadership Council to enhance agricultural
 5.17 education with priority given to Farm Business
 5.18 Management challenge grants; \$350,000 the
 5.19 first year and \$350,000 the second year are
 5.20 for potato breeding; and \$450,000 the first
 5.21 year and \$450,000 the second year are for the
 5.22 cultivated wild rice breeding project at the
 5.23 North Central Research and Outreach Center
 5.24 to include a tenure track/research associate
 5.25 plant breeder. The commissioner shall transfer
 5.26 the remaining funds in this appropriation each
 5.27 year to the Board of Regents of the University
 5.28 of Minnesota for purposes of Minnesota
 5.29 Statutes, section 41A.14. Of the amount
 5.30 transferred to the Board of Regents, up to
 5.31 \$1,000,000 each year is for research on avian
 5.32 influenza, including prevention measures that
 5.33 can be taken.

5.34 To the extent practicable, money expended
 5.35 under Minnesota Statutes, section 41A.14,
 5.36 subdivision 1, clauses (1) and (2), must

6.1 supplement and not supplant existing sources
6.2 and levels of funding. The commissioner may
6.3 use up to one percent of this appropriation for
6.4 costs incurred to administer the program.

6.5 (b) \$14,275,000 the first year and \$14,275,000
6.6 the second year are for the agricultural growth,
6.7 research, and innovation program in
6.8 Minnesota Statutes, section 41A.12. Except
6.9 as provided below, the commissioner may
6.10 allocate the appropriation each year among
6.11 the following areas: facilitating the start-up,
6.12 modernization, or expansion of livestock
6.13 operations including beginning and
6.14 transitioning livestock operations; developing
6.15 new markets for Minnesota farmers by
6.16 providing more fruits, vegetables, meat, grain,
6.17 and dairy for Minnesota school children;
6.18 assisting value-added agricultural businesses
6.19 to begin or expand, access new markets, or
6.20 diversify; providing funding not to exceed
6.21 \$250,000 each year for urban youth
6.22 agricultural education or urban agriculture
6.23 community development; providing funding
6.24 not to exceed \$250,000 each year for the good
6.25 food access program under Minnesota
6.26 Statutes, section 17.1017; facilitating the
6.27 start-up, modernization, or expansion of other
6.28 beginning and transitioning farms including
6.29 by providing loans under Minnesota Statutes,
6.30 section 41B.056; sustainable agriculture
6.31 on-farm research and demonstration;
6.32 development or expansion of food hubs and
6.33 other alternative community-based food
6.34 distribution systems; enhancing renewable
6.35 energy infrastructure and use; crop research;
6.36 Farm Business Management tuition assistance;

7.1 and good agricultural practices/good handling
7.2 practices certification assistance. The
7.3 commissioner may use up to 6.5 percent of
7.4 this appropriation for costs incurred to
7.5 administer the program.

7.6 Of the amount appropriated for the agricultural
7.7 growth, research, and innovation program in
7.8 Minnesota Statutes, section 41A.12:

7.9 (1) \$1,000,000 the first year and \$1,000,000
7.10 the second year are for distribution in equal
7.11 amounts to each of the state's county fairs to
7.12 preserve and promote Minnesota agriculture;
7.13 and

7.14 (2) \$1,500,000 the first year and \$1,500,000
7.15 the second year are for incentive payments
7.16 under Minnesota Statutes, sections 41A.16,
7.17 41A.17, and 41A.18. Notwithstanding
7.18 Minnesota Statutes, section 16A.28, the first
7.19 year appropriation is available until June 30,
7.20 2021, and the second year appropriation is
7.21 available until June 30, 2022. If this
7.22 appropriation exceeds the total amount for
7.23 which all producers are eligible in a fiscal
7.24 year, the balance of the appropriation is
7.25 available for the agricultural growth, research,
7.26 and innovation program.

7.27 The commissioner may use up to \$2,000,000
7.28 per year of the funds appropriated under this
7.29 subdivision to award value-added agriculture
7.30 grants of between \$200,000 and \$1,000,000
7.31 per grant for new or expanding agricultural
7.32 production or processing facilities that provide
7.33 significant economic impact to the region.

8.1 Appropriations in clauses (1) and (2) are
 8.2 onetime. Any unencumbered balance does not
 8.3 cancel at the end of the first year and is
 8.4 available for the second year. Notwithstanding
 8.5 Minnesota Statutes, section 16A.28,
 8.6 appropriations encumbered under contract on
 8.7 or before June 30, 2021, for agricultural
 8.8 growth, research, and innovation grants are
 8.9 available until June 30, 2024.

8.10 The base budget for the agricultural growth,
 8.11 research, and innovation program is
 8.12 \$14,275,000 for fiscal years 2022 and 2023
 8.13 and includes funding for incentive payments
 8.14 under Minnesota Statutes, sections 41A.16,
 8.15 41A.17, 41A.18, and 41A.20.

8.16 \$25,000 the first year and \$25,000 the second
 8.17 year are for grants to the Southern Minnesota
 8.18 Initiative Foundation to promote local foods
 8.19 through an annual event that raises public
 8.20 awareness of local foods and connects local
 8.21 food producers and processors with potential
 8.22 buyers.

8.23 **Subd. 5. Administration and Financial**
 8.24 **Assistance**

8,085,000

7,760,000

8.25 (a) \$474,000 the first year and \$474,000 the
 8.26 second year are for payments to county and
 8.27 district agricultural societies and associations
 8.28 under Minnesota Statutes, section 38.02,
 8.29 subdivision 1. Aid payments to county and
 8.30 district agricultural societies and associations
 8.31 shall be disbursed no later than July 15 of each
 8.32 year. These payments are the amount of aid
 8.33 from the state for an annual fair held in the
 8.34 previous calendar year.

- 9.1 (b) \$1,000 the first year and \$1,000 the second
9.2 year are for grants to the Minnesota State
9.3 Poultry Association.
- 9.4 (c) \$18,000 the first year and \$18,000 the
9.5 second year are for grants to the Minnesota
9.6 Livestock Breeders Association.
- 9.7 (d) \$47,000 the first year and \$47,000 the
9.8 second year are for the Northern Crops
9.9 Institute. These appropriations may be spent
9.10 to purchase equipment.
- 9.11 (e) \$267,000 the first year and \$267,000 the
9.12 second year are for farm advocate services.
- 9.13 (f) \$17,000 the first year and \$17,000 the
9.14 second year are for grants to the Minnesota
9.15 Horticultural Society.
- 9.16 (g) \$228,000 the first year and \$228,000 the
9.17 second year are for transfer to the Board of
9.18 Trustees of the Minnesota State Colleges and
9.19 Universities for statewide mental health
9.20 counseling support to farm families and
9.21 business operators. South Central College shall
9.22 serve as the fiscal agent.
- 9.23 (h) \$550,000 the first year and \$550,000 the
9.24 second year are for grants to Second Harvest
9.25 Heartland on behalf of Minnesota's six
9.26 Feeding America food banks for the purchase
9.27 of milk for distribution to Minnesota's food
9.28 shelves and other charitable organizations that
9.29 are eligible to receive food from the food
9.30 banks. Milk purchased under the grants must
9.31 be acquired from Minnesota milk processors
9.32 and based on low-cost bids. The milk must be
9.33 allocated to each Feeding America food bank
9.34 servicing Minnesota according to the formula

10.1 used in the distribution of United States
10.2 Department of Agriculture commodities under
10.3 The Emergency Food Assistance Program
10.4 (TEFAP). Second Harvest Heartland must
10.5 submit quarterly reports to the commissioner
10.6 on forms prescribed by the commissioner. The
10.7 reports must include, but are not limited to,
10.8 information on the expenditure of funds, the
10.9 amount of milk purchased, and the
10.10 organizations to which the milk was
10.11 distributed. Second Harvest Heartland may
10.12 enter into contracts or agreements with food
10.13 banks for shared funding or reimbursement of
10.14 the direct purchase of milk. Each food bank
10.15 receiving money from this appropriation may
10.16 use up to two percent of the grant for
10.17 administrative expenses. Any unencumbered
10.18 balance does not cancel at the end of the first
10.19 year and is available for the second year.
10.20 (i) \$1,100,000 the first year and \$1,100,000
10.21 the second year are for grants to Second
10.22 Harvest Heartland on behalf of the six Feeding
10.23 America food banks that serve Minnesota to
10.24 compensate agricultural producers and
10.25 processors for costs incurred to harvest and
10.26 package for transfer surplus fruits, vegetables,
10.27 and other agricultural commodities that would
10.28 otherwise go unharvested, be discarded, or
10.29 sold in a secondary market. Surplus
10.30 commodities must be distributed statewide to
10.31 food shelves and other charitable organizations
10.32 that are eligible to receive food from the food
10.33 banks. Surplus food acquired under this
10.34 appropriation must be from Minnesota
10.35 producers and processors. Second Harvest
10.36 Heartland must report in the form prescribed

11.1 by the commissioner. Second Harvest
 11.2 Heartland may use up to 15 percent of each
 11.3 grant for matching administrative and
 11.4 transportation expenses. Any unencumbered
 11.5 balance does not cancel at the end of the first
 11.6 year and is available for the second year.

11.7 (j) \$150,000 the first year and \$150,000 the
 11.8 second year are for grants to the Center for
 11.9 Rural Policy and Development.

11.10 (k) \$235,000 the first year and \$235,000 the
 11.11 second year are for grants to the Minnesota
 11.12 Agricultural Education and Leadership
 11.13 Council for programs of the council under
 11.14 Minnesota Statutes, chapter 41D.

11.15 Sec. 3. <u>BOARD OF ANIMAL HEALTH</u>	\$	<u>5,935,000</u>	\$	<u>6,256,000</u>
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11.16 Sec. 4. <u>AGRICULTURAL UTILIZATION</u>				
11.17 <u>RESEARCH INSTITUTE</u>	\$	<u>3,897,000</u>	\$	<u>3,900,000</u>

11.18 Sec. 5. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as
 11.19 amended by Laws 2016, chapter 184, section 11, Laws 2016, chapter 189, article 2, section
 11.20 26, and Laws 2017, chapter 88, article 1, section 5, is amended to read:

11.21 Subd. 4. Agriculture, Bioenergy, and Bioproduct		
11.22 Advancement	14,993,000	18,316,000

11.23 \$4,483,000 the first year and \$8,500,000 the
 11.24 second year are for transfer to the agriculture
 11.25 research, education, extension, and technology
 11.26 transfer account under Minnesota Statutes,
 11.27 section 41A.14, subdivision 3. The transfer in
 11.28 this paragraph includes money for plant
 11.29 breeders at the University of Minnesota for
 11.30 wild rice, potatoes, and grapes. Of these
 11.31 amounts, at least \$600,000 each year is for the
 11.32 Minnesota Agricultural Experiment Station's
 11.33 Agriculture Rapid Response Fund under
 11.34 Minnesota Statutes, section 41A.14,

12.1 subdivision 1, clause (2). Of the amount
12.2 appropriated in this paragraph, \$1,000,000
12.3 each year is for transfer to the Board of
12.4 Regents of the University of Minnesota for
12.5 research to determine (1) what is causing avian
12.6 influenza, (2) why some fowl are more
12.7 susceptible, and (3) prevention measures that
12.8 can be taken. Of the amount appropriated in
12.9 this paragraph, \$2,000,000 each year is for
12.10 grants to the Minnesota Agriculture Education
12.11 Leadership Council to enhance agricultural
12.12 education with priority given to Farm Business
12.13 Management challenge grants. The
12.14 commissioner shall transfer the remaining
12.15 grant funds in this appropriation each year to
12.16 the Board of Regents of the University of
12.17 Minnesota for purposes of Minnesota Statutes,
12.18 section 41A.14.

12.19 To the extent practicable, funds expended
12.20 under Minnesota Statutes, section 41A.14,
12.21 subdivision 1, clauses (1) and (2), must
12.22 supplement and not supplant existing sources
12.23 and levels of funding. The commissioner may
12.24 use up to 4.5 percent of this appropriation for
12.25 costs incurred to administer the program. Any
12.26 unencumbered balance does not cancel at the
12.27 end of the first year and is available for the
12.28 second year.

12.29 \$10,235,000 the first year and \$9,541,000 the
12.30 second year are for the agricultural growth,
12.31 research, and innovation program in
12.32 Minnesota Statutes, section 41A.12. No later
12.33 than February 1, 2016, and February 1, 2017,
12.34 the commissioner must report to the legislative
12.35 committees with jurisdiction over agriculture

13.1 policy and finance regarding the
13.2 commissioner's accomplishments and
13.3 anticipated accomplishments in the following
13.4 areas: facilitating the start-up, modernization,
13.5 or expansion of livestock operations including
13.6 beginning and transitioning livestock
13.7 operations; developing new markets for
13.8 Minnesota farmers by providing more fruits,
13.9 vegetables, meat, grain, and dairy for
13.10 Minnesota school children; assisting
13.11 value-added agricultural businesses to begin
13.12 or expand, access new markets, or diversify
13.13 products; developing urban agriculture;
13.14 facilitating the start-up, modernization, or
13.15 expansion of other beginning and transitioning
13.16 farms including loans under Minnesota
13.17 Statutes, section 41B.056; sustainable
13.18 agriculture on farm research and
13.19 demonstration; development or expansion of
13.20 food hubs and other alternative
13.21 community-based food distribution systems;
13.22 incentive payments under Minnesota Statutes,
13.23 sections 41A.16, 41A.17, and 41A.18; and
13.24 research on bioenergy, biobased content, or
13.25 biobased formulated products and other
13.26 renewable energy development. The
13.27 commissioner may use up to 4.5 percent of
13.28 this appropriation for costs incurred to
13.29 administer the program. Any unencumbered
13.30 balance does not cancel at the end of the first
13.31 year and is available for the second year.
13.32 Notwithstanding Minnesota Statutes, section
13.33 16A.28, the appropriations encumbered under
13.34 contract on or before June 30, 2017, for
13.35 agricultural growth, research, and innovation
13.36 grants are available until June 30, ~~2019~~ 2020.

14.1 The commissioner may use funds appropriated
14.2 for the agricultural growth, research, and
14.3 innovation program as provided in this
14.4 paragraph. The commissioner may award
14.5 grants to owners of Minnesota facilities
14.6 producing bioenergy, biobased content, or a
14.7 biobased formulated product; to organizations
14.8 that provide for on-station, on-farm field scale
14.9 research and outreach to develop and test the
14.10 agronomic and economic requirements of
14.11 diverse strands of prairie plants and other
14.12 perennials for bioenergy systems; or to certain
14.13 nongovernmental entities. For the purposes of
14.14 this paragraph, "bioenergy" includes
14.15 transportation fuels derived from cellulosic
14.16 material, as well as the generation of energy
14.17 for commercial heat, industrial process heat,
14.18 or electrical power from cellulosic materials
14.19 via gasification or other processes. Grants are
14.20 limited to 50 percent of the cost of research,
14.21 technical assistance, or equipment related to
14.22 bioenergy, biobased content, or biobased
14.23 formulated product production or \$500,000,
14.24 whichever is less. Grants to nongovernmental
14.25 entities for the development of business plans
14.26 and structures related to community ownership
14.27 of eligible bioenergy facilities together may
14.28 not exceed \$150,000. The commissioner shall
14.29 make a good-faith effort to select projects that
14.30 have merit and, when taken together, represent
14.31 a variety of bioenergy technologies, biomass
14.32 feedstocks, and geographic regions of the
14.33 state. Projects must have a qualified engineer
14.34 provide certification on the technology and
14.35 fuel source. Grantees must provide reports at
14.36 the request of the commissioner.

15.1 Of the amount appropriated for the agricultural
15.2 growth, research, and innovation program in
15.3 this subdivision, \$1,000,000 the first year and
15.4 \$1,000,000 the second year are for distribution
15.5 in equal amounts to each of the state's county
15.6 fairs to preserve and promote Minnesota
15.7 agriculture.

15.8 Of the amount appropriated for the agricultural
15.9 growth, research, and innovation program in
15.10 this subdivision, \$500,000 in fiscal year 2016
15.11 and \$806,000 in fiscal year 2017 are for
15.12 incentive payments under Minnesota Statutes,
15.13 sections 41A.16, 41A.17, and 41A.18. If the
15.14 appropriation exceeds the total amount for
15.15 which all producers are eligible in a fiscal
15.16 year, the balance of the appropriation is
15.17 available to the commissioner for the
15.18 agricultural growth, research, and innovation
15.19 program. Notwithstanding Minnesota Statutes,
15.20 section 16A.28, the first year appropriation is
15.21 available until June 30, 2017, and the second
15.22 year appropriation is available until June 30,
15.23 2018. The commissioner may use up to 4.5
15.24 percent of the appropriation for administration
15.25 of the incentive payment programs.

15.26 Of the amount appropriated for the agricultural
15.27 growth, research, and innovation program in
15.28 this subdivision, \$250,000 the first year is for
15.29 grants to communities to develop or expand
15.30 food hubs and other alternative
15.31 community-based food distribution systems.

15.32 Of this amount, \$50,000 is for the
15.33 commissioner to consult with existing food
15.34 hubs, alternative community-based food
15.35 distribution systems, and University of

16.1 Minnesota Extension to identify best practices
16.2 for use by other Minnesota communities. No
16.3 later than December 15, 2015, the
16.4 commissioner must report to the legislative
16.5 committees with jurisdiction over agriculture
16.6 and health regarding the status of emerging
16.7 alternative community-based food distribution
16.8 systems in the state along with
16.9 recommendations to eliminate any barriers to
16.10 success. Any unencumbered balance does not
16.11 cancel at the end of the first year and is
16.12 available for the second year. This is a onetime
16.13 appropriation.

16.14 \$250,000 the first year and \$250,000 the
16.15 second year are for grants that enable retail
16.16 petroleum dispensers to dispense biofuels to
16.17 the public in accordance with the biofuel
16.18 replacement goals established under
16.19 Minnesota Statutes, section 239.7911. A retail
16.20 petroleum dispenser selling petroleum for use
16.21 in spark ignition engines for vehicle model
16.22 years after 2000 is eligible for grant money
16.23 under this paragraph if the retail petroleum
16.24 dispenser has no more than 15 retail petroleum
16.25 dispensing sites and each site is located in
16.26 Minnesota. The grant money received under
16.27 this paragraph must be used for the installation
16.28 of appropriate technology that uses fuel
16.29 dispensing equipment appropriate for at least
16.30 one fuel dispensing site to dispense gasoline
16.31 that is blended with 15 percent of
16.32 agriculturally derived, denatured ethanol, by
16.33 volume, and appropriate technical assistance
16.34 related to the installation. A grant award must
16.35 not exceed 85 percent of the cost of the
16.36 technical assistance and appropriate

17.1 technology, including remetering of and
 17.2 retrofits for retail petroleum dispensers and
 17.3 replacement of petroleum dispenser projects.
 17.4 The commissioner may use up to \$35,000 of
 17.5 this appropriation for administrative expenses.
 17.6 The commissioner shall cooperate with biofuel
 17.7 stakeholders in the implementation of the grant
 17.8 program. The commissioner must report to
 17.9 the legislative committees with jurisdiction
 17.10 over agriculture policy and finance by
 17.11 February 1 each year, detailing the number of
 17.12 grants awarded under this paragraph and the
 17.13 projected effect of the grant program on
 17.14 meeting the biofuel replacement goals under
 17.15 Minnesota Statutes, section 239.7911. These
 17.16 are onetime appropriations.
 17.17 \$25,000 the first year and \$25,000 the second
 17.18 year are for grants to the Southern Minnesota
 17.19 Initiative Foundation to promote local foods
 17.20 through an annual event that raises public
 17.21 awareness of local foods and connects local
 17.22 food producers and processors with potential
 17.23 buyers.

17.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.25 Sec. 6. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

17.26 Subd. 2. **Protection Services** 17,821,000 17,825,000

17.27	Appropriations by Fund	
17.28	2018	2019
17.29	General	17,428,000 17,428,000
17.30	Remediation	393,000 397,000

17.31 (a) \$25,000 the first year and \$25,000 the
 17.32 second year are to develop and maintain
 17.33 cottage food license exemption outreach and
 17.34 training materials.

18.1 (b) \$75,000 the first year and \$75,000 the
18.2 second year are to coordinate the correctional
18.3 facility vocational training program and to
18.4 assist entities that have explored the feasibility
18.5 of establishing a USDA-certified or state
18.6 "equal to" food processing facility within 30
18.7 miles of the Northeast Regional Corrections
18.8 Center.

18.9 (c) \$125,000 the first year and \$125,000 the
18.10 second year are for additional funding for the
18.11 noxious weed and invasive plant program.
18.12 These are onetime appropriations.

18.13 (d) \$250,000 the first year and \$250,000 the
18.14 second year are for transfer to the pollinator
18.15 habitat and research account in the agricultural
18.16 fund. These are onetime transfers.

18.17 (e) \$393,000 the first year and \$397,000 the
18.18 second year are from the remediation fund for
18.19 administrative funding for the voluntary
18.20 cleanup program.

18.21 (f) \$200,000 the first year and \$200,000 the
18.22 second year are for the industrial hemp pilot
18.23 program under Minnesota Statutes, section
18.24 18K.09. These are onetime appropriations.

18.25 (g) \$175,000 the first year and \$175,000 the
18.26 second year are for compensation for
18.27 destroyed or crippled livestock under
18.28 Minnesota Statutes, section 3.737. This
18.29 appropriation may be spent to compensate for
18.30 livestock that were destroyed or crippled
18.31 during fiscal year 2017. If the amount in the
18.32 first year is insufficient, the amount in the
18.33 second year is available in the first year. The
18.34 commissioner may use up to \$5,000 of this

19.1 appropriation the second year to reimburse
19.2 expenses incurred by university extension
19.3 agents to provide fair market values of
19.4 destroyed or crippled livestock.

19.5 (h) \$155,000 the first year and \$155,000 the
19.6 second year are for compensation for crop
19.7 damage under Minnesota Statutes, section
19.8 3.7371. If the amount in the first year is
19.9 insufficient, the amount in the second year is
19.10 available in the first year. The commissioner
19.11 may use up to \$30,000 of the appropriation
19.12 each year to reimburse expenses incurred by
19.13 the commissioner or the commissioner's
19.14 approved agent to investigate and resolve
19.15 claims.

19.16 If the commissioner determines that claims
19.17 made under Minnesota Statutes, section 3.737
19.18 or 3.7371, are unusually high, amounts
19.19 appropriated for either program may be
19.20 transferred to the appropriation for the other
19.21 program.

19.22 (i) \$250,000 the first year and \$250,000 the
19.23 second year are to expand current capabilities
19.24 for rapid detection, identification, containment,
19.25 control, and management of high priority plant
19.26 pests and pathogens. These are onetime
19.27 appropriations.

19.28 (j) \$300,000 the first year and \$300,000 the
19.29 second year are for transfer to the noxious
19.30 weed and invasive plant species assistance
19.31 account in the agricultural fund to award
19.32 grants to local units of government under
19.33 Minnesota Statutes, section 18.90, with
19.34 preference given to local units of government
19.35 responding to Palmer amaranth or other weeds

20.1 on the eradicate list. These are onetime
 20.2 transfers.
 20.3 (k) \$120,000 the first year and \$120,000 the
 20.4 second year are for wolf-livestock conflict
 20.5 prevention grants under article 2, section 89.
 20.6 The commissioner must submit a report to the
 20.7 chairs and ranking minority members of the
 20.8 legislative committees with jurisdiction over
 20.9 agriculture policy and finance by January 15,
 20.10 2020, on the outcomes of the wolf-livestock
 20.11 conflict prevention grants and whether
 20.12 livestock compensation claims were reduced
 20.13 in the areas that grants were awarded. These
 20.14 are onetime appropriations.

20.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.16 Sec. 7. Laws 2017, chapter 88, article 1, section 2, subdivision 4, is amended to read:

20.17 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 20.18 **Advancement**

	22,581,000	22,636,000
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20.19 (a) \$9,300,000 the first year and \$9,300,000
 20.20 the second year are for transfer to the
 20.21 agriculture research, education, extension, and
 20.22 technology transfer account under Minnesota
 20.23 Statutes, section 41A.14, subdivision 3. Of
 20.24 these amounts: at least \$600,000 the first year
 20.25 and \$600,000 the second year are for the
 20.26 Minnesota Agricultural Experiment Station's
 20.27 agriculture rapid response fund under
 20.28 Minnesota Statutes, section 41A.14,
 20.29 subdivision 1, clause (2); \$2,000,000 the first
 20.30 year and \$2,000,000 the second year are for
 20.31 grants to the Minnesota Agriculture Education
 20.32 Leadership Council to enhance agricultural
 20.33 education with priority given to Farm Business
 20.34 Management challenge grants; \$350,000 the

21.1 first year and \$350,000 the second year are
21.2 for potato breeding; and \$450,000 the first
21.3 year and \$450,000 the second year are for the
21.4 cultivated wild rice breeding project at the
21.5 North Central Research and Outreach Center
21.6 to include a tenure track/research associate
21.7 plant breeder. The commissioner shall transfer
21.8 the remaining funds in this appropriation each
21.9 year to the Board of Regents of the University
21.10 of Minnesota for purposes of Minnesota
21.11 Statutes, section 41A.14. Of the amount
21.12 transferred to the Board of Regents, up to
21.13 \$1,000,000 each year is for research on avian
21.14 influenza, including prevention measures that
21.15 can be taken.

21.16 To the extent practicable, funds expended
21.17 under Minnesota Statutes, section 41A.14,
21.18 subdivision 1, clauses (1) and (2), must
21.19 supplement and not supplant existing sources
21.20 and levels of funding. The commissioner may
21.21 use up to one percent of this appropriation for
21.22 costs incurred to administer the program.

21.23 (b) \$13,256,000 the first year and \$13,311,000
21.24 the second year are for the agricultural growth,
21.25 research, and innovation program in
21.26 Minnesota Statutes, section 41A.12. Except
21.27 as provided below, the commissioner may
21.28 allocate the appropriation each year among
21.29 the following areas: facilitating the start-up,
21.30 modernization, or expansion of livestock
21.31 operations including beginning and
21.32 transitioning livestock operations; developing
21.33 new markets for Minnesota farmers by
21.34 providing more fruits, vegetables, meat, grain,
21.35 and dairy for Minnesota school children;

22.1 assisting value-added agricultural businesses
22.2 to begin or expand, access new markets, or
22.3 diversify; providing funding not to exceed
22.4 \$250,000 each year for urban youth
22.5 agricultural education or urban agriculture
22.6 community development; providing funding
22.7 not to exceed \$250,000 each year for the good
22.8 food access program under Minnesota
22.9 Statutes, section 17.1017; facilitating the
22.10 start-up, modernization, or expansion of other
22.11 beginning and transitioning farms including
22.12 by providing loans under Minnesota Statutes,
22.13 section 41B.056; sustainable agriculture
22.14 on-farm research and demonstration;
22.15 development or expansion of food hubs and
22.16 other alternative community-based food
22.17 distribution systems; enhancing renewable
22.18 energy infrastructure and use; crop research;
22.19 Farm Business Management tuition assistance;
22.20 good agricultural practices/good handling
22.21 practices certification assistance; establishing
22.22 and supporting farmer-led water management
22.23 councils; and implementing farmer-led water
22.24 quality improvement practices. The
22.25 commissioner may use up to 6.5 percent of
22.26 this appropriation for costs incurred to
22.27 administer the program.

22.28 Of the amount appropriated for the agricultural
22.29 growth, research, and innovation program in
22.30 Minnesota Statutes, section 41A.12:

22.31 (1) \$1,000,000 the first year and \$1,000,000
22.32 the second year are for distribution in equal
22.33 amounts to each of the state's county fairs to
22.34 preserve and promote Minnesota agriculture;
22.35 and

23.1 (2) \$1,500,000 the first year and \$1,500,000
23.2 the second year are for incentive payments
23.3 under Minnesota Statutes, sections 41A.16,
23.4 41A.17, and 41A.18. Notwithstanding
23.5 Minnesota Statutes, section 16A.28, the first
23.6 year appropriation is available until June 30,
23.7 2019, and the second year appropriation is
23.8 available until June 30, 2020. If this
23.9 appropriation exceeds the total amount for
23.10 which all producers are eligible in a fiscal
23.11 year, the balance of the appropriation is
23.12 available for the agricultural growth, research,
23.13 and innovation program.

23.14 The commissioner may use funds appropriated
23.15 under this subdivision to award up to two
23.16 value-added agriculture grants per year of up
23.17 to \$1,000,000 per grant for new or expanding
23.18 agricultural production or processing facilities
23.19 that provide significant economic impact to
23.20 the region. The commissioner may use funds
23.21 appropriated under this subdivision for
23.22 additional value-added agriculture grants for
23.23 awards between \$1,000 and \$200,000 per
23.24 grant.

23.25 Appropriations in clauses (1) and (2) are
23.26 onetime. Any unencumbered balance does not
23.27 cancel at the end of the first year and is
23.28 available for the second year. Notwithstanding
23.29 Minnesota Statutes, section 16A.28,
23.30 appropriations encumbered under contract on
23.31 or before June 30, 2019, for agricultural
23.32 growth, research, and innovation grants are
23.33 available until June 30, ~~2021~~ 2022.

23.34 The base budget for the agricultural growth,
23.35 research, and innovation program is

24.1 \$14,275,000 for fiscal years 2020 and 2021
24.2 and includes funding for incentive payments
24.3 under Minnesota Statutes, sections 41A.16,
24.4 41A.17, 41A.18, and 41A.20.

24.5 The commissioner must develop additional
24.6 innovative production incentive programs to
24.7 be funded by the agricultural growth, research,
24.8 and innovation program.

24.9 The commissioner must consult with the
24.10 commissioner of transportation, the
24.11 commissioner of administration, and local
24.12 units of government to identify parcels of
24.13 publicly owned land that are suitable for urban
24.14 agriculture.

24.15 (c) \$25,000 the first year and \$25,000 the
24.16 second year are for grants to the Southern
24.17 Minnesota Initiative Foundation to promote
24.18 local foods through an annual event that raises
24.19 public awareness of local foods and connects
24.20 local food producers and processors with
24.21 potential buyers.

24.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.