

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 3536

(SENATE AUTHORS: WEBER)

DATE	D-PG	OFFICIAL STATUS
03/19/2018	6776	Introduction and first reading
		Referred to Agriculture, Rural Development, and Housing Policy
03/26/2018		Comm report: To pass as amended
		Second reading

1.1 A bill for an act

1.2 relating to agriculture; making policy and technical changes to various agricultural

1.3 provisions; classifying agricultural research data maintained by the University of

1.4 Minnesota; amending Minnesota Statutes 2016, sections 13.643, subdivision 7;

1.5 17.494; 17.4982, by adding subdivisions; 18.83, subdivision 7; 25.33, subdivision

1.6 8; 29.26; 34A.11, subdivision 7; 41A.15, subdivision 10, by adding a subdivision;

1.7 41A.16, subdivisions 1, 2, 4; 41A.17, subdivisions 1, 2, 3; 41A.18, subdivisions

1.8 1, 3; 41B.02, subdivision 10a; 41B.047, subdivisions 1, 3; 41B.049, subdivision

1.9 5; 41B.055, subdivision 3; 41B.057, subdivision 3; 103H.275, subdivision 1;

1.10 Minnesota Statutes 2017 Supplement, sections 32D.13, by adding a subdivision;

1.11 32D.20, subdivision 2; 32D.22; 41B.0391, subdivision 1; proposing coding for

1.12 new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 2016,

1.13 section 41A.15, subdivisions 2a, 2b.

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

1.15 Section 1. Minnesota Statutes 2016, section 13.643, subdivision 7, is amended to read:

1.16 Subd. 7. **Research, monitoring, or assessment data.** (a) Except as provided in paragraph

1.17 (b), the following data created, collected, ~~and~~ or maintained by the Department of Agriculture

1.18 or the University of Minnesota during research, monitoring, or the assessment of farm

1.19 practices and related to natural resources, the environment, agricultural facilities, or

1.20 agricultural practices are classified as private or nonpublic:

1.21 (1) names, addresses, telephone numbers, and e-mail addresses of study participants or

1.22 cooperators; ~~and~~

1.23 (2) location of research, study site, and global positioning system data; and

1.24 (3) data created, collected, or maintained by the University of Minnesota for inclusion

1.25 on an agricultural data analysis platform maintained and hosted by the University of

1.26 Minnesota that identify or could identify an individual or business.

2.1 (b) The following data are public:

2.2 (1) location data and unique well numbers for wells and springs unless protected under
2.3 section 18B.10 or another statute or rule; and

2.4 (2) data from samples collected from a public water supply as defined in section 144.382,
2.5 subdivision 4.

2.6 (c) The Department of Agriculture or the University of Minnesota may disclose data
2.7 collected under paragraph (a) if the Department of Agriculture or the University of Minnesota
2.8 determines that there is a substantive threat to human health and safety or to the environment,
2.9 or to aid in the law enforcement process. The Department of Agriculture or the University
2.10 of Minnesota may also disclose data with written consent of the subject of the data.

2.11 Sec. 2. Minnesota Statutes 2016, section 17.494, is amended to read:

2.12 **17.494 AQUACULTURE PERMITS; RULES.**

2.13 (a) The commissioner shall act as permit or license coordinator for aquatic farmers and
2.14 shall assist aquatic farmers to obtain licenses or permits.

2.15 ~~By July 1, 1992,~~ (b) A state agency issuing multiple permits or licenses for aquaculture
2.16 shall consolidate the permits or licenses required for every aquatic farm location. The
2.17 Department of Natural Resources transportation permits are exempt from this requirement.
2.18 State agencies shall adopt rules or issue commissioner's orders that establish permit and
2.19 license requirements, approval timelines, and compliance standards. Saltwater aquatic farms,
2.20 as defined in section 17.4982, and processing facilities for saltwater aquatic life, as defined
2.21 in section 17.4982, must be classified as agricultural operations for purposes of any
2.22 construction, discharge, or other permit issued by the Pollution Control Agency.

2.23 Nothing in this section modifies any state agency's regulatory authority over aquaculture
2.24 production.

2.25 Sec. 3. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
2.26 read:

2.27 Subd. 20a. **Saltwater aquaculture.** "Saltwater aquaculture" means the commercial
2.28 propagation and rearing of saltwater aquatic life including, but not limited to, crustaceans,
2.29 primarily for consumption as human food.

3.1 Sec. 4. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
3.2 read:

3.3 Subd. 20b. **Saltwater aquatic farm.** "Saltwater aquatic farm" means a facility used for
3.4 saltwater aquaculture including but not limited to artificial ponds, vats, tanks, raceways,
3.5 and other facilities that an aquatic farmer owns or has exclusive control of for the sole
3.6 purpose of producing saltwater aquatic life.

3.7 Sec. 5. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
3.8 read:

3.9 Subd. 20c. **Saltwater aquatic life.** "Saltwater aquatic life" means aquatic species that
3.10 are saltwater obligates or perform optimally when raised in salinities closer to that of natural
3.11 seawater and need saltwater to survive.

3.12 Sec. 6. [17.499] **TRANSPORTATION OR IMPORTATION OF SALTWATER**
3.13 **AQUATIC LIFE; QUARANTINE REQUIREMENT.**

3.14 Subdivision 1. **Purpose.** The legislature finds that it is in the public interest to increase
3.15 private saltwater aquaculture production and processing in this state under the coordination
3.16 of the commissioner of agriculture. Additional private production will reduce dependence
3.17 on foreign suppliers and benefit the rural economy by creating new jobs and economic
3.18 activity.

3.19 Subd. 2. **Transportation permit.** (a) Notwithstanding the requirements in section
3.20 17.4985, saltwater aquatic life transportation and importation requirements are governed
3.21 by this section. A transportation permit is required prior to any importation or intrastate
3.22 transportation of saltwater aquatic life not exempted under subdivision 3. A transportation
3.23 permit may be used for multiple shipments within the 30-day term of the permit if the source
3.24 and the destination remain the same. Transportation permits must be obtained from the
3.25 commissioner prior to shipment of saltwater aquatic life.

3.26 (b) An application for a transportation permit must be made in the form required by the
3.27 commissioner. The commissioner may reject an incomplete application.

3.28 (c) An application for a transportation permit must be accompanied by satisfactory
3.29 evidence, as determined by the commissioner, that the shipment is free of any nonindigenous
3.30 species of animal other than the saltwater aquatic species and either:

3.31 (1) the facility from which the saltwater aquatic life originated has provided
3.32 documentation of 36 or more consecutive months of negative testing by an approved

4.1 laboratory as free of any disease listed by OIE - the World Organisation for Animal Health
4.2 for that species following the testing guidelines outlined in the OIE Aquatic Animal Health
4.3 Code for crustaceans or the AFS Fish Health Blue Book for other species, as appropriate;
4.4 or

4.5 (2) the saltwater aquatic life to be imported or transported includes documentation of
4.6 negative testing for that specific lot by an approved laboratory as free of any disease listed
4.7 by OIE - the World Organisation for Animal Health for crustaceans or in the AFS Fish
4.8 Health Blue Book for other species, as appropriate.

4.9 If a shipment authorized by the commissioner under clause (1) includes saltwater aquatic
4.10 life that originated in a foreign country, the shipment must be quarantined at the receiving
4.11 facility according to a quarantine plan approved by the commissioner. A shipment authorized
4.12 by the commissioner under clause (2) must be quarantined at the receiving facility according
4.13 to a quarantine plan approved by the commissioner.

4.14 (d) For purposes of this subdivision, "approved laboratory" means a laboratory approved
4.15 by the commissioner or the United States Department of Agriculture, Animal and Plant
4.16 Health Inspection Services.

4.17 (e) No later than 14 calendar days after a completed transportation permit application
4.18 is received, the commissioner must approve or deny the transportation permit application.

4.19 (f) A copy of the transportation permit must accompany a shipment of saltwater aquatic
4.20 life while in transit and must be available for inspection by the commissioner.

4.21 (g) A vehicle used by a licensee for transporting aquatic life must be identified with the
4.22 license number and the licensee's name and town of residence as it appears on the license.
4.23 A vehicle used by a licensee must have identification displayed so that it is readily visible
4.24 from either side of the vehicle in letters and numbers not less than 2-1/2 inches high and
4.25 three-eighths inch wide. Identification may be permanently affixed to vehicles or displayed
4.26 on removable plates or placards placed on opposite doors of the vehicle or on the tanks
4.27 carried on the vehicle.

4.28 (h) An application to license a vehicle for brood stock or larvae transport or for use as
4.29 a saltwater aquatic life vendor that is received by the commissioner is a temporary license
4.30 until approved or denied by the commissioner.

4.31 Subd. 3. Exemptions. (a) A transportation permit is not required to transport or import
4.32 saltwater aquatic life:

4.33 (1) previously processed for use as food or other purposes unrelated to propagation;

5.1 (2) transported directly to an outlet for processing as food or for other food purposes if
 5.2 accompanied by shipping documents;

5.3 (3) that is being exported if accompanied by shipping documents;

5.4 (4) that is being transported through the state if accompanied by shipping documents;

5.5 or

5.6 (5) transported intrastate within or between facilities licensed for saltwater aquaculture
 5.7 by the commissioner if accompanied by shipping documents.

5.8 (b) Shipping documents required under paragraph (a) must include the place of origin,
 5.9 owner or consignee, destination, number, species, and satisfactory evidence, as determined
 5.10 by the commissioner, of the disease-free certification required under subdivision 2, paragraph
 5.11 (c), clauses (1) and (2).

5.12 Sec. 7. Minnesota Statutes 2016, section 18.83, subdivision 7, is amended to read:

5.13 Subd. 7. **Expenses; reimbursements.** A claim for the expense of controlling or
 5.14 eradicating noxious weeds, which may include the costs of serving notices, is a legal charge
 5.15 against the county in which the land is located. The officers having the work done must file
 5.16 with the county auditor a verified and itemized statement of cost for all services rendered
 5.17 on each separate tract or lot of land. The county auditor shall immediately issue proper
 5.18 warrants to the persons named on the statement as having rendered services. To reimburse
 5.19 the county for its expenditure in this regard, the county auditor shall certify the total amount
 5.20 due and, unless an appeal is made in accordance with section 18.84, enter it on the tax roll
 5.21 as a tax upon the land and it must be collected as other real estate taxes are collected.

5.22 If ~~public~~ publicly owned or managed land is involved, the amount due must be paid
 5.23 from ~~funds provided~~ money appropriated for maintenance of the land or from the general
 5.24 revenue or operating fund of the agency responsible for the land. ~~Each claim for control or~~
 5.25 ~~eradication of noxious weeds on public lands must first be approved by the commissioner~~
 5.26 ~~of agriculture.~~

5.27 Sec. 8. Minnesota Statutes 2016, section 25.33, subdivision 8, is amended to read:

5.28 Subd. 8. **Drug.** "Drug" means (1) any article intended for use in the diagnosis, cure,
 5.29 mitigation, treatment, or prevention of disease in animals other than humans; and (2) articles
 5.30 other than feed intended to affect the structure or any function of the animal body.

6.1 Sec. 9. Minnesota Statutes 2016, section 29.26, is amended to read:

6.2 **29.26 EGGS IN POSSESSION OF RETAILER.**

6.3 All eggs sold or offered for sale at retail must have been candled and graded and must
6.4 be clearly labeled according to Minnesota consumer grades as established by rule under
6.5 section 29.23. No eggs shall be sold or offered for sale as "ungraded," "unclassified," or by
6.6 any other name that does not clearly designate the grade. All eggs in possession of the
6.7 retailer, either in temporary storage or on display, must be held at a temperature not to
6.8 exceed 45 degrees Fahrenheit (7 degrees Celsius).

6.9 ~~Candled and graded~~ Grade AA eggs held 31 days past the coded pack date for Grade
6.10 AA eggs, or Grade A eggs held 46 days past the coded pack date for Grade A eggs, lose
6.11 their grades and must be removed from sale.

6.12 Sec. 10. Minnesota Statutes 2017 Supplement, section 32D.13, is amended by adding a
6.13 subdivision to read:

6.14 Subd. 11. **Milk storage requirement.** (a) A milk hauler may only pick up milk from
6.15 farms with a bulk tank that is in proper working order.

6.16 (b) Milk must not have been stored for longer than 72 hours when the milk is picked up
6.17 by a milk hauler at a farm for transport to a plant. The commissioner or an agent of the
6.18 commissioner may waive the 72-hour time limit in the case of hardship, emergency, or
6.19 natural disaster.

6.20 Sec. 11. Minnesota Statutes 2017 Supplement, section 32D.20, subdivision 2, is amended
6.21 to read:

6.22 Subd. 2. **Labels.** (a) Pasteurized milk or fluid milk products offered or exposed for sale
6.23 or held in possession for sale shall be labeled or otherwise designated as pasteurized milk
6.24 or pasteurized fluid milk products, and in the case of fluid milk products the label shall also
6.25 state the name of the specific product.

6.26 (b) Milk and dairy products must be labeled (1) with the plant number where the product
6.27 was produced; or (2) if produced in a state where official plant numbers are not assigned,
6.28 with the name and address of the manufacturer ~~and the address of the plant where it was~~
6.29 ~~manufactured~~ or distributor.

6.30 Sec. 12. Minnesota Statutes 2017 Supplement, section 32D.22, is amended to read:

6.31 **32D.22 MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

7.1 (a) No person, firm, or corporation shall manufacture, transport, sell, offer, or expose
 7.2 for sale or have in possession with intent to sell at retail to a consumer any cheese that has
 7.3 not been (1) manufactured from milk or milk products that have been pasteurized; (2)
 7.4 subjected to a heat treatment equivalent to pasteurization during the process of manufacturing
 7.5 or processing; or (3) subjected to an aging process where it has been kept for at least 60
 7.6 days after manufacture at a temperature no lower than 35 degrees Fahrenheit.

7.7 (b) Any cheese described in paragraph (a), clause (3), that has been made from
 7.8 unpasteurized milk must be labeled with a statement that the cheese is more than 60 days
 7.9 of age.

7.10 Sec. 13. Minnesota Statutes 2016, section 34A.11, subdivision 7, is amended to read:

7.11 Subd. 7. **Emergency powers.** After an emergency declaration issued under chapter 12,
 7.12 chapter 35, or the federal Stafford Act, the commissioner may restrict the movement of food
 7.13 if the commissioner has probable cause to believe that the movement of food may: threaten
 7.14 the agricultural economy; transport a dangerous, infectious, or communicable disease; or
 7.15 threaten the health of animals. The commissioner may provide for the issuance of permits
 7.16 to allow for the continued movement of food upon meeting the ~~disease~~ control measures
 7.17 established by the commissioner.

7.18 Sec. 14. Minnesota Statutes 2016, section 41A.15, is amended by adding a subdivision to
 7.19 read:

7.20 Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable
 7.21 or recurring basis, including agricultural crops and trees, wood and wood waste and residues,
 7.22 plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic
 7.23 portion of solid wastes.

7.24 Sec. 15. Minnesota Statutes 2016, section 41A.15, subdivision 10, is amended to read:

7.25 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with biobased~~
 7.26 ~~content~~, polymer, monomer, plastic, or composite material that is entirely produced from
 7.27 biomass.

7.28 Sec. 16. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

7.29 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 7.30 source at least 80 percent ~~raw materials~~ of biomass from Minnesota, ~~except that~~, if a facility
 7.31 is sited 50 miles or less from the state border, ~~raw materials~~ biomass may be sourced from

8.1 outside of Minnesota, but only if it is sourced from within a 100-mile radius of the facility.
 8.2 ~~Raw materials must be from agricultural or forestry sources or from solid waste.~~ The facility
 8.3 must be located in Minnesota, must begin production at a specific location by June 30, 2025,
 8.4 and must not begin operating above ~~23,750~~ 1,500 MMbtu of quarterly advanced biofuel
 8.5 production before July 1, 2015. Eligible facilities include existing companies and facilities
 8.6 that are adding advanced biofuel production capacity, or retrofitting existing capacity, as
 8.7 well as new companies and facilities. Production of conventional corn ethanol and
 8.8 conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at
 8.9 least ~~23,750~~ 1,500 MMbtu of advanced biofuel quarterly.

8.10 (b) No payments shall be made for advanced biofuel production that occurs after June
 8.11 30, 2035, for those eligible biofuel producers under paragraph (a).

8.12 (c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility
 8.13 for payments under this section to an advanced biofuel facility at a different location.

8.14 (d) A producer that ceases production for any reason is ineligible to receive payments
 8.15 under this section until the producer resumes production.

8.16 (e) Renewable chemical production for which payment has been received under section
 8.17 41A.17, and biomass thermal production for which payment has been received under section
 8.18 41A.18, are not eligible for payment under this section.

8.19 (f) Biobutanol is eligible under this section.

8.20 Sec. 17. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

8.21 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to
 8.22 eligible producers of advanced biofuel. The amount of the payment for each eligible
 8.23 producer's annual production is \$2.1053 per MMbtu for advanced biofuel production from
 8.24 cellulosic biomass, and \$1.053 per MMbtu for advanced biofuel production from sugar ~~or~~
 8.25 starch, oil, or animal fat at a specific location for ten years after the start of production.

8.26 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
 8.27 not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments
 8.28 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
 8.29 necessary for 17,100,000 MMbtu of biofuel production. The commissioner shall award
 8.30 payments on a first-come, first-served basis within the limits of available funding.

8.31 (c) For purposes of this section, an entity that holds a controlling interest in more than
 8.32 one advanced biofuel facility is considered a single eligible producer.

9.1 Sec. 18. Minnesota Statutes 2016, section 41A.16, subdivision 4, is amended to read:

9.2 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 9.3 biomass must be produced using Minnesota ~~state~~ forest biomass harvesting guidelines or
 9.4 the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota
 9.5 brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent.
 9.6 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
 9.7 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
 9.8 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and
 9.9 federal land must be harvested by a logger who has completed training for biomass harvesting
 9.10 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
 9.11 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

9.12 Sec. 19. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

9.13 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section
 9.14 must source at least 80 percent ~~biobased content~~ of the biomass used to produce a renewable
 9.15 chemical from the state of Minnesota, ~~except that~~ if a facility is sited 50 miles or less from
 9.16 the state border, the facility must source at least 80 percent of the biobased content ~~must be~~
 9.17 ~~sourced~~ used to produce a renewable chemical from within a 100-mile radius of the facility.
 9.18 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The
 9.19 facility must be located in Minnesota, must begin production at a specific location by June
 9.20 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly
 9.21 before January 1, 2015. Eligible facilities include existing companies and facilities that are
 9.22 adding production capacity, or retrofitting existing capacity, as well as new companies and
 9.23 facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000
 9.24 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes
 9.25 that are fully commercial before January 1, 2000, are not eligible.

9.26 (b) No payments shall be made for renewable chemical production that occurs after June
 9.27 30, 2035, for those eligible renewable chemical producers under paragraph (a).

9.28 (c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility
 9.29 for payments under this section to a renewable chemical facility at a different location.

9.30 (d) A producer that ceases production for any reason is ineligible to receive payments
 9.31 under this section until the producer resumes production.

10.1 (e) Advanced biofuel production for which payment has been received under section
 10.2 41A.16, and biomass thermal production for which payment has been received under section
 10.3 41A.18, are not eligible for payment under this section.

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

10.5 Sec. 20. Minnesota Statutes 2016, section 41A.17, subdivision 2, is amended to read:

10.6 Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments
 10.7 to eligible producers of renewable chemicals located in the state. The amount of the payment
 10.8 for each producer's annual production is \$0.03 per pound of sugar-derived renewable
 10.9 chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived
 10.10 renewable chemical produced at a specific location for ten years after the start of production.

10.11 (b) An eligible facility producing renewable chemicals using agricultural cellulosic
 10.12 biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural
 10.13 biomass that is derived from perennial crop or cover crop biomass.

10.14 (c) Total payments under this section to an eligible renewable chemical producer in a
 10.15 fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
 10.16 chemical production. Total payments under this section to all eligible renewable chemical
 10.17 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
 10.18 renewable chemical production. The commissioner shall award payments on a first-come,
 10.19 first-served basis within the limits of available funding.

10.20 (d) An eligible facility may blend renewable chemicals with other chemicals that are
 10.21 not renewable chemicals, but only the percentage attributable to renewable chemicals in
 10.22 the blended product is eligible to receive payment.

10.23 ~~(d)~~ (e) For purposes of this section, an entity that holds a controlling interest in more
 10.24 than one renewable chemical production facility is considered a single eligible producer.

10.25 Sec. 21. Minnesota Statutes 2016, section 41A.17, subdivision 3, is amended to read:

10.26 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 10.27 biomass must be produced using Minnesota ~~state~~ forest biomass harvesting guidelines or
 10.28 the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota
 10.29 brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent.

10.30 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
 10.31 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
 10.32 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and

11.1 federal land must be harvested by a logger who has completed training for biomass harvesting
 11.2 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
 11.3 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

11.4 Sec. 22. Minnesota Statutes 2016, section 41A.18, subdivision 1, is amended to read:

11.5 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 11.6 source at least 80 percent ~~raw materials~~ of biomass from Minnesota-, except that, if a facility
 11.7 is sited 50 miles or less from the state border, ~~raw materials should~~ biomass may be sourced
 11.8 from outside of Minnesota, but only if it is sourced from within a 100-mile radius of the
 11.9 facility. ~~Raw materials~~ Biomass must be from agricultural or forestry sources. The facility
 11.10 must be located in Minnesota, must have begun production at a specific location by June
 11.11 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing
 11.12 companies and facilities that are adding production capacity, or retrofitting existing capacity,
 11.13 as well as new companies and facilities. Eligible biomass thermal production facilities must
 11.14 produce at least 250 MMbtu of biomass thermal quarterly.

11.15 (b) No payments shall be made for biomass thermal production that occurs after June
 11.16 30, 2035, for those eligible biomass thermal producers under paragraph (a).

11.17 (c) An eligible producer of biomass thermal production shall not transfer the producer's
 11.18 eligibility for payments under this section to a biomass thermal production facility at a
 11.19 different location.

11.20 (d) A producer that ceases production for any reason is ineligible to receive payments
 11.21 under this section until the producer resumes production.

11.22 (e) Biofuel production for which payment has been received under section 41A.16, and
 11.23 renewable chemical production for which payment has been received under section 41A.17,
 11.24 are not eligible for payment under this section.

11.25 Sec. 23. Minnesota Statutes 2016, section 41A.18, subdivision 3, is amended to read:

11.26 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 11.27 biomass must be produced using Minnesota ~~state forest~~ forest biomass harvesting guidelines or
 11.28 the equivalent. All cellulosic biomass from ~~brushland~~ brushlands must be produced using
 11.29 Minnesota brushland ~~harvesting~~ biomass harvesting guidelines or the equivalent.
 11.30 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
 11.31 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
 11.32 the American Tree Farm System. Uncertified land from parcels of 160 acres or less and

12.1 federal land must be harvested by a logger who has completed training for biomass harvesting
 12.2 from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~
 12.3 management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

12.4 Sec. 24. Minnesota Statutes 2016, section 41B.02, subdivision 10a, is amended to read:

12.5 Subd. 10a. **Livestock expansion.** "Livestock expansion" means the purchase of a
 12.6 livestock farm or improvements to a livestock operation, including the purchase and
 12.7 construction or installation of improvements to land, buildings, and other permanent
 12.8 structures, including equipment incorporated in or permanently affixed to the land, buildings,
 12.9 or structures, which are useful for and intended to be used for the purpose of raising livestock.

12.10 Sec. 25. Minnesota Statutes 2017 Supplement, section 41B.0391, subdivision 1, is amended
 12.11 to read:

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

12.14 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and
 12.15 machinery used for farming in Minnesota.

12.16 (c) "Beginning farmer" means an individual who:

12.17 (1) is a resident of Minnesota;

12.18 (2) is seeking entry, or has entered within the last ten years, into farming;

12.19 (3) intends to farm land located within the state borders of Minnesota; and

12.20 ~~(4) is not and whose spouse is not a family member of the owner of the agricultural~~
 12.21 ~~assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;~~

12.22 ~~(5) is not and whose spouse is not a family member of a partner, member, shareholder,~~
 12.23 ~~or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to~~
 12.24 ~~purchase or rent agricultural assets; and~~

12.25 ~~(6)~~ (4) meets the following eligibility requirements as determined by the authority:

12.26 (i) has a net worth that does not exceed the limit provided under section 41B.03,
 12.27 subdivision 3, paragraph (a), clause (2);

12.28 (ii) provides the majority of the day-to-day physical labor and management of the farm;

13.1 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates
 13.2 knowledge in the type of farming for which the beginning farmer seeks assistance from the
 13.3 authority;

13.4 ~~(iv) demonstrates to the authority a profit potential by submitting projected earnings~~
 13.5 ~~statements;~~

13.6 ~~(v)~~ (iv) asserts to the satisfaction of the authority that farming will be a significant source
 13.7 of income for the beginning farmer;

13.8 ~~(vi) participates in~~ (v) is enrolled in or has completed within ten years of their first year
 13.9 of farming a financial management program approved by the authority or the commissioner
 13.10 of agriculture;

13.11 ~~(vii)~~ (vi) agrees to notify the authority if the beginning farmer no longer meets the
 13.12 eligibility requirements within the three-year certification period, in which case the beginning
 13.13 farmer is no longer eligible for credits under this section; and

13.14 ~~(viii)~~ (vii) has other qualifications as specified by the authority. The commissioner may
 13.15 waive the requirement in clause (4), item (v), if the participant requests a waiver and has a
 13.16 four-year degree in an agricultural program or related field, reasonable agricultural job-related
 13.17 experience, or certification as an adult farm management instructor.

13.18 ~~(d) "Family member" means a family member within the meaning of the Internal Revenue~~
 13.19 ~~Code, section 267(e)(4).~~

13.20 ~~(e)~~ (d) "Farm product" means plants and animals useful to humans and includes, but is
 13.21 not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products,
 13.22 poultry and poultry products, livestock, fruits, and vegetables.

13.23 ~~(f)~~ (e) "Farming" means the active use, management, and operation of real and personal
 13.24 property for the production of a farm product.

13.25 ~~(g)~~ (f) "Owner of agricultural assets" means an individual, trust, or pass-through entity
 13.26 that is the owner in fee of agricultural land or has legal title to any other agricultural asset.
 13.27 Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined
 13.28 in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of
 13.29 selling agricultural assets for profit and that is not engaged in farming as its primary business
 13.30 activity. An owner of agricultural assets approved and certified by the authority under
 13.31 subdivision 4 must notify the authority if the owner no longer meets the definition in this
 13.32 paragraph within the three year certification period and is then no longer eligible for credits
 13.33 under this section.

14.1 ~~(h)~~ (g) "Resident" has the meaning given in section 290.01, subdivision 7.

14.2 ~~(i)~~ (h) "Share rent agreement" means a rental agreement in which the principal
 14.3 consideration given to the owner of agricultural assets is a predetermined portion of the
 14.4 production of farm products produced from the rented agricultural assets and which provides
 14.5 for sharing production costs or risk of loss, or both.

14.6 **EFFECTIVE DATE.** This section is effective January 1, 2019.

14.7 Sec. 26. Minnesota Statutes 2016, section 41B.047, subdivision 1, is amended to read:

14.8 Subdivision 1. **Establishment.** The authority shall establish and implement a disaster
 14.9 recovery loan program to help farmers:

14.10 (1) clean up, repair, or replace farm structures and septic and water systems, as well as
 14.11 replace seed, other crop inputs, feed, and livestock, ~~when damaged by high winds, hail,~~
 14.12 ~~tornado, or flood;~~

14.13 (2) purchase watering systems, irrigation systems, and other drought mitigation systems
 14.14 and practices when drought is the cause of the purchase;

14.15 (3) restore farmland; or

14.16 (4) replace flocks, make building improvements, or cover the loss of revenue when the
 14.17 replacement, improvements, or loss of revenue is due to the confirmed presence of the
 14.18 highly pathogenic avian influenza in a commercial poultry or game flock located in
 14.19 Minnesota.

14.20 Sec. 27. Minnesota Statutes 2016, section 41B.047, subdivision 3, is amended to read:

14.21 Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

14.22 (1) meet the requirements of section 41B.03, subdivision 1;

14.23 (2) certify that the damage or loss was (i) sustained within a county that was the subject
 14.24 of a state or federal disaster declaration or (ii) due to ~~the confirmed presence of the highly~~
 14.25 ~~pathogenic avian influenza in a commercial poultry or game flock located in Minnesota a~~
 14.26 market disaster or emergency as determined by the authority;

14.27 (3) demonstrate an ability to repay the loan; and

14.28 (4) have received at least 50 percent of average annual gross income from farming for
 14.29 the past three years.

15.1 Sec. 28. Minnesota Statutes 2016, section 41B.049, subdivision 5, is amended to read:

15.2 Subd. 5. **Loan criteria.** (a) To be eligible, a borrower must be a resident of Minnesota
15.3 or an entity that is not prohibited from owning agricultural land under section 500.24.

15.4 (b) State participation in a participation loan is limited to 45 percent of the principal
15.5 amount of the loan. A direct loan or loan participation may not exceed \$250,000.

15.6 (c) Loans under this program may be used as a match for federal loans or grants.

15.7 ~~(d) A borrower who has previously received a loan under subdivision 1 is prohibited~~
15.8 ~~from receiving another methane digester loan under subdivision 1.~~

15.9 Sec. 29. Minnesota Statutes 2016, section 41B.055, subdivision 3, is amended to read:

15.10 Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal
15.11 to 90 percent of the purchased equipment value with an eligible lender to a farmer who is
15.12 eligible under subdivision 2. Participation is limited to 45 percent of the principal amount
15.13 of the loan or ~~\$40,000~~ \$100,000, whichever is less. The interest rates and repayment terms
15.14 of the authority's participation interest may differ from the interest rates and repayment
15.15 terms of the lender's retained portion of the loan, but the authority's interest rate must not
15.16 exceed three percent. The authority may review the interest annually and make adjustments
15.17 as necessary.

15.18 (b) Standards for loan amortization must be set by the Rural Finance Authority and must
15.19 not exceed ten years.

15.20 (c) Security for a livestock equipment loan must be a personal note executed by the
15.21 borrower and whatever other security is required by the eligible lender or the authority.

15.22 (d) Refinancing of existing debt is not an eligible purpose.

15.23 (e) The authority may impose a reasonable, nonrefundable application fee for a livestock
15.24 equipment loan. The authority may review the fee annually and make adjustments as
15.25 necessary. The initial application fee is \$50. Application fees received by the authority must
15.26 be deposited in the Rural Finance Authority administrative account established in section
15.27 41B.03.

15.28 (f) Loans under this program must be made using money in the revolving loan account
15.29 established in section 41B.06.

16.1 Sec. 30. Minnesota Statutes 2016, section 41B.057, subdivision 3, is amended to read:

16.2 Subd. 3. **Loan participation.** The authority may participate in a farm opportunity loan
16.3 with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a group
16.4 of farmers on joint projects who are eligible under subdivision 2, paragraph (c), and who
16.5 are actively engaged in farming. Participation is limited to 45 percent of the principal amount
16.6 of the loan or ~~\$45,000~~ \$100,000 per individual, whichever is less. For loans to a group made
16.7 up of four or more individuals, participation is limited to 45 percent of the principal amount
16.8 of the loan or ~~\$180,000~~ \$250,000, whichever is less. The interest rate on the loans must not
16.9 exceed six percent.

16.10 Sec. 31. Minnesota Statutes 2016, section 103H.275, subdivision 1, is amended to read:

16.11 Subdivision 1. **Areas where groundwater pollution is detected.** (a) If groundwater
16.12 pollution is detected, a state agency or political subdivision that regulates an activity causing
16.13 or potentially causing a contribution to the pollution identified shall promote implementation
16.14 of best management practices to prevent or minimize the source of pollution to the extent
16.15 practicable.

16.16 (b) The Pollution Control Agency, or for agricultural chemicals and practices, the
16.17 commissioner of agriculture may adopt water source protection requirements under
16.18 subdivision 2 that are consistent with the goal of section 103H.001 and are commensurate
16.19 with the groundwater pollution if the implementation of best management practices has
16.20 proven to be ineffective.

16.21 (c) The water resources protection requirements must be:

16.22 (1) designed to prevent and minimize the pollution to the extent practicable;

16.23 (2) designed to prevent the pollution from exceeding the health risk limits; and

16.24 (3) submitted to the house of representatives and senate committees with jurisdiction
16.25 over the environment, natural resources, and agriculture.

16.26 (d) The commissioner of agriculture shall not adopt water resource protection
16.27 requirements under subdivision 2 for nitrogen fertilizer unless the water resource protection
16.28 requirements are specifically approved by law.

16.29 Sec. 32. **REPEALER.**

16.30 Minnesota Statutes 2016, section 41A.15, subdivisions 2a and 2b, are repealed.

41A.15 DEFINITIONS.

Subd. 2a. **Biobased content.** "Biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866.

Subd. 2b. **Biobased formulated product.** "Biobased formulated product" means a product that is not sold primarily for use as food, feed, or fuel and that has a biobased content percentage of at least ten percent as determined by testing representative samples using American Society for Testing and Materials specification D6866, or that contains a biobased chemical constituent that displaces a known hazardous or toxic constituent previously used in the product formulation.