

1.1 moves to amend H.F. No. 1717 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **AGRICULTURAL POLICY**

1.5 Section 1. Minnesota Statutes 2016, section 15.985, is amended to read:

1.6 **15.985 ADVISORY INSPECTIONS.**

1.7 (a) Upon the voluntary request of a person to a state agency for an advisory inspection
1.8 for the purpose of complying with state law, the agency must, except as provided in
1.9 paragraphs (f) and (g), conduct an advisory inspection. An agency is not required to conduct
1.10 an advisory inspection if the agency has a regularly scheduled inspection that would occur
1.11 within 90 days after the request for the advisory inspection, or if before an advisory inspection
1.12 is requested, the agency has notified the person that it will be conducting an inspection
1.13 within 45 days. If an advisory inspection results in findings that potentially could make a
1.14 person subject to a fine or other penalty imposed by the agency, the agency must notify the
1.15 person in writing of those findings within ten days of the inspection.

1.16 (1) Except as provided in clause (2), if within 60 days of receiving notice, the person
1.17 notifies the agency that it has corrected the situation that made the person potentially subject
1.18 to the fine or penalty, and the agency later determines that the situation is corrected, the
1.19 agency may not impose a fine or penalty as a result of the findings in the advisory inspection.

1.20 (2) For violations of chapter 177, if the person notifies the agency within the time period
1.21 for remedying violations required under the applicable section of chapter 177 that it has
1.22 corrected the situation that made the person potentially subject to the fine or penalty, and
1.23 the agency later determines that the situation is corrected, the agency may not impose a fine
1.24 or penalty as a result of the finding in the advisory inspection.

2.1 (3) A person may not request more than one advisory inspection from the same agency
2.2 in a calendar year. A person may not request an advisory inspection after an inspection
2.3 resulting in a fine or other penalty has been determined and the violator notified of the
2.4 amount to be paid, until fines or penalties have been paid or settled.

2.5 (b) For purposes of this section:

2.6 (1) "inspection" includes an examination of real or personal property or an audit or other
2.7 examination of financial or other documents;

2.8 (2) "penalty" includes a civil or administrative fine or other financial sanction;

2.9 (3) "person" includes a real person and businesses, including corporations, partnerships,
2.10 limited liability companies, and unincorporated associations; and

2.11 (4) "state agency" means a department, agency, board, commission, constitutional office,
2.12 or other group in the executive branch of state government.

2.13 (c) If an agency revises, amends, extends, or adds additional violations to a notice, the
2.14 person has 60 days from the date of those changes to correct the situation without fine or
2.15 penalty. For violations of chapter 177, the person has the time period for remedying violations
2.16 under the applicable section of chapter 177 to correct the situation without fine or penalty.

2.17 (d) An agency conducting an inspection under this section may impose and collect from
2.18 the person requesting the inspection a fee equal to the costs incurred by the agency related
2.19 to the inspection. Fees under this section shall be considered charges for goods and services
2.20 provided for the direct and primary use of a private individual, business, or other entity
2.21 under section 16A.1283, paragraph (b), clause (3). Fee revenue collected under this section
2.22 must be deposited in an appropriate fund other than the general fund and is appropriated
2.23 from that fund to the agency collecting the fee for the purpose of conducting inspections
2.24 under this section.

2.25 (e) Nothing in this section shall prohibit or interfere with an agency offering similar
2.26 programs that allow independent audits or inspections, including the environmental
2.27 improvement program under chapter 114C. If a person conducts a self-audit under chapter
2.28 114C, the terms and conditions of this section do not apply. For advisory inspections
2.29 conducted by the Pollution Control Agency, terms and conditions of sections 114C.20 to
2.30 114C.28 shall be used instead of those in paragraphs (a) to (c) and (g).

2.31 (f) If agency staff resources are limited, an agency must give higher priority to the
2.32 agency's regular inspections over advisory inspections under this section. Insofar as
2.33 conducting advisory inspections reduces an agency's costs, the savings must be reflected

3.1 in the charges for advisory inspections. Before hiring additional staff complement for
3.2 purposes of this section, an agency must report to the chairs and ranking minority members
3.3 of the legislative budget committees with jurisdiction over the agency documenting: (1) the
3.4 demand for advisory inspections and why additional staff complement is needed to meet
3.5 the demand; and (2) that the revenue generated by advisory inspections will cover the
3.6 expenses of the additional staff complement. If a person requests an advisory inspection,
3.7 but the agency does not have staff resources necessary to conduct the advisory inspection
3.8 before a regular inspection is conducted, and the regular inspection results in findings that
3.9 could make a person subject to a fine or penalty, the agency must take into account the
3.10 person's request for an advisory inspection and the person's desire to take corrective action
3.11 before taking any enforcement action against the person.

3.12 (g) This section does not apply to:

3.13 (1) criminal penalties;

3.14 (2) situations in which implementation of this section is prohibited by federal law or
3.15 would result in loss of federal funding or in other federal sanctions or in which
3.16 implementation would interfere with multistate agreements, international agreements, or
3.17 agreements between state and federal regulatory agencies;

3.18 (3) conduct constituting fraud;

3.19 (4) violations in a manner that endangers human life or presents significant risk of major
3.20 injury or severe emotional harm to humans;

3.21 (5) violations that are part of a pattern that has occurred repeatedly and shows willful
3.22 intent;

3.23 (6) violations for which it may be demonstrated that the alternative inspections process
3.24 is being used to avoid enforcement;

3.25 (7) violations that occur within three years of violating an applicable law;

3.26 (8) the Department of Revenue;

3.27 (9) the Workers' Compensation Division at the Department of Labor and Industry;

3.28 (10) violations of vehicle size weight limits under sections 169.80 to 169.88;

3.29 (11) commercial motor vehicle inspections under section 169.781 and motor carrier
3.30 regulations under chapter 221;

3.31 ~~(12) the Dairy and Food Inspection Division of the Department of Agriculture, if the~~
3.32 ~~division provides free inspections similar to those under this section;~~

4.1 ~~(13)~~ (12) state inspections or surveys of hospitals, nursing homes, outpatient surgical
4.2 centers, supervised living facilities, board and lodging with special services, home care,
4.3 housing with services and assisted living settings, hospice, and supplemental nursing services
4.4 agencies;

4.5 ~~(14)~~ (13) examinations of health maintenance organizations or county-based purchasing
4.6 entities regulated under chapter 62D;

4.7 ~~(15)~~ (14) special transportation services under section 174.30; and

4.8 ~~(16)~~ (15) entities regulated by the Department of Commerce's Financial Institutions and
4.9 Insurance Divisions for purposes of regulatory requirements of those divisions.

4.10 If an agency determines that this section does not apply due to situations specified in clause
4.11 (2), the agency must report the basis for that determination to the chairs and ranking minority
4.12 members of the legislative committees with jurisdiction over the agency.

4.13 (h) An agency may terminate an advisory inspection and proceed as if an inspection
4.14 were a regular inspection if, in the process of conducting an advisory inspection, the agency
4.15 finds a situation that the agency determines: could lead to criminal penalties; endangers
4.16 human life or presents significant risk of major injury or severe emotional harm to humans;
4.17 presents a severe and imminent threat to animals, food, feed, crops, commodities, or the
4.18 environment; or evidences a pattern of willful violations.

4.19 Sec. 2. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
4.20 read:

4.21 Subd. 9b. **Experimental use permit.** "Experimental use permit" means a permit issued
4.22 by the United States Environmental Protection Agency as authorized in Section 5 of the
4.23 Federal Insecticide, Fungicide, and Rodenticide Act.

4.24 Sec. 3. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
4.25 read:

4.26 Subd. 9c. **Experimental use pesticide product.** "Experimental use pesticide product"
4.27 means any federally registered or unregistered pesticide whose use is authorized by an
4.28 experimental use permit issued by the United States Environmental Protection Agency.

4.29 Sec. 4. Minnesota Statutes 2016, section 18B.26, subdivision 1, is amended to read:

4.30 Subdivision 1. **Requirement.** (a) Except as provided in paragraphs (b) to ~~(d)~~ (e), a person
4.31 may not use or distribute a pesticide in this state unless it is registered with the commissioner.

5.1 Pesticide registrations expire on December 31 of each year and may be renewed on or before
5.2 that date for the following calendar year.

5.3 (b) Registration is not required if a pesticide is shipped from one plant or warehouse to
5.4 another plant or warehouse operated by the same person and used solely at the plant or
5.5 warehouse as an ingredient in the formulation of a pesticide that is registered under this
5.6 chapter.

5.7 (c) An unregistered pesticide that was previously registered with the commissioner may
5.8 be used for a period of two years following the cancellation of the registration of the pesticide,
5.9 unless the commissioner determines that the continued use of the pesticide would cause
5.10 unreasonable adverse effects on the environment, or with the written permission of the
5.11 commissioner. To use the unregistered pesticide at any time after the two-year period, the
5.12 pesticide end user must demonstrate to the satisfaction of the commissioner, if requested,
5.13 that the pesticide has been continuously registered under a different brand name or by a
5.14 different manufacturer and has similar composition, or, the pesticide end user obtains the
5.15 written permission of the commissioner.

5.16 (d) The commissioner may allow specific pesticide products that are not registered with
5.17 the commissioner to be distributed in this state for use in another state.

5.18 (e) A substance or mixture of substances being tested only to determine its potential
5.19 efficacy as a pesticide, or to determine its toxicity or other properties, and not requiring the
5.20 issuance of an experimental use permit under United States Environmental Protection
5.21 Agency criteria specified in federal regulations, is not required to be registered.

5.22 ~~(e)~~ (f) Each pesticide with a unique United States Environmental Protection Agency
5.23 pesticide registration number or a unique brand name must be registered with the
5.24 commissioner.

5.25 ~~(f)~~ (g) It is unlawful for a person to distribute or use a pesticide in the state, or to sell
5.26 into the state for use in the state, any pesticide product that has not been registered by the
5.27 commissioner and for which the applicable pesticide registration application fee, gross sales
5.28 fee, or waste pesticide program surcharge is not paid pursuant to subdivisions 3 and 4.

5.29 ~~(g)~~ (h) Every person who sells for use in the state a pesticide product that has been
5.30 registered by the commissioner shall pay to the commissioner the applicable registration
5.31 application fees, sales fees, and waste pesticide program surcharges. These sales expressly
5.32 include all sales made electronically, telephonically, or by any other means that result in a
5.33 pesticide product being shipped to or used in the state. There is a rebuttable presumption

6.1 that pesticide products that are sold or distributed in or into the state by any person are sold
6.2 or distributed for use in the state.

6.3 Sec. 5. Minnesota Statutes 2016, section 18B.28, subdivision 1, is amended to read:

6.4 Subdivision 1. **Requirement.** A person may not use or distribute an experimental use
6.5 pesticide product in the state until it is registered with the commissioner. Experimental use
6.6 pesticide product registrations expire on December 31 of each year and may be renewed
6.7 on or before that date. A substance or mixture of substances being tested only to determine
6.8 its potential efficacy as a pesticide, or to determine its toxicity or other properties, and not
6.9 requiring the issuance of an experimental use permit under United States Environmental
6.10 Protection Agency criteria specified in federal regulations, is not required to be registered.

6.11 Sec. 6. Minnesota Statutes 2016, section 18B.28, subdivision 3, is amended to read:

6.12 Subd. 3. **Application.** A person must file an application for experimental use pesticide
6.13 product registration with the commissioner. An application to register an experimental use
6.14 pesticide product must include:

6.15 (1) the name and address of the applicant;

6.16 (2) a ~~federal~~ copy of the United States Environmental Protection Agency approval
6.17 ~~document~~ permit;

6.18 (3) a description of the purpose or objectives of the experimental use product;

6.19 (4) ~~an~~ a copy of the experimental use pesticide labeling accepted experimental use
6.20 ~~pesticide product label~~ by the United States Environmental Protection Agency;

6.21 (5) the name, address, and telephone number of cooperators or participants in this state;

6.22 (6) the amount of material to be shipped or used in this state; and

6.23 (7) other information requested by the commissioner.

6.24 Sec. 7. Minnesota Statutes 2016, section 18B.37, subdivision 3, is amended to read:

6.25 Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator
6.26 must maintain a record of each structural pest control application conducted by that person
6.27 or by the person's employees. The record must include the:

6.28 (1) date of structural pest control application;

6.29 (2) target pest;

7.1 (3) brand name of the pesticide, United States Environmental Protection Agency
7.2 registration number, and amount used;

7.3 (4) for fumigation, the temperature and exposure time;

7.4 (5) time the pesticide application was completed;

7.5 (6) name and address of the customer;

7.6 (7) name of structural pest control applicator, name of company and address of applicator
7.7 or company, and license number of applicator; and

7.8 (8) any other information required by the commissioner.

7.9 (b) All information for this record requirement must be contained in a document for
7.10 each pesticide application. An invoice containing the required information may constitute
7.11 the record.

7.12 (c) The record must be completed no later than five days after the application of the
7.13 pesticide.

7.14 (d) Records must be retained for five years after the date of treatment.

7.15 (e) A copy of the record must be given to a person who ordered the application that is
7.16 present at the site where the structural pest control application is conducted, placed in a
7.17 conspicuous location at the site where the structural pest control application is conducted
7.18 immediately after the application of the pesticides, or delivered to the person who ordered
7.19 an application or the owner of the site. The commissioner must make sample forms available
7.20 that meet the requirements of this subdivision.

7.21 (f) A structural applicator must post in a conspicuous place inside a renter's apartment
7.22 where a pesticide application has occurred a list of postapplication precautions contained
7.23 on the label of the pesticide that was applied in the apartment and any other information
7.24 required by the commissioner.

7.25 Sec. 8. Minnesota Statutes 2016, section 18C.70, subdivision 5, is amended to read:

7.26 Subd. 5. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

7.27 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

7.28 Sec. 9. Minnesota Statutes 2016, section 18C.71, subdivision 4, is amended to read:

7.29 Subd. 4. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

7.30 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

8.1 Sec. 10. Minnesota Statutes 2016, section 18H.06, subdivision 2, is amended to read:

8.2 Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be
8.3 exempt from the requirement to obtain a nursery stock certificate if:

8.4 (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

8.5 (2) all nursery stock sold or distributed by the individual is intended for planting in
8.6 Minnesota;

8.7 (3) all nursery stock purchased or procured for resale or distribution was grown in
8.8 Minnesota and has been certified by the commissioner; and

8.9 (4) the individual conducts sales or distributions of nursery stock on ten or fewer days
8.10 in a calendar year.

8.11 (b) A municipality may offer certified nursery stock for sale and be exempt from the
8.12 requirement to obtain a nursery stock certificate if:

8.13 (1) all nursery stock offered for sale or distributed is intended for planting by residents
8.14 of the municipality on public property or public easements within the municipal boundary;

8.15 (2) all nursery stock purchased or procured for resale or distribution is grown in
8.16 Minnesota and has been certified by the commissioner; and

8.17 (3) the municipality submits to the commissioner before any sale or distribution of
8.18 nursery stock a list of all suppliers who provide the municipality with nursery stock.

8.19 ~~(b)~~ (c) The commissioner may prescribe the conditions of the exempt nursery sales under
8.20 this subdivision and may conduct routine inspections of the nursery stock offered for sale.

8.21 Sec. 11. Minnesota Statutes 2016, section 18H.07, subdivision 2, is amended to read:

8.22 Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must pay an
8.23 annual fee based on the area of all acreage on which nursery stock is grown as follows:

8.24 (1) less than one-half acre, \$150;

8.25 (2) from one-half acre to two acres, \$200;

8.26 (3) over two acres up to five acres, \$300;

8.27 (4) over five acres up to ten acres, \$350;

8.28 (5) over ten acres up to 20 acres, \$500;

8.29 (6) over 20 acres up to 40 acres, \$650;

9.1 (7) over 40 acres up to 50 acres, \$800;

9.2 (8) over 50 acres up to 200 acres, \$1,100;

9.3 (9) over 200 acres up to 500 acres, \$1,500; and

9.4 (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

9.5 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
9.6 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
9.7 of 30 percent for any application for renewal not postmarked or electronically date stamped
9.8 by December 31 of the current year.

9.9 (c) A nursery stock grower found operating without a valid nursery stock grower
9.10 certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the
9.11 commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee
9.12 owed; and (2) a new certificate is issued to the nursery stock grower by the commissioner.

9.13 Sec. 12. Minnesota Statutes 2016, section 18H.07, subdivision 3, is amended to read:

9.14 Subd. 3. **Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an annual
9.15 fee based on the dealer's gross sales of certified nursery stock per location during the most
9.16 recent certificate year. A certificate applicant operating for the first time must pay the
9.17 minimum fee. The fees per sales location are:

9.18 (1) gross sales up to \$5,000, \$150;

9.19 (2) gross sales over \$5,000 up to \$20,000, \$175;

9.20 (3) gross sales over \$20,000 up to \$50,000, \$300;

9.21 (4) gross sales over \$50,000 up to \$75,000, \$425;

9.22 (5) gross sales over \$75,000 up to \$100,000, \$550;

9.23 (6) gross sales over \$100,000 up to \$200,000, \$675; and

9.24 (7) gross sales over \$200,000, \$800.

9.25 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
9.26 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
9.27 of 30 percent for any application for renewal not postmarked or electronically date stamped
9.28 by December 31 of the current year.

9.29 (c) A nursery stock dealer found operating without a valid nursery stock dealer certificate
9.30 cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner

10.1 for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a
10.2 new certificate is issued to the nursery stock dealer by the commissioner.

10.3 Sec. 13. Minnesota Statutes 2016, section 21.111, subdivision 2, is amended to read:

10.4 Subd. 2. **Inspected.** "Inspected" means that the potato plants are examined in the field
10.5 and that the harvested potatoes produced by ~~such~~ the potato plants are examined by or under
10.6 the authority of the commissioner. For seed potatoes produced in a lab, inspected means
10.7 that the lab's records, including records related to the lab's procedures and protocols, as well
10.8 as the seed potatoes, have been examined under the authority of the commissioner.

10.9 Sec. 14. Minnesota Statutes 2016, section 21.111, subdivision 3, is amended to read:

10.10 Subd. 3. **Certified.** "Certified" means that the potatoes were inspected while growing
10.11 in the field and again after being harvested, and were thereafter duly certified by or under
10.12 the authority of the commissioner, as provided in sections 21.111 to 21.122, and as provided
10.13 by rules adopted and published by the commissioner. For seed potatoes produced in a lab,
10.14 certified means that:

10.15 (1) the seed potato lab facilities and the lab's procedures and protocols have been
10.16 examined under the authority of the commissioner; and

10.17 (2) the seed potatoes have been inspected after they have been harvested, removed, or
10.18 released from the lab, and were duly certified by or under the authority of the commissioner,
10.19 as provided in sections 21.111 to 21.122.

10.20 Sec. 15. Minnesota Statutes 2016, section 21.113, is amended to read:

10.21 **21.113 CERTIFICATES OF INSPECTION.**

10.22 (a) The commissioner shall ~~cause issue~~ issue certificates of inspection ~~to be issued~~ only when
10.23 seed potatoes have been inspected while growing in the field and again after being harvested.

10.24 (b) For seed potatoes produced in a lab, the commissioner shall issue certificates of
10.25 inspection only after:

10.26 (1) the seed potato lab facility and the lab's records have been inspected; and

10.27 (2) the seed potatoes have been inspected after they have been harvested, removed, or
10.28 released from the lab.

10.29 ~~Such~~ (c) Certificates of inspection under this section shall show the varietal purity and
10.30 the freedom from disease and physical injury of such potatoes and ~~shall contain such~~ any

11.1 other information as may be prescribed by rules adopted and published under sections 21.111
11.2 to 21.122.

11.3 Sec. 16. Minnesota Statutes 2016, section 21.117, is amended to read:

11.4 **21.117 APPLICATIONS FOR INSPECTIONS; WITHDRAWALS.**

11.5 (a) Any person may make application to the commissioner for inspection or certification
11.6 of seed potatoes growing or to be grown. Upon receiving such application and the required
11.7 fee and such other information as may be required, the commissioner shall cause such
11.8 potatoes to be inspected or certified in accordance with the provisions of sections 21.111
11.9 to 21.122 and the rules adopted and published thereunder.

11.10 (b) If a grower wishes to withdraw a field or lab after having made application for
11.11 inspection and such withdrawal is requested before the field or lab inspection has been
11.12 made, the fee paid shall be refunded to said grower.

11.13 Sec. 17. Minnesota Statutes 2016, section 25.32, is amended to read:

11.14 **25.32 COMMISSIONER'S DUTIES.**

11.15 The commissioner shall administer sections 25.31 to 25.43 ~~shall be administered by the~~
11.16 ~~commissioner.~~

11.17 Sec. 18. Minnesota Statutes 2016, section 25.33, subdivision 5, is amended to read:

11.18 Subd. 5. **Commercial feed.** "Commercial feed" means materials or combinations of
11.19 materials that are distributed or intended to be distributed for use as feed or for mixing in
11.20 feed, including feed for aquatic animals, unless the materials are specifically exempted.
11.21 Unmixed whole seeds and physically altered entire unmixed seeds, as identified in the
11.22 United States grain standards, if the whole or physically altered seeds are not chemically
11.23 changed, are not labeled as a feed or for use as feed, or are not adulterated within the meaning
11.24 of section 25.37, paragraph (a), are exempt. The commissioner by rule may exempt from
11.25 this definition, or from specific provisions of sections 25.31 to 25.43, commodities such as
11.26 hay, straw, stover, silage, cobs, husks, hulls, and individual chemical compounds or
11.27 substances if those commodities, compounds, or substances are not intermixed with other
11.28 materials, are not labeled as a feed or for use as feed, and are not adulterated within the
11.29 meaning of section 25.37, paragraph (a).

12.1 Sec. 19. Minnesota Statutes 2016, section 25.33, subdivision 10, is amended to read:

12.2 Subd. 10. **Manufacture.** "Manufacture" means to grind, mix or blend, or further process,
12.3 package, or label a commercial feed for distribution.

12.4 Sec. 20. Minnesota Statutes 2016, section 25.33, subdivision 21, is amended to read:

12.5 Subd. 21. **Commissioner.** "Commissioner" means the commissioner of agriculture or
12.6 ~~a designated representative~~ the commissioner's agent.

12.7 Sec. 21. Minnesota Statutes 2016, section 25.341, subdivision 1, is amended to read:

12.8 Subdivision 1. **Requirement.** Before a person may: (1) manufacture a commercial feed
12.9 in the state; (2) distribute a commercial feed in or into the state; or (3) have the person's
12.10 name appear on the label of a commercial feed as guarantor, the person must have a
12.11 commercial feed license for each guarantor, or manufacturing or distributing facility. A
12.12 person who makes only retail sales of commercial feed, guaranteed by another, is not required
12.13 to obtain a license.

12.14 Sec. 22. Minnesota Statutes 2016, section 25.341, subdivision 2, is amended to read:

12.15 Subd. 2. **Application; fee; term.** A person who is required to have a commercial feed
12.16 license ~~shall~~ must submit an application on a form provided or approved by the commissioner
12.17 accompanied by ~~a~~ an application fee of \$75 paid to the commissioner for each location. A
12.18 license is not transferable from one person to another, from one ownership to another, or
12.19 from one location to another. The license year is the calendar year. A license expires on
12.20 December 31 of the year for which it is issued, except that a license is valid ~~through January~~
12.21 ~~31 of the next year~~ or until the issuance of the renewal license, ~~whichever comes first~~, if
12.22 the licensee has filed a renewal application ~~with the commissioner~~ that has been received
12.23 by the commissioner on or before December 31 of the year for which the current license
12.24 was issued, or postmarked on or before December 31 of the year for which the current
12.25 license was issued. Any person who is required to have, but fails to obtain a license or a
12.26 licensee who fails to comply with license renewal requirements, ~~shall~~ must pay a \$100 late
12.27 fee in addition to the license fee.

12.28 Sec. 23. Minnesota Statutes 2016, section 25.35, is amended to read:

12.29 **25.35 LABELING.**

12.30 (a) A commercial feed, except a customer formula feed, must be accompanied by a label
12.31 bearing the following information:

13.1 (1) the product name and the brand name, if any, under which the commercial feed is
13.2 distributed;

13.3 (2) the guaranteed analysis, stated in terms the commissioner requires by rule, to advise
13.4 the user of the composition of the feed or to support claims made in the labeling. The
13.5 substances or elements must be determinable by laboratory methods such as the methods
13.6 published by the AOAC International or other generally recognized methods;

13.7 (3) the common or usual name of each ingredient used in the manufacture of the
13.8 commercial feed. The commissioner may by rule permit the use of a collective term for a
13.9 group of ingredients which perform a similar function, or may exempt commercial feeds
13.10 or any group of commercial feeds from this requirement on finding that an ingredient
13.11 statement is not required in the interest of consumers;

13.12 (4) the name and principal mailing address of the manufacturer or the person responsible
13.13 for distributing the commercial feed;

13.14 (5) adequate directions for use for all commercial feeds containing drugs and for such
13.15 other feeds as the commissioner may require by rule as necessary for their safe and effective
13.16 use;

13.17 (6) precautionary statements which the commissioner determines by rule are necessary
13.18 for the safe and effective use of the commercial feed; and

13.19 (7) a quantity statement.

13.20 (b) A customer formula feed must be accompanied by a label, invoice, delivery slip, or
13.21 other shipping document bearing the following information:

13.22 (1) name and address of the manufacturer;

13.23 (2) name and address of the purchaser;

13.24 (3) date of delivery;

13.25 (4) the product name and either (i) the quantity of each commercial feed and each other
13.26 ingredient used in the mixture, or (ii) a guaranteed analysis and list of ingredients in paragraph
13.27 (a), clauses (2) and (3);

13.28 (5) adequate directions for use for all customer formula feeds containing drugs and for
13.29 other feeds the commissioner requires by rule as necessary for their safe and effective use;

13.30 (6) precautionary statements the commissioner determines by rule are necessary for the
13.31 safe and effective use of the customer formula feed;

14.1 (7) if a product containing a drug is used:

14.2 (i) the purpose of the medication (claim statement); and

14.3 (ii) the established name of each active drug ingredient and the level of each drug used
14.4 in the final mixture expressed in a manner required by the commissioner by rule; ~~and~~

14.5 (8) for a customer formula feed for which the formula is developed by someone other
14.6 than the manufacturer, a disclaimer may be included on the label stating "THIS FEED IS
14.7 A CUSTOMER FORMULA FEED DEVELOPED BY SOMEONE OTHER THAN THE
14.8 MANUFACTURER. THE MANUFACTURER DOES NOT CLAIM, REPRESENT,
14.9 WARRANT, OR GUARANTEE, AND IS NOT RESPONSIBLE FOR THE NUTRITIONAL
14.10 ADEQUACY OF THIS FEED OR THE NUTRITIONAL SUITABILITY OF THIS FEED
14.11 FOR ITS INTENDED PURPOSE."; and

14.12 (9) a quantity statement.

14.13 (c) The manufacturer of a customer formula feed the formula of which is developed by
14.14 someone other than the manufacturer is not responsible or liable for the nutritional adequacy
14.15 or the nutritional suitability of the feed for its intended purpose if: (1) the manufacturer does
14.16 not make a claim of nutritional adequacy for the customer formula feed and does not make
14.17 a claim for nutritional suitability of the feed for its intended purpose; and (2) the manufacturer
14.18 includes the disclaimer in paragraph (b), clause (8). A person other than the manufacturer
14.19 who develops or recommends a formula for a customer formula feed is responsible for
14.20 providing to the manufacturer of the feed the appropriate labeling information and for
14.21 providing the appropriate use information to the feed manufacturer.

14.22 Sec. 24. Minnesota Statutes 2016, section 25.371, subdivision 2, is amended to read:

14.23 Subd. 2. **Certificate application.** (a) A person may apply to the commissioner for a
14.24 good manufacturing practices certificate for commercial feed and feed ingredients.

14.25 Application for good manufacturing practices certificates must be made on forms provided
14.26 or approved by the commissioner. The commissioner shall conduct inspections of facilities
14.27 for persons that have applied for or intend to apply for a good manufacturing practices
14.28 certificate for commercial feed and feed ingredients from the commissioner. The
14.29 commissioner shall not conduct an inspection under this ~~section~~ subdivision if the applicant
14.30 has not paid in full the inspection fee for previous inspections. Certificate issuance shall be
14.31 based on ~~compliance with subdivisions 3 to 14,~~ or United States Food and Drug
14.32 Administration rules regarding preventive controls for animal feed.

15.1 (b) The commissioner may assess a fee for the inspection, service, and work performed
 15.2 in carrying out the issuance of a good manufacturing practices certificate for commercial
 15.3 feed and feed ingredients. The inspection fee must be based on mileage and the cost of
 15.4 inspection.

15.5 Sec. 25. Minnesota Statutes 2016, section 25.38, is amended to read:

15.6 **25.38 PROHIBITED ACTS.**

15.7 The following acts and causing the following acts in Minnesota are prohibited:

15.8 (1) manufacture or distribution of any commercial feed that is adulterated or misbranded;

15.9 (2) adulteration or misbranding of any commercial feed;

15.10 (3) distribution of agricultural commodities such as whole seed, hay, straw, stover, silage,
 15.11 cobs, husks, and hulls, which are adulterated within the meaning of section 25.37, paragraph
 15.12 (a);

15.13 (4) removal or disposal of a commercial feed in violation of an order under section 25.42;

15.14 (5) failure or refusal to obtain a commercial feed license under section 25.341 ~~or to~~
 15.15 ~~provide a small package listing under section 25.39;~~ or

15.16 (6) failure to pay inspection fees, to register a small package under section 25.39, or to
 15.17 file reports as required by section 25.39.

15.18 Sec. 26. Minnesota Statutes 2016, section 25.39, subdivision 1, is amended to read:

15.19 Subdivision 1. **Amount of fee.** (a) An inspection fee at the rate of 16 cents per ton must
 15.20 be paid to the commissioner on commercial feeds distributed in this state by the person who
 15.21 first distributes the commercial feed, except that:

15.22 (1) no fee need be paid on:

15.23 ~~(i) a commercial feed if the payment has been made by a previous distributor; or~~

15.24 ~~(ii) any feed ingredient in a customer formula feeds if the inspection fee is paid on the~~
 15.25 ~~commercial feeds which are used as ingredients~~ feed that has been directly furnished by the
 15.26 customer; or

15.27 ~~(2) a Minnesota feed distributor who can substantiate that greater than 50 percent of the~~
 15.28 ~~distribution of commercial feed is to purchasers outside the state may purchase commercial~~
 15.29 ~~feeds without payment of the inspection fee under a tonnage fee exemption permit issued~~
 15.30 ~~by the commissioner~~ no fee need be paid on a first distribution if made to a qualified buyer

16.1 who, with approval from the commissioner, is responsible for the fee. Such ~~location-specific~~
16.2 license-specific tonnage-fee-exemption permits shall be issued on a calendar year basis to
16.3 commercial feed ~~distributors~~ licensees who distribute feed or feed ingredients outside the
16.4 state, and who submit a \$100 nonrefundable application fee and comply with rules adopted
16.5 by the commissioner relative to record keeping, tonnage of commercial feed distributed in
16.6 Minnesota, total of all commercial feed tonnage distributed, and all other information which
16.7 the commissioner may require so as to ensure that proper inspection fee payment has been
16.8 made.

16.9 (b) In the case of pet food or specialty pet food distributed in the state only in packages
16.10 of ten pounds or less, a listing of distributor must register each product and submit a current
16.11 label for each product ~~must be submitted~~ annually on forms provided by the commissioner
16.12 ~~and~~, accompanied by an annual application fee of \$100 for each product in lieu of the
16.13 inspection fee. This annual fee ~~is due by July 1~~ must be received by the commissioner on
16.14 or before June 30 or postmarked on or before June 30. The inspection fee required by
16.15 paragraph (a) applies to pet food or specialty pet food distributed in packages exceeding
16.16 ten pounds.

16.17 ~~(e) In the case of specialty pet food distributed in the state only in packages of ten pounds~~
16.18 ~~or less, a listing of each product and a current label for each product must be submitted~~
16.19 ~~annually on forms provided by the commissioner and accompanied by an annual fee of~~
16.20 ~~\$100 for each product in lieu of the inspection fee. This annual fee is due by July 1. The~~
16.21 ~~inspection fee required by paragraph (a) applies to specialty pet food distributed in packages~~
16.22 ~~exceeding ten pounds.~~

16.23 ~~(d)~~ (c) The minimum inspection fee is \$75 per annual reporting period.

16.24 Sec. 27. Minnesota Statutes 2016, section 25.39, subdivision 1a, is amended to read:

16.25 Subd. 1a. **Containers of ten pounds or less.** A distributor who is subject to the annual
16.26 fee specified in subdivision 1, paragraph (b) ~~or (e)~~, ~~shall~~ must do the following:

16.27 (1) before beginning distribution, file register with the commissioner ~~a listing of the~~ pet
16.28 and specialty pet foods to be distributed in the state only in containers of ten pounds or less,
16.29 on forms provided by the commissioner. The listing registration under this clause must be
16.30 renewed annually on or before July 1 June 30 and is the basis for the payment of the annual
16.31 fee. New products added during the year must be submitted to the commissioner as a
16.32 supplement to the annual listing registration before distribution; and

17.1 (2) if the annual renewal of the listing registration is not received or postmarked on or
17.2 before July 1 June 30 or if an unlisted unregistered product is distributed, pay a late filing
17.3 fee of \$100 per product in addition to the normal charge for the listing registration. The late
17.4 filing fee under this clause is in addition to any other penalty under this chapter.

17.5 Sec. 28. Minnesota Statutes 2016, section 25.39, subdivision 2, is amended to read:

17.6 Subd. 2. **Annual statement.** A person who is liable for the payment of a fee under this
17.7 section ~~shall~~ must file with the commissioner on forms furnished by the commissioner an
17.8 annual statement setting forth the number of net tons of commercial feeds distributed in
17.9 this state during the calendar year. The report is due ~~by~~ on or before the 31st of each January
17.10 following the year of distribution. The inspection fee at the rate specified in subdivision 1
17.11 must accompany the statement. For each tonnage report not filed with the commissioner or
17.12 payment of inspection fees not ~~made on time~~ received by the commissioner on or before
17.13 January 31 or postmarked on or before January 31, a penalty of ten percent of the amount
17.14 due, with a minimum penalty of \$10, must be assessed against the license holder, and the
17.15 amount of fees due, plus penalty, is a debt and may be recovered in a civil action against
17.16 the license holder. The assessment of this penalty does not prevent the department from
17.17 taking other actions as provided in this chapter.

17.18 Sec. 29. Minnesota Statutes 2016, section 25.39, subdivision 3, is amended to read:

17.19 Subd. 3. **Records.** Each person required to pay an inspection fee or to report in accordance
17.20 with this section ~~shall~~ must keep records, as determined by the commissioner, accurately
17.21 detailing the tonnage of commercial feed distributed in this state. Records upon which the
17.22 tonnage is based must be maintained for six years and made available to the commissioner
17.23 for inspection, copying, and audit. A person who is located outside of this state must maintain
17.24 and make available records required by this section in this state or pay all costs incurred in
17.25 auditing of the records at another location. Unless required for the enforcement of this
17.26 chapter, the information in the records required by this subdivision is private or nonpublic.

17.27 Sec. 30. Minnesota Statutes 2016, section 25.40, subdivision 2, is amended to read:

17.28 Subd. 2. **Notice; public comment.** Before the issuance, amendment, or repeal of any
17.29 rule authorized by sections 25.31 to 25.43, the commissioner shall publish the proposed
17.30 rule, amendment, or notice to repeal an existing rule in a manner reasonably calculated to
17.31 give interested parties, including all current license holders, adequate notice and shall afford
17.32 all interested persons an opportunity to present their views orally or in writing, within a
17.33 reasonable period of time. After consideration of all views presented by interested persons,

18.1 the commissioner shall take appropriate action to issue the proposed rule or to amend or
18.2 repeal an existing rule. The provisions of this subdivision notwithstanding, if the
18.3 commissioner, pursuant to the authority of sections 25.31 to 25.43, adopts the official
18.4 definitions of feed ingredients ~~or~~ and official feed terms as adopted by the Association of
18.5 American Feed Control Officials, any amendment or modification adopted by the association
18.6 ~~shall be~~ is adopted automatically under sections 25.31 to 25.43 without regard to the
18.7 publication of the notice required by this subdivision unless the commissioner, by order
18.8 specifically determines that the amendment or modification shall not be adopted.

18.9 Sec. 31. Minnesota Statutes 2016, section 25.41, subdivision 1, is amended to read:

18.10 Subdivision 1. **Authorization; limitation.** For the purpose of enforcement of sections
18.11 25.31 to 25.43, and associated rules, in order to determine whether the provisions have been
18.12 complied with, including whether or not any operations may be subject to such provisions,
18.13 officers or employees duly designated by the commissioner or the commissioner's agent,
18.14 upon presenting appropriate credentials, and a written notice to the owner, operator, or agent
18.15 in charge, are authorized:

18.16 (1) to enter, during normal business hours, any factory, warehouse, or establishment
18.17 within the state in which commercial feeds are manufactured, processed, packed, or held
18.18 for distribution, or to enter any vehicle being used to transport or hold such feeds; and

18.19 (2) to inspect at reasonable times, within reasonable limits, and in a reasonable manner,
18.20 such factory, warehouse, establishment or vehicle and all pertinent equipment, finished and
18.21 unfinished materials, containers, and labeling therein. The inspection may include the
18.22 verification of records and production and control procedures related to the manufacture,
18.23 distribution, storage, handling, or disposal of commercial feed as may be necessary to
18.24 determine compliance with this chapter.

18.25 Sec. 32. Minnesota Statutes 2016, section 25.41, subdivision 2, is amended to read:

18.26 Subd. 2. **Notification; promptness.** A separate notice ~~shall~~ must be given for each
18.27 inspection, but a notice ~~shall~~ is not be required for each entry made during the period covered
18.28 by the inspection. Each inspection ~~shall be commenced~~ must begin and be completed with
18.29 reasonable promptness. Upon completion of the inspection, the owner, operator, or agent
18.30 in charge of the facility or vehicle ~~shall~~ must be ~~so~~ notified.

19.1 Sec. 33. Minnesota Statutes 2016, section 25.41, subdivision 3, is amended to read:

19.2 Subd. 3. **Receipt for samples.** If the ~~officer or employee~~ commissioner or the
19.3 commissioner's agent making such inspection of a factory, warehouse, or other establishment
19.4 has obtained a sample in the course of the inspection, upon completion of the inspection
19.5 and prior to leaving the premises the ~~officer or employee~~ commissioner or the commissioner's
19.6 agent shall give to the owner, operator, or agent in charge a receipt describing the samples
19.7 obtained.

19.8 Sec. 34. Minnesota Statutes 2016, section 25.41, subdivision 5, is amended to read:

19.9 Subd. 5. **Entry of premises.** For the purpose of the enforcement of sections 25.31 to
19.10 25.43, the commissioner or the commissioner's ~~duly designated~~ agent is authorized to enter
19.11 upon any public or private premises including any vehicle of transport during regular business
19.12 hours to have access to, and to obtain samples, and to examine and copy records relating
19.13 to distribution of commercial feeds.

19.14 Sec. 35. Minnesota Statutes 2016, section 25.41, subdivision 7a, is amended to read:

19.15 Subd. 7a. **Manufacturer's report of investigation.** If the inspection and analysis of an
19.16 official sample indicates that a commercial feed has been adulterated or misbranded, the
19.17 person whose name appears on the label of the indicated commercial feed as guarantor ~~shall~~
19.18 must provide a manufacturer's report of investigation to the commissioner within 30 days
19.19 following the receipt of the official analysis.

19.20 Sec. 36. Minnesota Statutes 2016, section 25.42, is amended to read:

19.21 **25.42 DETAINED COMMERCIAL FEEDS.**

19.22 Subdivision 1. **Withdrawal from distribution order.** When the commissioner or the
19.23 commissioner's ~~authorized~~ agent has reasonable cause to believe any lot of commercial feed
19.24 is being distributed in violation of any of the provisions of sections 25.31 to 25.43 or of any
19.25 of the prescribed rules under sections 25.31 to 25.43, the commissioner or the commissioner's
19.26 agent may issue and enforce a written or printed "withdrawal from distribution" order,
19.27 warning the distributor not to dispose of the lot of commercial feed in any manner until
19.28 written permission is given by the commissioner or the court. The commissioner shall release
19.29 the lot of withdrawn commercial feed ~~so withdrawn~~ when ~~said provisions and~~ sections 25.31
19.30 to 25.43 and associated rules have been complied with. If compliance is not obtained within
19.31 30 days, the commissioner may begin, or upon request of the distributor or license holder
19.32 shall begin, proceedings for condemnation.

20.1 Subd. 2. **Seizure; disposition.** Any lot of commercial feed not in compliance with ~~said~~
 20.2 ~~provisions and~~ sections 25.31 to 25.43 and associated rules ~~shall be~~ is subject to seizure on
 20.3 complaint of the commissioner to the district court of the county in which ~~said~~ the commercial
 20.4 feed is located. In the event the court finds the commercial feed to be in violation of sections
 20.5 25.31 to 25.43 and orders the condemnation of ~~said~~ the commercial feed, ~~it shall~~ the
 20.6 commercial feed must be disposed of in ~~any~~ a manner consistent with the quality of the
 20.7 commercial feed and the laws of the state; provided, that in no instance, shall the disposition
 20.8 of ~~said~~ the commercial feed be ordered by the court without first giving the claimant an
 20.9 opportunity to apply to the court for release of ~~said~~ the commercial feed or for permission
 20.10 to process or relabel ~~said~~ the commercial feed to bring it into compliance with sections
 20.11 25.31 to 25.43.

20.12 Sec. 37. Minnesota Statutes 2016, section 27.04, is amended to read:

20.13 **27.04 APPLICATION FOR LICENSE.**

20.14 Subdivision 1. **Issuance.** The commissioner shall issue a wholesale produce dealer's
 20.15 license to engage in the business of a dealer at wholesale to persons submitting an application,
 20.16 paying the prescribed fee, and complying with the conditions in this section.

20.17 Subd. 2. **Application contents.** (a) The application must be in writing, accompanied by
 20.18 the prescribed fee, and state:

20.19 (1) the place or places where the applicant intends to carry on the business for which
 20.20 the license is desired;

20.21 (2) the estimated amount of business to be done monthly;

20.22 (3) the amount of business done during the preceding year, if any;

20.23 (4) the full names of the persons constituting the firm for a partnership, and for a
 20.24 corporation the names of the officers of the corporation and where incorporated; and

20.25 ~~(5) a financial statement showing the value and character of the assets and the amount~~
 20.26 ~~of liabilities of the applicant;~~

20.27 ~~(6) the income and expenses for the most recent year;~~

20.28 ~~(7) the names and addresses of all shareholders who own at least five percent of a~~
 20.29 ~~corporate applicant's shares of stock;~~

20.30 ~~(8) whether the applicant or any of its officers, partners, or agents have been involved~~
 20.31 ~~in any litigation relating to the business of a wholesale produce dealer in the previous five~~
 20.32 ~~years; and~~

21.1 (9) (5) any other information relevant to the conduct of its business as a wholesale
21.2 produce dealer in the previous five years, as the commissioner may require.

21.3 (b) If a contract is used in a transaction, a copy of the contract must also be filed with
21.4 the commissioner.

21.5 (c) Financial data required of an applicant under this section is classified as private data
21.6 with regard to data on individuals and as nonpublic data with regard to data not on individuals
21.7 under section 13.02.

21.8 Subd. 3. **Filing.** Applications shall be filed annually.

21.9 Sec. 38. Minnesota Statutes 2016, section 28A.03, is amended by adding a subdivision to
21.10 read:

21.11 Subd. 11. **Regularly engaged.** "Regularly engaged" means any person who operates a
21.12 food business over a period of time at uniform, consistent intervals.

21.13 Sec. 39. Minnesota Statutes 2016, section 28A.21, subdivision 6, is amended to read:

21.14 Subd. 6. **Expiration.** This section expires June 30, ~~2017~~ 2027.

21.15 Sec. 40. Minnesota Statutes 2016, section 31A.02, subdivision 4, is amended to read:

21.16 Subd. 4. **Animals.** "Animals" means cattle, swine, sheep, goats, poultry, farmed Cervidae,
21.17 as defined in section 35.153, subdivision 3, llamas, as defined in section 17.455, subdivision
21.18 2, Ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other ~~large~~
21.19 domesticated animals.

21.20 Sec. 41. Minnesota Statutes 2016, section 32C.02, subdivision 2, is amended to read:

21.21 Subd. 2. **Facility design; development and operation.** The authority may enter into
21.22 management contracts, lease agreements, or both, with a Minnesota nonprofit corporation
21.23 to design, develop, and operate a facility to further the purposes of this chapter at the site
21.24 determined by the board and on the terms that the board finds desirable. The board must
21.25 identify ~~and acquire~~ a site that will accommodate, where practical, the following facilities
21.26 and activities:

21.27 (1) housing for bred and lactating animals;

21.28 (2) milking parlor;

21.29 (3) automatic milking systems;

- 22.1 (4) cross-ventilated and natural-ventilated housing;
- 22.2 (5) transition cow housing;
- 22.3 (6) special needs and hospital housing;
- 22.4 (7) classrooms and a conference room;
- 22.5 (8) dairy processing facility with retail;
- 22.6 (9) visitors' center;
- 22.7 (10) student housing;
- 22.8 (11) laboratory facilities;
- 22.9 (12) space to accommodate installation of an anaerobic digester system to research
- 22.10 energy production from feedstock produced on site or from off-site sources; and
- 22.11 (13) space for feed storage to allow for research capabilities at the facility.

22.12 Notwithstanding the provisions of section 32C.01, subdivision 7, relating to conflict of

22.13 interest, a director or officer of the authority who is also a director, officer, or member of

22.14 a nonprofit corporation with which the authority enters into management contracts or lease

22.15 agreements may participate in and vote on the decision of the board as to the terms and

22.16 conditions of management contracts or lease agreements between the Minnesota nonprofit

22.17 corporation and the authority.

22.18 Sec. 42. Minnesota Statutes 2016, section 32C.06, is amended to read:

22.19 **32C.06 EXPIRATION.**

22.20 If by August 1, ~~2017~~ 2020, the authority board has not identified ~~and acquired~~ a site for

22.21 a facility, as provided in section 32C.02, subdivision 2, sections 32C.01 to 32C.05 and this

22.22 section are repealed on that date. The Department of Agriculture shall notify the revisor of

22.23 statutes if the repealer under this section becomes effective.

22.24 Sec. 43. Minnesota Statutes 2016, section 41B.03, subdivision 2, is amended to read:

22.25 Subd. 2. **Eligibility for restructured loan.** In addition to the eligibility requirements

22.26 of subdivision 1, a prospective borrower for a restructured loan must:

- 22.27 (1) have received at least 50 percent of average annual gross income from farming for
- 22.28 the past three years or, for homesteaded property, received at least 40 percent of average
- 22.29 gross income from farming in the past three years, and farming must be the principal
- 22.30 occupation of the borrower;

23.1 (2) have projected annual expenses, including operating expenses, family living, and
23.2 interest expenses after the restructuring, that do not exceed 95 percent of the borrower's
23.3 projected annual income considering prior production history and projected prices for farm
23.4 production, except that the authority may reduce the 95 percent requirement if it finds that
23.5 other significant factors in the loan application support the making of the loan;

23.6 (3) demonstrate substantial difficulty in meeting projected annual expenses without
23.7 restructuring the loan; and

23.8 (4) have a total net worth, including assets and liabilities of the borrower's spouse and
23.9 dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017 and an amount in subsequent
23.10 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
23.11 rate as determined by the United States All-Items Consumer Price Index.

23.12 Sec. 44. Minnesota Statutes 2016, section 41B.03, subdivision 3, is amended to read:

23.13 Subd. 3. **Eligibility for beginning farmer loans.** (a) In addition to the requirements
23.14 under subdivision 1, a prospective borrower for a beginning farm loan in which the authority
23.15 holds an interest, must:

23.16 (1) have sufficient education, training, or experience in the type of farming for which
23.17 the loan is desired;

23.18 (2) have a total net worth, including assets and liabilities of the borrower's spouse and
23.19 dependents, of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in subsequent
23.20 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
23.21 rate as determined by the United States All-Items Consumer Price Index;

23.22 (3) demonstrate a need for the loan;

23.23 (4) demonstrate an ability to repay the loan;

23.24 (5) certify that the agricultural land to be purchased will be used by the borrower for
23.25 agricultural purposes;

23.26 (6) certify that farming will be the principal occupation of the borrower;

23.27 (7) agree to participate in a farm management program approved by the commissioner
23.28 of agriculture for at least the first three years of the loan, if an approved program is available
23.29 within 45 miles from the borrower's residence. The commissioner may waive this requirement
23.30 for any of the programs administered by the authority if the participant requests a waiver
23.31 and has either a four-year degree in an agricultural program or certification as an adult farm
23.32 management instructor; and

24.1 (8) agree to file an approved soil and water conservation plan with the Natural Resources
24.2 Conservation Service office in the county where the land is located.

24.3 (b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is
24.4 subject to penalty as determined by the authority.

24.5 Sec. 45. Minnesota Statutes 2016, section 41B.043, subdivision 5, is amended to read:

24.6 Subd. 5. **Total net worth limit.** A prospective borrower for an agricultural improvement
24.7 loan in which the authority holds an interest must have a total net worth, including assets
24.8 and liabilities of the borrower's spouse and dependents, of less than ~~\$350,000 in 2004~~
24.9 \$800,000 in 2017 and an amount in subsequent years which is adjusted for inflation by
24.10 multiplying that amount by the cumulative inflation rate as determined by the United States
24.11 All-Items Consumer Price Index.

24.12 Sec. 46. Minnesota Statutes 2016, section 41B.045, subdivision 2, is amended to read:

24.13 Subd. 2. **Loan participation.** The authority may participate in a livestock expansion
24.14 loan with an eligible lender to a livestock farmer who meets the requirements of section
24.15 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock
24.16 operation. A prospective borrower must have a total net worth, including assets and liabilities
24.17 of the borrower's spouse and dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017
24.18 and an amount in subsequent years which is adjusted for inflation by multiplying that amount
24.19 by the cumulative inflation rate as determined by the United States All-Items Consumer
24.20 Price Index.

24.21 Participation is limited to 45 percent of the principal amount of the loan or \$525,000,
24.22 whichever is less. The interest rates and repayment terms of the authority's participation
24.23 interest may be different from the interest rates and repayment terms of the lender's retained
24.24 portion of the loan.

24.25 Sec. 47. Minnesota Statutes 2016, section 41C.02, subdivision 12, is amended to read:

24.26 Subd. 12. **Low or moderate net worth.** "Low or moderate net worth" means:

24.27 (1) for an individual, an aggregate net worth of the individual and the individual's spouse
24.28 and minor children of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in
24.29 subsequent years which is adjusted for inflation by multiplying that amount by the cumulative
24.30 inflation rate as determined by the United States All-Items Consumer Price Index; or

25.1 (2) for a partnership, an aggregate net worth of all partners, including each partner's net
25.2 capital in the partnership, and each partner's spouse and minor children of less than twice
25.3 the amount set for an individual in clause (1). However, the aggregate net worth of each
25.4 partner and that partner's spouse and minor children may not exceed the amount set for an
25.5 individual in clause (1).

25.6 Sec. 48. Minnesota Statutes 2016, section 116V.01, subdivision 1, is amended to read:

25.7 Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is
25.8 established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code
25.9 of 1986, as amended. The Agricultural Utilization Research Institute shall conduct onsite
25.10 and applied research, promote the establishment of new products and product uses and the
25.11 expansion of existing markets for the state's agricultural commodities and products, including
25.12 direct financial and technical assistance for ~~Minnesota~~ entrepreneurs. The institute must
25.13 establish or maintain facilities and work with private and public entities to leverage the
25.14 resources available to achieve maximum results for Minnesota agriculture.

25.15 Sec. 49. Minnesota Statutes 2016, section 116V.01, subdivision 2, is amended to read:

25.16 Subd. 2. **Board of directors.** The board of directors of the Agricultural Utilization
25.17 Research Institute is comprised of:

25.18 (1) the chairs of the senate and the house of representatives standing committees with
25.19 jurisdiction over agriculture finance or the chair's designee;

25.20 (2) two representatives of statewide farm organizations;

25.21 (3) two representatives of agribusiness; ~~and~~

25.22 (4) three representatives of the commodity promotion councils; and

25.23 (5) two at-large representatives.

25.24 Sec. 50. Minnesota Statutes 2016, section 116V.01, subdivision 3, is amended to read:

25.25 Subd. 3. **Duties.** (a) The Agricultural Utilization Research Institute shall:

25.26 (1) identify development opportunities for agricultural products;

25.27 (2) implement a program that identifies techniques to meet those opportunities;

25.28 (3) monitor and coordinate research among the public and private organizations and
25.29 individuals specifically addressing procedures to transfer new technology to businesses,
25.30 farmers, and individuals;

26.1 ~~(4) provide research grants to public and private educational institutions and other~~
26.2 ~~organizations that are undertaking basic and applied research to promote the development~~
26.3 ~~of emerging agricultural industries;~~

26.4 ~~(5)~~ assist organizations and individuals with market analysis and product marketing
26.5 implementations;

26.6 ~~(6)~~ (5) to the extent possible earn and receive revenue from contracts, patents, licenses,
26.7 royalties, grants, fees-for-service, and memberships;

26.8 ~~(7)~~ (6) work with the Department of Agriculture, the United States Department of
26.9 Agriculture, the Department of Employment and Economic Development, and other agencies
26.10 to maximize marketing opportunities locally, nationally, and internationally; and

26.11 ~~(8)~~ (7) leverage available funds from federal, state, and private sources to develop new
26.12 markets and value added opportunities for Minnesota agricultural products.

26.13 (b) The Agricultural Utilization Research Institute board of directors shall have the sole
26.14 approval authority for establishing agricultural utilization research priorities, requests for
26.15 proposals to meet those priorities, awarding of grants, hiring and direction of personnel,
26.16 and other expenditures of funds consistent with the adopted and approved mission and goals
26.17 of the Agricultural Utilization Research Institute. The actions and expenditures of the
26.18 Agricultural Utilization Research Institute are subject to audit. The institute shall annually
26.19 report by February 1 to the senate and house of representatives standing committees with
26.20 jurisdiction over agricultural policy and funding. The report must list projects initiated,
26.21 progress on projects, and financial information relating to expenditures, income from other
26.22 sources, and other information to allow the committees to evaluate the effectiveness of the
26.23 institute's activities.

26.24 (c) The Agricultural Utilization Research Institute shall convene a Renewable Energy
26.25 Roundtable, the purpose of which shall be to further the state's leadership on bioenergy
26.26 issues.

26.27 (i) The Renewable Energy Roundtable shall consist of one representative appointed by
26.28 the commissioner of the Minnesota Department of Agriculture, one appointed by the
26.29 commissioner of the Minnesota Department of Commerce, one appointed by the chancellor
26.30 of the Minnesota State Colleges and Universities, and one appointed by the president of the
26.31 University of Minnesota. The appointees must have expertise relevant to bioenergy.

26.32 (ii) The board shall oversee the activities and shall provide staff to assist the Renewable
26.33 Energy Roundtable.

27.1 (iii) The Renewable Energy Roundtable will engage professionals and experts from
27.2 private, government, academic, and nonprofit entities across the state to identify bioenergy
27.3 opportunities and collaborate with a broad group of interested parties to identify future
27.4 alternative courses of action the state can take to sustain a long-term competitive position
27.5 in renewable energy through the year 2025. The Renewable Energy Roundtable will consult,
27.6 advise, and review projects and initiatives funded by the state as directed by the
27.7 administration and the legislature.

27.8 Sec. 51. Minnesota Statutes 2016, section 116V.01, subdivision 4, is amended to read:

27.9 Subd. 4. **Staff.** The board of directors shall hire ~~staff~~ an executive director for the
27.10 Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization
27.11 Research Institute are not state employees and may participate in state retirement, deferred
27.12 compensation, insurance, or other plans that apply to state employees generally and are
27.13 subject to regulation by the state Campaign Finance and Public Disclosure Board.

27.14 Sec. 52. Minnesota Statutes 2016, section 116V.01, subdivision 7, is amended to read:

27.15 Subd. 7. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct
27.16 of the business of the institute consistent with this section. The corporation must publish
27.17 bylaws and amendments to the bylaws ~~in the State Register~~ on the board's Web site.

27.18 Sec. 53. Minnesota Statutes 2016, section 116V.01, subdivision 10, is amended to read:

27.19 Subd. 10. **Meetings.** The board of directors shall meet at least twice each year and may
27.20 hold additional meetings upon giving notice in accordance with the bylaws of the institute.
27.21 Board meetings are subject to chapter 13D, except section 13D.01, subdivision 6, as it
27.22 pertains to financial information, business plans, income and expense projections, customer
27.23 lists, market and feasibility studies, and trade secret information as defined by section 13.37,
27.24 subdivision 1, paragraph (b). For the purposes of section 13D.015, the board of directors is
27.25 a state board.

27.26 Sec. 54. Minnesota Statutes 2016, section 116V.01, subdivision 11, is amended to read:

27.27 Subd. 11. **Conflict of interest.** A director, employee, or officer of the institute may not
27.28 ~~participate in~~ advocate for or vote on a decision of the board relating to an organization in
27.29 which the director, employee, or officer has either a direct or indirect financial interest.

28.1 Sec. 55. Minnesota Statutes 2016, section 116V.01, subdivision 13, is amended to read:

28.2 Subd. 13. **Funds.** The institute may accept and use gifts, grants, or contributions from
28.3 any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell,
28.4 exchange, or otherwise dispose of and invest or reinvest the money, securities, or other
28.5 property given or bequested to it. The principal of these funds, the income from them, and
28.6 all other revenues received by it from any nonstate source ~~must be placed in the depositories~~
28.7 ~~the board determines and is~~ are subject to expenditure for the board's purposes. Receipts
28.8 and expenditures of more than ~~\$25,000~~ \$50,000 must be approved by the ~~full~~ board.

28.9 Sec. 56. Minnesota Statutes 2016, section 116V.01, subdivision 14, is amended to read:

28.10 Subd. 14. **Accounts; audits.** The institute may establish funds and accounts that it finds
28.11 convenient. The board shall provide for and pay the cost of an ~~independent annual~~ audit of
28.12 its official books and records by the legislative auditor subject to sections 3.971 and 3.972.
28.13 In addition, the board shall provide and pay for the cost of an annual financial audit of its
28.14 official books and records by an independent audit firm. A copy of this the annual financial
28.15 audit shall be filed with the ~~secretary of state~~ Office of the Attorney General, Charities
28.16 Division.

28.17 For purposes of this section, "institute" means the Agricultural Utilization Research
28.18 Institute established under this section and "board of directors" means the board of directors
28.19 of the Agricultural Utilization Research Institute.

28.20 Sec. 57. Minnesota Statutes 2016, section 223.17, subdivision 8, is amended to read:

28.21 Subd. 8. **Bond disbursement.** (a) The bond required under subdivision 4 shall provide
28.22 for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand,
28.23 the purchase price of grain sold to the grain buyer in the manner provided by subdivision
28.24 5, including loss caused by failure to pay within the time required. The bond shall be
28.25 conditioned upon the grain buyer being duly licensed as provided herein.

28.26 (b) The commissioner shall promptly determine the validity of all claims filed and notify
28.27 the claimants of the determination. An aggrieved party may appeal the commissioner's
28.28 determination by requesting, within 15 days, that the commissioner initiate a contested case
28.29 proceeding. In the absence of such a request, or following the issuance of a final order in a
28.30 contested case, the surety company shall issue payment promptly to those claimants entitled
28.31 to payment. The commissioner may apply to the district court for an order appointing a
28.32 trustee or receiver to manage and supervise the operations of the grain buyer in default. The
28.33 commissioner may participate in any resulting court proceeding as an interested party.

29.1 (c) If a grain buyer has become liable to more than one producer by reason of breaches
29.2 of the conditions of the bond and the amount of the bond is insufficient to pay the entire
29.3 liability to all producers entitled to the protection of the bond, the proceeds of the bond shall
29.4 be apportioned among the bona fide claimants.

29.5 (d) The bond shall not be cumulative from one licensing period to the next. The maximum
29.6 liability of the bond shall be its face value for the licensing period.

29.7 (e) The bond disbursement shall occur 200 days from the date the commissioner publishes
29.8 a public notice of a claim. At the end of this time period, the commissioner shall initiate
29.9 bond payments on all valid claims received by the commissioner.

29.10 Sec. 58. Minnesota Statutes 2016, section 232.22, subdivision 7, is amended to read:

29.11 Subd. 7. **Bond disbursement.** (a) The bond of a public grain warehouse operator must
29.12 be conditioned that the public grain warehouse operator issuing a grain warehouse receipt
29.13 is liable to the depositor for the delivery of the kind, grade and net quantity of grain called
29.14 for by the receipt.

29.15 (b) Upon notification of default, the commissioner shall determine the validity of all
29.16 claims and notify all parties having filed claims. Any aggrieved party may appeal the
29.17 commissioner's determination by requesting, within 15 days, that the commissioner initiate
29.18 a contested case proceeding. In the absence of such a request, or following the issuance of
29.19 a final order in a contested case, the surety company shall issue payment to those claimants
29.20 entitled to payment. If the commissioner determines it is necessary, the commissioner may
29.21 apply to the district court for an order appointing a trustee or receiver to manage and supervise
29.22 the operations of the grain warehouse operator in default. The commissioner may participate
29.23 in any resulting court proceeding as an interested party.

29.24 (c) For the purpose of determining the amount of bond disbursement against all valid
29.25 claims under a condition one bond, all grain owned or stored in the public grain warehouse
29.26 shall be sold and the combined proceeds deposited in a special fund. Payment shall be made
29.27 from the special fund satisfying the valid claims of grain warehouse receipt holders.

29.28 (d) If a public grain warehouse operator has become liable to more than one depositor
29.29 or producer by reason of breaches of the conditions of the bond and the amount of the bond
29.30 is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid
29.31 claimants, the proceeds of the bond and special fund shall be apportioned among the valid
29.32 claimants on a pro rata basis.

30.1 (e) A bond is not cumulative from one licensing period to the next. The maximum
30.2 liability of the bond shall be its face value for the licensing period.

30.3 (f) The bond disbursement shall occur 200 days from the date the commissioner publishes
30.4 a public notice of a claim. At the end of this time period, the commissioner shall initiate
30.5 bond payments on all valid claims received by the department.

30.6 Sec. 59. Minnesota Statutes 2016, section 336.9-601, is amended to read:

30.7 **336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;**
30.8 **CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT**
30.9 **INTANGIBLES, OR PROMISSORY NOTES.**

30.10 (a) **Rights of secured party after default.** After default, a secured party has the rights
30.11 provided in this part and, except as otherwise provided in section 336.9-602, those provided
30.12 by agreement of the parties. A secured party:

30.13 (1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security
30.14 interest, or agricultural lien by any available judicial procedure; and

30.15 (2) if the collateral is documents, may proceed either as to the documents or as to the
30.16 goods they cover.

30.17 (b) **Rights and duties of secured party in possession or control.** A secured party in
30.18 possession of collateral or control of collateral under section 336.7-106, 336.9-104,
30.19 336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

30.20 (c) **Rights cumulative; simultaneous exercise.** The rights under subsections (a) and
30.21 (b) are cumulative and may be exercised simultaneously.

30.22 (d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) and
30.23 section 336.9-605, after default, a debtor and an obligor have the rights provided in this part
30.24 and by agreement of the parties.

30.25 (e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment,
30.26 the lien of any levy that may be made upon the collateral by virtue of an execution based
30.27 upon the judgment relates back to the earliest of:

30.28 (1) the date of perfection of the security interest or agricultural lien in the collateral;

30.29 (2) the date of filing a financing statement covering the collateral; or

30.30 (3) any date specified in a statute under which the agricultural lien was created.

31.1 (f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest
31.2 or agricultural lien by judicial procedure within the meaning of this section. A secured party
31.3 may purchase at the sale and thereafter hold the collateral free of any other requirements
31.4 of this article.

31.5 (g) **Consignor or buyer of certain rights to payment.** Except as otherwise provided
31.6 in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor
31.7 or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

31.8 (h) **Security interest in collateral that is agricultural property; enforcement.** A
31.9 person may not begin to enforce a security interest in collateral that is agricultural property
31.10 subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ the amount
31.11 provided in section 583.24, subdivision 5, unless: a mediation notice under subsection (i)
31.12 is served on the debtor after a condition of default has occurred in the security agreement
31.13 and a copy served on the director of the agricultural extension service; and the debtor and
31.14 creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed
31.15 under sections 583.20 to 583.32.

31.16 (i) **Mediation notice.** A mediation notice under subsection (h) must contain the following
31.17 notice with the blanks properly filled in.

31.18 "TO: ...(Name of Debtor)...

31.19 YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY
31.20 AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural
31.21 Property Collateral). THE AMOUNT OF THE OUTSTANDING DEBT IS ...(Amount of
31.22 Debt)...

31.23 AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE
31.24 THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY
31.25 DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A
31.26 COURT JUDGMENT AGAINST THE PROPERTY.

31.27 YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION.
31.28 IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE
31.29 MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT
31.30 WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY
31.31 ENFORCES THE DEBT.

31.32 IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE
31.33 AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION

32.1 MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL
32.2 INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE
32.3 TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION
32.4 RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS
32.5 POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR
32.6 HANDLING FUTURE FINANCIAL RELATIONS.

32.7 TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A
32.8 MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU
32.9 RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT
32.10 ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

32.11 FROM: ...(Name and Address of Secured Party)..."

32.12 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
32.13 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

32.14 Sec. 60. Minnesota Statutes 2016, section 550.365, subdivision 1, is amended to read:

32.15 Subdivision 1. **Requirement.** A person may not attach, execute on, levy on, or seize
32.16 agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more
32.17 than ~~\$5,000~~ the amount provided in section 583.24, subdivision 5, unless: (1) a mediation
32.18 notice is served on the judgment debtor and a copy served on the director and the debtor
32.19 and creditor have completed mediation under sections 583.20 to 583.32; or (2) as otherwise
32.20 allowed under sections 583.20 to 583.32.

32.21 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
32.22 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

32.23 Sec. 61. Minnesota Statutes 2016, section 559.209, subdivision 1, is amended to read:

32.24 Subdivision 1. **Requirement.** A person may not begin to terminate a contract for deed
32.25 under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32
32.26 for a remaining balance on the contract of more than ~~\$5,000~~ the amount provided in section
32.27 583.24, subdivision 5, unless: (1) a mediation notice is served on the contract for deed
32.28 purchaser after a default has occurred under the contract and a copy served on the director
32.29 and the contract for deed vendor and purchaser have completed mediation under sections
32.30 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

32.31 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
32.32 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

33.1 Sec. 62. Minnesota Statutes 2016, section 582.039, subdivision 1, is amended to read:

33.2 Subdivision 1. **Requirement.** A person may not begin a proceeding under this chapter
33.3 or chapter 580 to foreclose a mortgage on agricultural property subject to sections 583.20
33.4 to 583.32 that has a secured debt of more than ~~\$5,000~~ the amount provided in section 583.24,
33.5 subdivision 5, unless: (1) a mediation notice is served on the mortgagor after a default has
33.6 occurred in the mortgage and a copy is served on the director and the mortgagor and
33.7 mortgagee have completed mediation under sections 583.20 to 583.32; or (2) as otherwise
33.8 allowed under sections 583.20 to 583.32.

33.9 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
33.10 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

33.11 Sec. 63. Minnesota Statutes 2016, section 583.215, is amended to read:

33.12 **583.215 EXPIRATION.**

33.13 Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to
33.14 583.32, expire June 30, ~~2018~~ 2022.

33.15 Sec. 64. Minnesota Statutes 2016, section 583.24, subdivision 4, is amended to read:

33.16 Subd. 4. **Debts.** The Farmer-Lender Mediation Act does not apply to a debt:

33.17 (1) for which a proof of claim form has been filed in bankruptcy by a creditor or that
33.18 was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after July
33.19 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

33.20 (2) if the debt was in default when the creditor received a mediation proceeding notice
33.21 under the Farmer-Lender Mediation Act and the creditor filed a claim form, the debt was
33.22 mediated during the mediation period under section 583.26, subdivision 8, and (i) the
33.23 mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

33.24 (3) for which the creditor has served a mediation notice, the debtor has failed to make
33.25 a timely request for mediation, and within 60 days after the debtor failed to make a timely
33.26 request the creditor began a proceeding to enforce the debt against the agricultural property
33.27 of the debtor;

33.28 (4) for which a creditor has received a mediation proceeding notice and the creditor and
33.29 debtor have restructured the debt and have signed a separate mediation agreement with
33.30 respect to that debt; ~~or~~

34.1 (5) for which there is a lien for rental value of farm machinery under section 514.661-;

34.2 or

34.3 (6) that is a new line of credit, loan, or other debt extended by a creditor to the debtor

34.4 as a result of a mediation conducted pursuant to the Farmer-Lender Mediation Act. However,

34.5 this new debt becomes subject to the Farmer-Lender Mediation Act two years after the

34.6 mediation from which the new debt originated ends, as evidenced by the date on the

34.7 termination statement issued by the mediator under section 583.26, subdivision 10.

34.8 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt

34.9 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

34.10 Sec. 65. Minnesota Statutes 2016, section 583.24, is amended by adding a subdivision to

34.11 read:

34.12 Subd. 5. **Minimum eligible debt amount.** The minimum debt amount is \$15,000 in

34.13 2017 and until adjusted by the director for inflation in 2022 and every five years thereafter

34.14 using the United States Department of Agriculture's Index of the Cost of Production.

34.15 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt

34.16 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

34.17 Sec. 66. Minnesota Statutes 2016, section 583.26, subdivision 2, is amended to read:

34.18 Subd. 2. **Mediation request.** (a) A debtor must file a mediation request form with the

34.19 director by 14 days after receiving a mediation notice. The debtor must state all known

34.20 creditors with debts secured for agricultural property and must authorize the director to

34.21 obtain the debtor's credit report from one or more credit reporting agencies. The mediation

34.22 request form must include an instruction that the debtor must state all known creditors with

34.23 debts secured by agricultural property and unsecured creditors that are necessary for the

34.24 farm operation of the debtor. It is the debtor's discretion as to which unsecured creditors

34.25 are necessary for the farm operation but the mediation request form must notify the debtor

34.26 that omission of a significant unsecured creditor could result in a bad-faith determination

34.27 pursuant to section 583.27, subdivisions 1, paragraph (a), clause (2), and 2. The mediation

34.28 request must state the date that the notice was served on the debtor. The director shall make

34.29 mediation request forms available in the county recorder's and county extension office of

34.30 each county.

34.31 (b) Except as provided in section 583.24, subdivision 4, paragraph (a), clause (3), a

34.32 debtor who fails to file a timely mediation request waives the right to mediation for that

35.1 debt under the Farmer-Lender Mediation Act. The director shall notify the creditor who
35.2 served the mediation notice stating that the creditor may proceed against the agricultural
35.3 property because the debtor has failed to file a mediation request.

35.4 (c) If a debtor has not received a mediation notice and is subject to a proceeding of a
35.5 creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections
35.6 336.9-601 to 336.9-628, terminating a contract for deed to purchase agricultural property
35.7 under section 559.21, or garnishing, levying on, executing on, seizing, or attaching
35.8 agricultural property, the debtor may file a mediation request with the director. The mediation
35.9 request form must indicate that the debtor has not received a mediation notice.

35.10 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
35.11 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

35.12 Sec. 67. Minnesota Statutes 2016, section 583.26, subdivision 3, is amended to read:

35.13 Subd. 3. **Financial analyst and farm advocate.** (a) Within three business days after
35.14 receiving a mediation request, the director shall provide a financial analyst to meet with the
35.15 debtor and assure that all information relative to the finances of the debtor is prepared ~~for~~
35.16 prior to the initial mediation meeting. The financial analyst must review and, if necessary,
35.17 prepare the debtor's financial records before the initial mediation meeting.

35.18 (b) After receiving the mediation notice, the director shall provide the debtor with a list
35.19 of farm advocates that may be available without charge to assist the debtor and the financial
35.20 analyst.

35.21 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
35.22 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

35.23 Sec. 68. Minnesota Statutes 2016, section 583.26, subdivision 3a, is amended to read:

35.24 Subd. 3a. **Orientation session.** The director shall schedule an orientation session to be
35.25 held at least five days before the first mediation meeting. The debtor, the financial analyst,
35.26 and a mediator shall participate in the orientation session. The mediator at the session need
35.27 not be the one assigned to the mediation proceeding under subdivision 4. Creditors
35.28 participating in the mediation may participate in the orientation session. At the orientation
35.29 session, the financial analyst shall review the debtor's financial and inventory records to
35.30 determine if they are adequate for the mediation and inform the debtor of any inadequacies,
35.31 and the mediator shall inform the debtor of the requirements of the mediation process.

36.1 including but not limited to the requirement to participate in good faith by addressing, prior
36.2 to the initial mediation meeting, any inadequacies identified by the financial analyst.

36.3 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
36.4 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

36.5 Sec. 69. Minnesota Statutes 2016, section 583.26, subdivision 4, is amended to read:

36.6 Subd. 4. **Mediation proceeding notice.** (a) By ten days after receiving a mediation
36.7 request, the director shall send: (1) a mediation proceeding notice to the debtor; (2) a
36.8 mediation proceeding notice to all creditors listed by the debtor in the mediation request
36.9 and any additional secured creditors identified by the director from the credit report obtained
36.10 with the debtor's permission under subdivision 2; and (3) a claim form to all secured creditors
36.11 stated by the debtor or identified by the director.

36.12 (b) The mediation proceeding notice must state:

36.13 (1) the name and address of the debtor;

36.14 (2) that the debtor has requested mediation under the Farmer-Lender Mediation Act;

36.15 (3) the time and place for the orientation session;

36.16 (4) the time and place for the initial mediation meeting;

36.17 (5) a list of the names of three mediators that may be assigned to the proceeding, along
36.18 with background information on those mediators including biographical information, a
36.19 summary of previous mediation experience, and the number of agreements signed by parties
36.20 to previous mediation;

36.21 (6) that the debtor and the initiating creditor may each request the director to exclude
36.22 one mediator by notifying the director within three days after receiving the notice;

36.23 (7) that in lieu of having a mediator assigned by the director, the debtor and any one or
36.24 more of the creditors may agree to select and pay for a professional mediator that is approved
36.25 by the director;

36.26 (8) that the Farmer-Lender Mediation Act prohibits the creditor from beginning or
36.27 continuing a proceeding to enforce the debt against agricultural property for 90 days after
36.28 the debtor files a mediation request with the director unless otherwise allowed; and

36.29 (9) that the creditor must provide the debtor by the initial mediation meeting with copies
36.30 of notes and contracts for debts subject to the Farmer-Lender Mediation Act and provide a
36.31 statement of interest rates on the debts, delinquent payments, unpaid principal and interest

37.1 balances, the creditor's value of the collateral, and debt restructuring programs available by
37.2 the creditor.

37.3 (c) An initial mediation meeting must be held within 20 days of the notice.

37.4 (d) The initiating creditor and the debtor may each request the director to exclude one
37.5 mediator from the list by sending the director a notice to exclude the mediator within three
37.6 days after receiving the mediation proceeding notice.

37.7 (e) In lieu of the director assigning a mediator, the debtor and any one or more of the
37.8 creditors may agree to select and pay for a professional mediator for the mediation
37.9 proceeding. The director must approve the professional mediator before the professional
37.10 mediator may be assigned to the mediation proceeding. The professional mediator may not
37.11 be approved unless the professional mediator prepares and signs an affidavit:

37.12 (1) disclosing any biases, relationships, or previous associations with the debtor or
37.13 creditors subject to the mediation proceedings;

37.14 (2) stating certifications, training, or qualifications as a professional mediator;

37.15 (3) disclosing fees to be charged or a rate schedule of fees for the mediation proceeding;
37.16 and

37.17 (4) affirming to uphold the Farmer-Lender Mediation Act and faithfully discharge the
37.18 duties of a mediator.

37.19 (f) After receiving a mediation proceeding notice, a secured creditor must return a claim
37.20 form if the debt is not subject to the Farmer-Lender Mediation Act and specify why the debt
37.21 is not subject to sections 583.20 to 583.32.

37.22 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
37.23 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

37.24 Sec. 70. Minnesota Statutes 2016, section 583.26, subdivision 10, is amended to read:

37.25 Subd. 10. **End of mediation.** (a) The mediator shall sign and serve to the parties and
37.26 the director a termination statement by the end of the time period specified in subdivision
37.27 5.

37.28 (b) The mediator shall prepare a termination statement that:

37.29 (1) acknowledges that mediation has ended and specifies the date on which the mediation
37.30 ended; and

38.1 (2) describes or references agreements, if any, reached between a creditor and the debtor;
38.2 ~~if any~~; including any new line of credit, loan, or other debt issued by a creditor to the debtor
38.3 as a result of the mediation; and agreements, if any, reached among creditors, ~~if any~~.

38.4 (c) Mediation agreements may be included as part of the termination statement.

38.5 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
38.6 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

38.7 Sec. 71. Minnesota Statutes 2016, section 583.27, subdivision 1, is amended to read:

38.8 Subdivision 1. **Obligation of good faith.** (a) The parties must engage in mediation in
38.9 good faith. Prior to the initial mediation meeting, the director must notify all parties in
38.10 writing of their obligation to participate in good faith, the consequences of failing to
38.11 participate in good faith, and that not participating in good faith includes: (1) a failure on a
38.12 regular or continuing basis to attend and participate in mediation sessions without cause;
38.13 (2) failure to provide full information no later than the initial mediation meeting regarding
38.14 the financial obligations of the parties and other creditors including the obligation of a
38.15 creditor to provide information under section 583.26, subdivision 5, paragraph (d); (3)
38.16 failure of the creditor to designate a representative to participate in the mediation with
38.17 authority to make binding commitments within one business day to fully settle, compromise,
38.18 or otherwise mediate the matter; (4) lack of a written statement of debt restructuring
38.19 alternatives and a statement of reasons why alternatives are unacceptable to one of the
38.20 parties; (5) failure of a creditor to release funds from the sale of farm products to the debtor
38.21 for necessary living and farm operating expenses; or (6) other similar behavior which
38.22 evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance,
38.23 or forgive debt does not, in itself, evidence lack of good faith by the creditor.

38.24 (b) The amount that the creditor is required to release for necessary living expenses
38.25 under this section is limited to ~~\$1,600~~\$3,600 per month less the debtor's off-farm income.
38.26 Beginning in 2022 and every five years thereafter, the director must adjust the monetary
38.27 limit under this paragraph for inflation using the United States All-Items Consumer Price
38.28 Index.

38.29 (c) If the debtor and creditor do not agree on the amount of necessary living expenses
38.30 to be released, the debtor or creditor may petition conciliation court in the county of the
38.31 debtor's residence to make a determination of the amount to be released. The conciliation
38.32 court must make the determination within ten days after receiving the petition.

39.1 (d) If the debtor and creditors do not agree on the amount of necessary operating expenses
 39.2 or necessary living and operating expenses to be released, the debtor or a creditor requested
 39.3 to release necessary living or operating expenses may petition the district court of the debtor's
 39.4 residence to make a determination of the amount to be released. The court shall hear and
 39.5 make a determination of the amount of living and operating expenses to be released within
 39.6 ten days after receiving the petition. The court shall also add or subtract up to ten days to
 39.7 the time when the creditor can begin to enforce a proceeding to collect the debt against
 39.8 agricultural property of the debtor and assess costs, including any attorney fees, among the
 39.9 parties to the court proceeding. The court shall equitably adjust the time to begin a creditor's
 39.10 proceeding and the assessment of costs based on the parties' good faith claim to the amount
 39.11 of living and operating expenses to be released.

39.12 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
 39.13 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

39.14 Sec. 72. **REVISOR'S INSTRUCTION.**

39.15 The revisor of statutes shall renumber Minnesota Statutes, section 18B.01, subdivision
 39.16 9a, to Minnesota Statutes, section 18B.01, subdivision 9d, and correct any cross-references
 39.17 related to the renumbering.

39.18 Sec. 73. **REPEALER.**

39.19 Minnesota Statutes 2016, sections 18B.01, subdivisions 10a, 10b, and 22a; 18B.285;
 39.20 25.371, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 41D.01, subdivision 4;
 39.21 and 583.22, subdivision 7b, are repealed.

39.22 **ARTICLE 2**

39.23 **DAIRY LAW REORGANIZATION**

39.24 Section 1. Minnesota Statutes 2016, section 13.6435, subdivision 8, is amended to read:

39.25 Subd. 8. **Dairy products.** Financial and production information obtained by the
 39.26 commissioner of agriculture to administer chapter ~~32~~ 32D are classified under section ~~32.71,~~
 39.27 ~~subdivision 2~~ 32D.25, subdivision 2.

39.28 Sec. 2. **[32D.01] DEFINITIONS.**

39.29 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

39.30 Subd. 2. **Adulterated.** "Adulterated" means an item is covered by section 34A.02.

40.1 Subd. 3. **Cheese.** "Cheese" includes all varieties of cheese, cheese spreads, cheese foods,
40.2 cheese compounds, or processed cheese made or manufactured in whole or in part from
40.3 milk.

40.4 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of agriculture.

40.5 Subd. 5. **Dairy farm.** "Dairy farm" means a place or premises where one or more lactating
40.6 animals, including cows, goats, sheep, water buffalo, camels, or other hoofed mammals,
40.7 are kept, and from which all or a portion of the milk produced at the place or premises is
40.8 delivered, sold, or offered for sale.

40.9 Subd. 6. **Dairy plant.** "Dairy plant" means any place where a dairy product is
40.10 manufactured, processed, or handled and includes milk-receiving stations, creameries,
40.11 cheese factories, condenseries, milk plants, transfer stations, and marketing organizations
40.12 that purchase milk and cream directly from producers for resale and other establishments,
40.13 as those terms are used in this chapter and chapters 17, 27, and 31; but does not include any
40.14 place where dairy products are not processed but sold at whole or retail only.

40.15 Subd. 7. **Dairy product.** "Dairy product" means milk as defined by Code of Federal
40.16 Regulations, title 21, cream, any product or by-product of either, or any commodity among
40.17 the principal constituents or ingredients of which is one or a combination of two or more
40.18 of them, as determined by standards, grades, or rules adopted by the commissioner.

40.19 Subd. 8. **Fluid milk products.** "Fluid milk products" means yogurt, cream, sour cream,
40.20 half and half, reconstituted half and half, concentrated milk, concentrated milk products,
40.21 skim milk, nonfat milk, chocolate flavored milk, chocolate flavored dairy drink, chocolate
40.22 flavored reconstituted milk, chocolate flavored reconstituted dairy drink, buttermilk, cultured
40.23 buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted
40.24 cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made
40.25 by the addition of any substance to milk or to any of the fluid milk products enumerated
40.26 under this subdivision or by rule adopted by the commissioner.

40.27 Subd. 9. **Goat milk.** "Goat milk" means a whole, fresh, clean lacteal secretion free from
40.28 colostrum, obtained by the complete milking of one or more healthy goats.

40.29 Subd. 10. **Milk.** "Milk" means the normal lacteal secretion, practically free of colostrum,
40.30 obtained by the milking of one or more healthy hoofed mammals. Hoofed mammals include
40.31 but are not limited to cattle, water buffalo, sheep, goats, yaks, and camels.

41.1 Subd. 11. **Milk for manufacturing purposes.** "Milk for manufacturing purposes" means
41.2 milk produced for processing and manufacturing into products for human consumption but
41.3 not subject to Grade A or comparable requirements.

41.4 Subd. 12. **Milk-receiving station.** "Milk-receiving station" means a dairy plant where
41.5 raw milk for pasteurization or for manufacture is received, handled, or prepared for
41.6 processing or for resale as unpasteurized milk or fluid milk products.

41.7 Subd. 13. **Minnesota farmstead cheese.** "Minnesota farmstead cheese" means cheese
41.8 manufactured in Minnesota on the same farm that the milk used in its manufacturing is
41.9 produced.

41.10 Subd. 14. **Misbranded or misbranding.** "Misbranded" or "misbranding" means an item
41.11 is covered by section 34A.03.

41.12 Subd. 15. **Pasteurization or pasteurized.** (a) "Pasteurization," "pasteurized," and similar
41.13 terms mean:

41.14 (1) the process of heating every particle of milk or dairy product in properly operated
41.15 equipment approved by the commissioner to a temperature of at least 145 degrees Fahrenheit
41.16 and holding the temperature for at least 30 minutes;

41.17 (2) the process of heating every particle of milk or dairy product in properly operated
41.18 equipment approved by the commissioner to a temperature of at least 161 degrees Fahrenheit
41.19 and holding the temperature for at least 15 seconds; or

41.20 (3) the process of heating every particle of milk or dairy product in properly operated
41.21 equipment approved by the commissioner to the temperatures and holding for the times as
41.22 the commissioner may prescribe by rule, containing standards more stringent than those
41.23 imposed by this subdivision.

41.24 (b) Nothing in this subdivision shall be construed as excluding any other process that
41.25 has been demonstrated to be equally efficient and is approved by the commissioner.

41.26 Subd. 16. **Recombinant bovine growth hormone or rBGH.** "Recombinant bovine
41.27 growth hormone" or "rBGH" means a growth hormone intended for use in bovine animals
41.28 that has been produced through recombinant DNA techniques, described alternately as
41.29 recombinant bovine somatotropin or rBST.

41.30 Sec. 3. **[32D.02] INSPECTION AUTHORITY AND DUTIES.**

41.31 Subdivision 1. **Enforcement.** The commissioner is charged with the enforcement of this
41.32 chapter.

42.1 Subd. 2. **Power and authority.** For the purpose of enforcing this chapter, the
42.2 commissioner and the commissioner's assistants, agents, and employees have the power
42.3 and authority granted under sections 31.02 to 31.171.

42.4 Subd. 3. **Inspection of dairies.** At times the commissioner determines proper, the
42.5 commissioner shall inspect all places where dairy products are made, stored, or served as
42.6 food for purchase, and all places where hoofed mammals are kept by persons engaged in
42.7 the sale of milk, and shall require the correction of all unsanitary conditions and practices.

42.8 Subd. 4. **Refusal of inspection.** A refusal or physical threat that prevents the completion
42.9 of an inspection or neglect to obey a lawful direction of the commissioner or the
42.10 commissioner's agent given while carrying out this section may result in the suspension of
42.11 the offender's permit or certification or other enforcement as deemed appropriate by the
42.12 commissioner. The offender is required to meet with a representative of the offender's plant
42.13 or marketing organization and a representative of the commissioner within 48 hours of
42.14 receiving notice, excluding holidays or weekends, or the suspension or enforcement action
42.15 shall take effect. A producer may request a hearing before the commissioner or the
42.16 commissioner's agent if a serious concern exists relative to the retention of the offender's
42.17 permit or certification to sell milk.

42.18 Subd. 5. **Inspection service.** To ensure compliance with the laws and rules governing
42.19 the production, handling, processing, and sale of milk and dairy products, the commissioner
42.20 is authorized, through a duly trained and qualified milk inspector, to inspect milk and milk
42.21 products and the premises and plants where milk and milk products are produced, handled,
42.22 and processed. Inspection services must acquaint the processor and producers with the
42.23 requirements for a Grade A or manufacturing grade milk supply for preliminary inspection
42.24 to determine if a processor has brought the processor's farms and plants to the state of
42.25 compliance that qualifies the processor's products for the Grade A or manufacturing grade
42.26 label, and for continuous inspection to ensure that a farm or plant and all products from a
42.27 farm or plant are in compliance with this chapter.

42.28 Subd. 6. **Field service.** Grade A or manufacturing grade processors shall provide a
42.29 continuous field service to assist producers who sell their milk to the processor's plant to
42.30 attain and maintain compliance with this chapter. A person who performs field service must
42.31 first obtain a permit from the commissioner. A person desiring to secure a permit must apply
42.32 on a form provided by the commissioner, and before a permit is issued the commissioner
42.33 shall determine that the applicant is competent and qualified to perform field service. The
42.34 permit is not transferable to another person and may be revoked for due cause after the
42.35 holder of the permit has been given the opportunity for a hearing. The permit holder must

43.1 be given a notice in writing of the time and place of the hearing at least seven days before
43.2 the date of the hearing.

43.3 Subd. 7. **Enforcement standards.** The standards in this chapter and rules adopted under
43.4 this chapter by the commissioner shall be the only standards for use in Minnesota. No
43.5 municipality or other subdivision of state government shall provide, by ordinance, more
43.6 stringent or comprehensive standards than are contained in this chapter and rules adopted
43.7 by the commissioner under this chapter.

43.8 Subd. 8. **Rules.** (a) The commissioner shall by rule adopt identity, production, and
43.9 processing standards for both Grade A and manufacturing grade milk and dairy products.

43.10 (b) In the exercise of the authority to establish requirements for Grade A milk and milk
43.11 products, the commissioner adopts definitions, standards of identity, and requirements for
43.12 production and processing contained in the most current version of the Grade A Pasteurized
43.13 Milk Ordinance, and its associated documents, of the United States Department of Health
43.14 and Human Services in a manner provided for and not in conflict with law.

43.15 (c) Producers of milk, other than Grade A, shall conform to the standards contained in
43.16 subparts B, C, D, E, and F of the United States Department of Agriculture Agricultural
43.17 Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and
43.18 its Production and Processing, except that the commissioner shall develop methods by which
43.19 producers are able to comply with the standards without violation of religious beliefs.

43.20 Subd. 9. **Certified industry inspection.** Industry personnel may be certified to perform
43.21 any inspection, to the extent allowed by federal law and provided that performance of the
43.22 inspections is consistent with rules adopted in subdivision 8.

43.23 Subd. 10. **Fees; dairy services account.** (a) All fees and penalties collected under this
43.24 chapter shall be deposited into the dairy services account in the agricultural fund and used
43.25 for the purposes of administering this chapter.

43.26 (b) Unless otherwise noted, all fees are payable by a processor or marketing organization
43.27 and are invoiced on July 1 of each year for Grade A and January 1 of each year for
43.28 manufacturing grade, and if not paid within 30 days of the due date, inspection service may
43.29 be discontinued. If a farm discontinues the production of milk within six months of the
43.30 billing date, a request for a refund based on inspection services not received may be made
43.31 by the processor or by the marketing organization on behalf of its patrons. This request must
43.32 be made in writing by June 30 for manufacturing grade or by December 31 for Grade A.
43.33 Upon approval by the commissioner, refunds must be made to the processor or marketing
43.34 organization.

44.1 Sec. 4. **[32D.03] BULK MILK HAULER AND SAMPLER LICENSE.**

44.2 Subdivision 1. License requirement. A person collecting milk from a dairy farm and
44.3 transporting the milk by bulk pickup and not in individual containers from farm to plant
44.4 must obtain a bulk milk hauler and sampler license.

44.5 Subd. 2. Application. A person desiring to secure a bulk milk hauler and sampler license
44.6 must apply on a form provided by the commissioner. Before the license is issued, the
44.7 commissioner shall determine that the applicant is competent and qualified.

44.8 Subd. 3. Term of license; transferability. An initial bulk milk hauler and sampler
44.9 license issued by the commissioner expires on the following December 31 and is not
44.10 transferable. A renewal bulk milk hauler and sampler license is not transferable, is valid for
44.11 two years, and expires on December 31 of the second year.

44.12 Subd. 4. Fees and penalties. The fee for an initial or renewal bulk milk hauler and
44.13 sampler license is \$60. The fee shall be paid to the commissioner before the commissioner
44.14 issues an initial or renewal bulk milk hauler and sampler license. If a bulk milk hauler and
44.15 sampler license renewal is not applied for on or before January 1, a fee of \$30 shall be
44.16 imposed. A person who does not renew a bulk milk hauler and sampler license within one
44.17 year following its December 31 expiration date, except those persons who do not renew the
44.18 bulk milk hauler and sampler license while engaged in active military service, shall be
44.19 required to prove competency and qualification pursuant to section 32D.07 before a bulk
44.20 milk hauler and sampler license is issued. The commissioner may require any other person
44.21 who renews a bulk milk hauler and sampler license to prove competency and qualification
44.22 in the same manner.

44.23 Subd. 5. Suspension or cancellation. The commissioner is empowered to conduct
44.24 enforcement action, suspend, or cancel any bulk milk hauler and sampler license pursuant
44.25 to section 34A.06.

44.26 Sec. 5. **[32D.04] MILK TANK TRUCKS.**

44.27 All farm bulk milk pickup tankers, milk transports, and tankers used to transport milk
44.28 products must be inspected and obtain a permit issued by the commissioner at least once
44.29 every 12 months. The owner or operator must pay a \$25 permit fee per tanker to the
44.30 commissioner. The commissioner may appoint a person the commissioner deems qualified
44.31 to make inspections.

45.1 Sec. 6. **[32D.05] GRADE A DAIRY FARM PERMITTING; WATER WELL**
45.2 **DISTANCE REQUIREMENT.**

45.3 (a) No milk producer may sell or distribute milk from a dairy farm as Grade A milk
45.4 without a valid Grade A dairy farm permit issued by the commissioner.

45.5 (b) A dairy farmer who wishes to be permitted to produce Grade A milk may not be
45.6 denied the Grade A permit solely because of provisions in rules adopted by the commissioner
45.7 requiring a minimum distance between a water well and dairy farm. To be eligible for a
45.8 Grade A permit, the following conditions must be met:

45.9 (1) the water well must have been in place prior to January 1, 1974;

45.10 (2) the water well must comply with all other rules applicable to the well, other than the
45.11 distance requirement; and

45.12 (3) water from the well must be tested at least once every 12 months. More frequent
45.13 testing may be required in compliance with guidelines established by the commissioner if
45.14 water test results fail to meet water quality requirements.

45.15 Sec. 7. **[32D.06] GRADE A DAIRY FARM INSPECTION; FEES.**

45.16 (a) As provided in section 32D.02, subdivision 4, the commissioner shall provide
45.17 inspection service to any milk producer who wishes to market Grade A milk and is in
45.18 compliance with the requirement for the production of Grade A milk. Grade A inspections
45.19 shall be completed at least once every six months.

45.20 (b) The fee for inspections must be no more than \$50 per farm, paid annually by the
45.21 processor or by the marketing organization on behalf of its patrons.

45.22 (c) For a farm requiring a reinspection in addition to the required biannual inspections,
45.23 an additional fee must be paid by the processor or by the marketing organization on behalf
45.24 of its patrons. The fee for reinspection of a farm with fewer than 100 hooved milk-producing
45.25 animals is \$60 per reinspection. The fee for reinspection of a farm with 100 or more hooved
45.26 milk-producing animals is \$150 per reinspection.

45.27 Sec. 8. **[32D.07] MANUFACTURING GRADE DAIRY FARM CERTIFICATION.**

45.28 A producer who wishes to sell milk for manufacturing purposes must obtain from the
45.29 commissioner an annual Grade B farm certification.

46.1 Sec. 9. **[32D.08] MANUFACTURING GRADE DAIRY FARM INSPECTION; FEES.**

46.2 (a) A producer selling milk for manufacturing purposes must be inspected at least once
46.3 every 12 months.

46.4 (b) The fee for the certification inspection must not be more than \$25 per producer, to
46.5 be paid annually by the processor or the marketing organization on behalf of its patrons.

46.6 (c) For a producer requiring more than one inspection for certification, a reinspection
46.7 fee of \$45 must be paid by the processor or by the marketing organization on behalf of its
46.8 patrons.

46.9 Sec. 10. **[32D.09] DAIRY PLANT LICENSING AND PERMITTING.**

46.10 Subdivision 1. **Licensing.** A dairy plant must obtain a license as required under section
46.11 28A.04.

46.12 Subd. 2. **Permitting.** No person shall operate a dairy plant in this state unless the dairy
46.13 plant, equipment, and water supply and plumbing system have been first approved by the
46.14 commissioner and a permit issued to operate the same. A permit may be revoked by the
46.15 commissioner for due cause pursuant to section 34A.06.

46.16 Subd. 3. **Approval.** At the time of filing the application for a permit, the applicant shall
46.17 submit to the commissioner duplicate floor plans of the plant that show the placement of
46.18 equipment, the source of water supply and method of distribution, a detailed pasteurization
46.19 flow chart, and the location of the plumbing system, including the disposal of wastes. New
46.20 construction or alteration of an existing dairy plant shall be made only with the approval of
46.21 the commissioner and duplicate plans for the construction or alteration shall be submitted
46.22 to the commissioner for approval. The fee for approval services is \$45 per hour of department
46.23 staff time spent in the approval process.

46.24 Subd. 4. **Farmstead cheese.** (a) The commissioner or the commissioner's designee shall
46.25 issue an additional permit to a dairy plant that desires to use the name "Minnesota farmstead
46.26 cheese" upon application made by the dairy plant for use of the name, provided the cheese
46.27 meets the definition in section 32D.01, subdivision 13.

46.28 (b) No cheese or packaged cheese that is sold, offered or exposed for sale, or held in
46.29 possession with intent to sell at either retail or wholesale in this state may be labeled or
46.30 described as "Minnesota farmstead cheese" unless it meets the criteria in section 32D.01,
46.31 subdivision 13, and the manufacturer has obtained the designated permit.

47.1 Sec. 11. **[32D.10] INSPECTIONS.**

47.2 (a) Inspections of Grade A plants must be completed at least once every three months.
47.3 A pasteurization plant requesting Grade A inspection must pay an annual inspection fee of
47.4 no more than \$500.

47.5 (b) Inspections of manufacturing plants that process milk or milk products other than
47.6 Grade A must be completed at least once every six months. A manufacturing plant that
47.7 pasteurizes milk or milk by-products must pay an annual fee based on the number of
47.8 pasteurization units. The fee must not exceed \$140 per unit.

47.9 Sec. 12. **[32D.11] PROCUREMENT FEE.**

47.10 A dairy plant operator in this state must pay to the commissioner on or before the 18th
47.11 of each month a fee of 1.1 cents per hundredweight of milk purchased the previous month.
47.12 If a milk producer in this state ships milk out of the state for sale, the producer must pay
47.13 the fee to the commissioner unless the purchaser voluntarily pays the fee. Producers who
47.14 ship milk out of state and processors must submit to the commissioner monthly reports
47.15 related to milk purchases along with the appropriate procurement fee. The commissioner
47.16 shall have access to all relevant purchase or sale records as necessary to verify compliance
47.17 with this section and may require the producer or purchaser to produce records as necessary
47.18 to determine compliance.

47.19 Sec. 13. **[32D.12] SELECTED PRODUCTS FEE.**

47.20 (a) A manufacturer must pay to the commissioner a fee for fluid milk processed and
47.21 milk used in the manufacture of fluid milk products sold for retail sale in Minnesota in an
47.22 amount not less than five cents and not more than nine cents per hundredweight as set by
47.23 the commissioner's order. No change within any 12-month period may be in excess of one
47.24 cent per hundredweight.

47.25 (b) A processor must report quantities of milk processed under paragraph (a) on forms
47.26 provided by the commissioner. Processor fees must be paid monthly. The commissioner
47.27 may require the production of records as necessary to determine compliance with this
47.28 paragraph.

47.29 (c) The commissioner may create within the department a dairy consulting program to
47.30 provide assistance to dairy producers who are experiencing problems meeting the sanitation
47.31 and quality requirements of the dairy laws and rules. The commissioner may use money

48.1 appropriated from the dairy services account to pay for the program authorized in this
48.2 paragraph.

48.3 **Sec. 14. [32D.13] MILK QUALITY STANDARDS.**

48.4 **Subdivision 1. Visible adulteration or odors.** Milk shall not be visibly adulterated, or
48.5 have any objectionable odor, or be abnormal in appearance or consistency.

48.6 **Subd. 2. Grade A raw milk.** (a) The bacterial count of Grade A raw milk from producers
48.7 must not exceed 100,000 bacteria per milliliter prior to commingling with other producer
48.8 milk.

48.9 (b) After commingling with other producer milk, the bacteria count must not exceed
48.10 300,000 per milliliter prior to pasteurization.

48.11 **Subd. 3. Grade A pasteurized milk and fluid milk products.** (a) The bacterial count
48.12 of Grade A pasteurized milk and fluid milk products, at any time after pasteurization until
48.13 delivery, must not exceed 20,000 bacteria per milliliter.

48.14 (b) The coliform count of Grade A pasteurized milk and fluid milk products must not
48.15 exceed ten bacteria per milliliter except that bulk tank transport shipments must not exceed
48.16 100 per milliliter.

48.17 **Subd. 4. Raw milk, other than Grade A.** The bacterial count of raw milk from producers
48.18 must not exceed 500,000 bacteria per milliliter prior to commingling with other producer
48.19 milk.

48.20 **Subd. 5. Pasteurized milk, other than Grade A.** The bacterial count of pasteurized
48.21 milk other than Grade A pasteurized milk, at any time after pasteurization until delivery,
48.22 must not exceed 20,000 bacteria per milliliter.

48.23 **Subd. 6. Exceptions.** Bacterial count standards do not apply to sour cream, cultured
48.24 buttermilk, and other cultured fluid milk products.

48.25 **Subd. 7. Rules and standards.** The commissioner may prescribe standards and rules
48.26 adopted in accordance with law more stringent than those imposed by this section.

48.27 **Subd. 8. Somatic cell count.** (a) The somatic cell count, as determined by a direct
48.28 microscopic somatic cell count or an electronic somatic cell count, must not exceed 750,000
48.29 cells per milliliter for Grade A raw milk and raw milk other than Grade A. Notwithstanding
48.30 any federal standard, the somatic cell count of goat milk must not exceed 1,500,000 cells
48.31 per milliliter.

49.1 (b) The commissioner may prescribe standards and rules adopted in accordance with
49.2 law more stringent than those imposed by this subdivision.

49.3 Subd. 9. **Temperature.** If milk is received or collected from a dairy farm more than two
49.4 hours after the most recent milking, the temperature of the milk shall not exceed 45 degrees
49.5 Fahrenheit (7 degrees Celsius). If the milk consists of a blend of milk from two or more
49.6 milking, and the milk is received or collected less than two hours after the most recent
49.7 milking, the blend temperature shall not exceed 50 degrees Fahrenheit (10 degrees Celsius).

49.8 Subd. 10. **Industry enforcement.** A dairy plant is not required to reject milk shipments
49.9 in response to a violation of subdivisions 2 to 9 unless the commissioner suspends or revokes
49.10 the dairy plant permit or milk producer's Grade A permit or manufacturing grade certification.

49.11 **Sec. 15. [32D.14] OFFICIAL PRODUCER SAMPLES.**

49.12 (a) An official producer sample for each producer must be analyzed for bacteria, somatic
49.13 cell count, temperature, and antibiotic residues at least once per month in four out of every
49.14 six months. Official producer samples must be collected and analyzed without providing
49.15 the producer with prior notification of the sampling date.

49.16 (b) Official producer sample results must be inclusive of all animals from which milk
49.17 is collected and sold on the day of sampling.

49.18 (c) Official producer sample results must be collected by a licensed sampler.

49.19 **Sec. 16. [32D.15] MONTHLY REPORTING.**

49.20 (a) In at least four out of every six months, the dairy plant that procures milk from the
49.21 producer must report to the commissioner at least one representative test result for bacteria,
49.22 somatic cell count, temperature, and antibiotic residues. The result shall be reported within
49.23 seven days after the laboratory obtains the test results.

49.24 (b) A laboratory that performs the tests required under this section for a dairy plant may
49.25 report the test results for the dairy plant.

49.26 (c) A dairy plant or laboratory shall report test results under this section in an electronic
49.27 form approved by the department or using an approved alternative.

49.28 **Sec. 17. [32D.16] ENFORCEMENT.**

49.29 The commissioner shall suspend a producer's permit or certification if three of the last
49.30 five official producer samples exceed the applicable standard. The commissioner shall

50.1 provide warning of a pending suspension when two of the last four producer samples exceed
50.2 the applicable standard.

50.3 **Sec. 18. [32D.17] LABORATORY CERTIFICATION.**

50.4 (a) A laboratory and its methods are required to be approved or certified prior to testing
50.5 Grade A milk samples. The results of approved or certified laboratories may be used by
50.6 official regulatory agencies in enforcement of requirements for milk and milk products. The
50.7 approval or certification remains valid unless suspended or revoked by the commissioner
50.8 for failure to comply with the requirements of this chapter.

50.9 (b) Certified or approved laboratories must receive a permit from the commissioner.
50.10 The permit remains valid without renewal unless suspended or revoked by the commissioner
50.11 for failure to comply with the requirements of this chapter.

50.12 (c) Satisfactory analytical procedures and results for split samples, the nature, number,
50.13 and frequency of which shall be in accordance with rules established by the commissioner,
50.14 shall be required of a certified laboratory for retention of its certification and permit.

50.15 (d) An application for initial certification or biennial recertification, or for recertification
50.16 following suspension or revocation of a permit, shall be accompanied by an annual fee
50.17 based on the number of analyses approved and the number of specific tests for which they
50.18 are approved. The fee must not be less than \$150 nor more than \$200 for each analysis
50.19 approved and not less than \$35 nor more than \$50 for each test approved. The commissioner
50.20 may annually adjust assessments within the limits established by this subdivision to meet
50.21 the cost recovery of the services required by this section.

50.22 **Sec. 19. [32D.18] MILK BOUGHT BY WEIGHT; TESTING METHODS.**

50.23 Subdivision 1. **Milk fat, protein, and solids not fat bases of payment; tests.** (a) Milk
50.24 must be purchased from producers using a formula based on one or more of the following:

50.25 (1) payment of a standard rate with uniform differentials for milk testing above or below
50.26 3.5 percent milk fat;

50.27 (2) payment of a standard rate for the pounds of milk fat contained in the milk;

50.28 (3) payment of a standard rate for the pounds of protein contained in the milk;

50.29 (4) payment of a standard rate for the pounds of nonfat solids contained in the milk; or

50.30 (5) payment of standard rates based on other attributes of value in the milk.

51.1 (b) In addition, an adjustment may be made on the basis of milk quality and other
 51.2 premiums. Testing procedures for determining the percentages of milk fat, protein, and
 51.3 nonfat solids must comply with the methods approved by the Association of Analytical
 51.4 Chemists or be as adopted by rule.

51.5 Subd. 2. **Apparatus to conform to specifications.** Glassware, test bottles, pipettes, acid
 51.6 measures, chemicals, scales, and other apparatus used in the operation of these tests shall
 51.7 conform to the specifications for the particular test method.

51.8 Subd. 3. **Penalties for violations.** A person who:

51.9 (1) employs any test other than those tests authorized by rule adopted by the
 51.10 commissioner, or any methods other than the standard official methods for determining the
 51.11 milk fat content of milk or cream;

51.12 (2) incorrectly samples milk or cream purchased or sold;

51.13 (3) incorrectly weighs milk or cream purchased or sold;

51.14 (4) incorrectly grades milk or cream purchased or sold;

51.15 (5) makes a false entry of the weight, test result, or grade of any milk or cream purchased
 51.16 or sold;

51.17 (6) incorrectly samples, weighs, tests, or records or reports weights or tests of skim milk
 51.18 or buttermilk purchased or sold;

51.19 (7) underreads the tests;

51.20 (8) falsifies the reading of the tests;

51.21 (9) manipulates the reading of the tests; or

51.22 (10) falsely states, certifies, or uses in the purchase or sale of milk or cream a misreading
 51.23 of such tests, whether the tests or actual reading have been made by the person or by any
 51.24 other person,

51.25 is guilty of a misdemeanor.

51.26 Sec. 20. **[32D.19] ADULTERATED DAIRY PRODUCTS.**

51.27 Subdivision 1. **Purchase and sale prohibition.** A person may not sell or knowingly
 51.28 buy adulterated dairy products.

51.29 Subd. 2. **Manufacture of food for human consumption from adulterated milk or**
 51.30 **cream prohibited.** An article of food for human consumption may not be manufactured

52.1 from adulterated milk or cream, except as provided in the Federal Food, Drug, and Cosmetic
52.2 Act, United States Code, title 21, section 301 et seq., and related federal regulations.

52.3 Subd. 3. **Adulterated milk.** For purposes of this section, milk is adulterated if it:

52.4 (1) is drawn in a filthy or unsanitary place;

52.5 (2) is drawn from unhealthy or diseased animals;

52.6 (3) contains water in excess of that normally found in milk;

52.7 (4) contains a substance that is not a normal constituent of the milk except as allowed
52.8 in this chapter; or

52.9 (5) contains drug residues or other chemical or biological substances in amounts above
52.10 the tolerances or safe levels established by rule.

52.11 Subd. 4. **Drug residues.** (a) Before processing milk, all bulk milk pickup tankers must
52.12 be tested for the presence of beta lactam drug residues and for other residues as determined
52.13 necessary by the commissioner. Milk received from a producer in other than a bulk milk
52.14 pickup tanker is also subject to this section.

52.15 (b) Bulk milk tankers that confirm positive for beta lactam drug residues or other residues
52.16 must follow up with producer sample testing of all producers contained on the positive load.

52.17 (c) Individual producer samples must be tested for the presence of beta lactam drug
52.18 residues at least once a month for four out of every six-month period. Results of these tests
52.19 must be reported to the commissioner as official producer sample results using established
52.20 electronic reporting procedures.

52.21 (d) Drug residue testing methods must be those approved by the Food and Drug
52.22 Administration (FDA) and the National Conference of Interstate Milk Shipments or listed
52.23 in the FDA's current version of M-a-85.

52.24 (e) All drug residue samples testing positive must be reported to the commissioner or
52.25 the commissioner's designee within 24 hours. The report must include how and where the
52.26 milk was disposed of, and the volume, the responsible producer, and the possible cause of
52.27 the violative residue. All milk sample residue results must be recorded and retained for six
52.28 months by the receiving plant for examination by the commissioner or the commissioner's
52.29 designee.

52.30 Subd. 5. **Penalties.** (a) The permit or certification of a milk producer identified as having
52.31 a positive drug residue is immediately suspended. The producer must not ship milk while
52.32 the permit or certification is suspended.

53.1 (b) The producer's permit or certification may be reinstated after being sampled by the
53.2 commissioner or the commissioner's designee and testing negative on the sample.

53.3 (c) A milk producer may not change plants within 30 days, without permission of the
53.4 commissioner, after receiving notification from the commissioner of a residue violation.

53.5 (d) The producer that is identified with the drug residue violation is responsible for the
53.6 value of all milk on any load that tests positive for drug residues and any costs associated
53.7 with its disposal. Payment shall be made to the purchaser of the milk.

53.8 (e) For the first and second violation within a 12-month period, the dairy producer must,
53.9 within 30 days of the date of the residue:

53.10 (1) meet with the dairy inspector to review potential causes of the adulteration; and

53.11 (2) complete the designated drug residue prevention educational program with a licensed
53.12 veterinarian and submit the signed certificate to the commissioner.

53.13 (f) Failure to comply with the requirements for the first and second violation listed in
53.14 paragraph (e) may result in suspension of the producer's permit or certification until the
53.15 conditions in paragraph (e) are met.

53.16 (g) For the third or subsequent violation within a 12-month period, the commissioner
53.17 may initiate proceedings for further enforcement action, that may include a penalty of up
53.18 to a 30-day permit or certification suspension. In lieu of a suspension, the producer may be
53.19 assessed an administrative penalty of up to \$1,000 or the value of milk sold during the
53.20 intended suspension period.

53.21 Subd. 6. **Other forms of adulteration.** A milk producer who violates subdivision 3 is
53.22 subject to any of the following penalties:

53.23 (1) the permit or certification of a milk producer identified as having adulterated milk
53.24 is immediately suspended. The producer may not ship milk while the permit or certification
53.25 is suspended;

53.26 (2) the producer that is identified with the adulterated milk violation is responsible for
53.27 the value of all milk on any load that is contaminated by the adulterant and any costs
53.28 associated with its disposal. Payment shall be made to the purchaser of the milk;

53.29 (3) the producer's permit or certification may be reinstated after the commissioner receives
53.30 adequate verification that the milk is no longer adulterated; and

53.31 (4) the commissioner may, after evaluation of the severity and repetitive nature of the
53.32 adulteration, initiate additional enforcement action in the form of permit or certification

54.1 suspension for up to 30 days or in lieu of suspension, an administrative penalty of up to
54.2 \$1,000, or the value of the milk sold during the intended suspension period for each violation.

54.3 Subd. 7. **Civil penalty.** A person other than a milk producer who causes milk to be
54.4 adulterated is subject to a civil penalty of up to \$1,000.

54.5 Subd. 8. **Appeals.** A dairy producer may appeal an adulteration violation by sending
54.6 written notice to the commissioner within ten days of receipt of the notice of a violation.
54.7 The appeal must contain a description of why the producer wishes to appeal the violation.

54.8 Sec. 21. **[32D.20] LIMITATION ON SALE.**

54.9 Subdivision 1. **Pasteurization.** No milk or fluid milk products shall be sold, offered or
54.10 exposed for sale, or held in possession for sale for the purpose of human consumption in
54.11 fluid form in this state unless the milk or fluid milk product has been pasteurized and cooled,
54.12 as defined in section 32D.01, subdivision 15, provided that this section shall not apply to
54.13 milk, cream, or skim milk occasionally secured or purchased for personal use by a consumer
54.14 at the place or farm where the milk is produced.

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

54.19 (b) Milk and dairy products must be labeled with the plant number where the product
54.20 was produced, or if produced in a state where official plant numbers are not assigned, the
54.21 name of the manufacturer and the address of the plant where it was manufactured.

54.22 Sec. 22. **[32D.21] COOLING AFTER PASTEURIZATION.**

54.23 Immediately following pasteurization, all milk and fluid milk products shall be cooled
54.24 in properly operated equipment approved by the commissioner to a temperature of 45 degrees
54.25 Fahrenheit or lower, and maintained at 45 degrees Fahrenheit or lower until delivered;
54.26 provided, however, that if the milk or fluid milk product is to be cultured immediately after
54.27 pasteurization, then cooling may be delayed until after the culturing process is completed;
54.28 provided further that the commissioner may prescribe by rule standards more stringent than
54.29 those imposed by this section.

55.1 Sec. 23. **[32D.22] MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

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

55.8 Sec. 24. **[32D.23] RECOMBINANT BOVINE GROWTH HORMONE LABELING.**

55.9 Subdivision 1. **Labeling.** Products offered for wholesale or retail sale in this state that
55.10 contain milk, cream, or any product or by-product of milk or cream that have been processed
55.11 and handled pursuant to this section may be labeled with an rBGH statement that is not
55.12 false or misleading and in accordance with the federal labeling standards. Products offered
55.13 for wholesale or retail sale in this state need not contain any further label information relative
55.14 to the use of rBGH in milk production.

55.15 Subd. 2. **Affidavit; records.** (a) A dairy plant purchasing milk or cream to be used in
55.16 products labeled with rBGH claims pursuant to subdivision 1 must provide an affidavit
55.17 from each producer that states that all cows used in the producer's dairy operations have
55.18 not and will not be treated with rBGH, without advanced written notice of at least 30 days.

55.19 (b) The affidavit must be signed by the producer or authorized representative. Affidavits
55.20 must be kept on file for not less than two years after receiving written notice that rBGH use
55.21 status will change.

55.22 (c) If a plant chooses to process and handle only milk or milk products sourced from
55.23 cows who have not been treated with rBGH, the plant, as an alternative to providing
55.24 individual producer affidavits, may provide one affidavit to certify that the plant has
55.25 procedures in place to verify that all producers are not using rBGH. A copy of the written
55.26 procedure that describes this verification process must also be provided with the plant
55.27 affidavit.

55.28 (d) All affidavits and corresponding records must be available for inspection by the
55.29 commissioner.

55.30 (e) Dairy plants supplying milk or cream to a processor or manufacturer of a product to
55.31 be labeled pursuant to subdivision 1, for use in that product, shall supply a certification to
55.32 that processor or manufacturer stating that producers of the supplied milk or cream have
55.33 executed and delivered affidavits pursuant to this subdivision.

56.1 Subd. 3. **Separation of nontreated cows and milk.** Milk or cream from
56.2 non-rBGH-treated cows used in manufacturing or processing of products labeled pursuant
56.3 to subdivision 1 must be kept fully separate from any other milk or cream through all stages
56.4 of storage, transportation, and processing until the milk or resulting dairy products are in
56.5 final packaged form in a properly labeled container. Records of the separation must be kept
56.6 by the dairy plant and product processor or manufacturer at all stages and made available
56.7 to the commissioner for inspection.

56.8 Sec. 25. [32D.24] DAIRY TRADE PRACTICES; DEFINITIONS.

56.9 Subdivision 1. **Application.** The definitions in this section apply to sections 32D.24 to
56.10 32D.28.

56.11 Subd. 2. **Basic cost.** (a) "Basic cost," for a processor, means the actual cost of the raw
56.12 milk plus 75 percent of the actual processing and handling costs for a selected class I or
56.13 class II dairy product.

56.14 (b) Basic cost, for a wholesaler, means the actual cost of the selected class I or class II
56.15 dairy product purchased from the processor or another wholesaler.

56.16 (c) Basic cost, for a retailer, means the actual cost of the selected class I or class II dairy
56.17 product purchased from a processor or wholesaler.

56.18 Subd. 3. **Bona fide charity.** "Bona fide charity" means a corporation, trust, fund, or
56.19 foundation organized and operated exclusively for religious, charitable, scientific, literary,
56.20 or educational purposes.

56.21 Subd. 4. **Processor.** "Processor" means a person engaged in manufacturing or processing
56.22 selected class I or class II dairy products in the person's own plant for sale in Minnesota.

56.23 Subd. 5. **Producer.** "Producer" means a person who operates a dairy herd or herds in
56.24 Minnesota producing milk or cream commercially and whose milk or cream is sold to, or
56.25 received or handled by, a distributor or processor. Producer does not include an incorporated
56.26 or unincorporated association of producers.

56.27 Subd. 6. **Responsible person.** "Responsible person" means the business entity that
56.28 makes payment to an individual Grade A or Grade B milk producer.

56.29 Subd. 7. **Selected class I dairy products.** "Selected class I dairy products" means milk
56.30 for human consumption in fluid form and all other class I dairy products as defined by the
56.31 Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40,
56.32 or successor orders.

57.1 Subd. 8. **Selected class II dairy products.** "Selected class II dairy products" means
57.2 milk for human consumption processed into fluid cream, eggnog, yogurt, and all other class
57.3 II dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal
57.4 Regulations, title 7, part 1030.40, or successor orders.

57.5 Subd. 9. **Sell at retail; sale at retail; retail sales.** "Sell at retail," "sale at retail," or
57.6 "retail sales" means a retail sale or offer for retail sale of a selected class I or class II dairy
57.7 product for ultimate consumption or use.

57.8 Subd. 10. **Sell at wholesale; sale at wholesale; wholesale sales.** "Sell at wholesale,"
57.9 "sale at wholesale," or "wholesale sales" means sale or offer for sale of a selected class I
57.10 dairy product for purposes of resale or further processing or manufacturing but does not
57.11 include a producer selling or delivering milk to a processor.

57.12 Subd. 11. **Wholesaler.** "Wholesaler" means a person including a distributor in the
57.13 business of making sales of selected class I or class II dairy products at wholesale in
57.14 Minnesota. In the case of a person making sales at both retail and wholesale, wholesaler
57.15 applies only to the sales at wholesale.

57.16 Sec. 26. **[32D.25] DUTIES AND POWERS OF COMMISSIONER; DATA PRIVACY.**

57.17 Subdivision 1. **Duties; rules.** The commissioner shall adopt rules to implement and
57.18 administer sections 32D.24 to 32D.28.

57.19 Subd. 2. **Data privacy.** Financial and production information received by the
57.20 commissioner on processors, wholesalers, or retailers, including but not limited to financial
57.21 statements, fee reports, price schedules, cost documentation, books, papers, records, or other
57.22 documentation for the purpose of administration and enforcement of this chapter is classified
57.23 private data or nonpublic data pursuant to chapter 13. The classification shall not limit the
57.24 use of the information in the preparation, institution, or conduct of a legal proceeding by
57.25 the commissioner in enforcing this chapter.

57.26 Sec. 27. **[32D.26] SALES BELOW COST PROHIBITED; EXCEPTIONS.**

57.27 Subdivision 1. **Policy; processors; wholesalers; retailers.** (a) It is the intent of the
57.28 legislature to accomplish partial deregulation of milk marketing with a minimum negative
57.29 impact on small-volume retailers.

57.30 (b) A processor or wholesaler may not sell or offer for sale selected class I or class II
57.31 dairy products at a price lower than the processor's or wholesaler's basic cost.

58.1 (c) A retailer may not sell or offer for sale selected class I or class II dairy products at
 58.2 a retail price lower than (1) 105 percent of the retailer's basic cost until June 30, 1994; and
 58.3 (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use
 58.4 any method or device in the sale or offer for sale of a selected dairy product that results in
 58.5 a violation of this section.

58.6 Subd. 2. **Exceptions.** The minimum processor, wholesaler, and retailer prices of
 58.7 subdivision 1 do not apply:

58.8 (1) to a sale complying with section 325D.06;

58.9 (2) to a retailer giving away selected class I and class II dairy products for free if the
 58.10 customer is not required to make a purchase; or

58.11 (3) to a processor, wholesaler, or retailer giving away selected class I and class II dairy
 58.12 products for free or at a reduced cost to a bona fide charity.

58.13 **Sec. 28. [32D.27] REDRESS FOR INJURY OR THREATENED INJURY.**

58.14 A person injured by a violation of sections 32D.24 to 32D.28 may commence a legal
 58.15 action based on the violation in a court of competent jurisdiction and may recover economic
 58.16 damages and the costs of the action, including reasonable attorney fees. A person injured
 58.17 or who is threatened with injury or loss by reason of violation of sections 32D.24 to 32D.28
 58.18 may commence a legal action based on the violation and obtain injunctive relief in a court
 58.19 of competent jurisdiction against persons involved in a violation or threatened violation of
 58.20 sections 32D.24 to 32D.28 to prevent and restrain violations or threatened violations of
 58.21 sections 32D.24 to 32D.28 without alleging or proving actual damages or that an adequate
 58.22 remedy at law does not exist, so that injunctive relief can be obtained promptly and without
 58.23 awaiting evidence of injury or actual damage. The injunctive relief does not abridge and is
 58.24 not in lieu of any other civil remedy provided in sections 32D.24 to 32D.28.

58.25 **Sec. 29. [32D.28] ANNUAL SUSPENSION OF DAIRY TRADE PRACTICES ACT.**

58.26 The provisions of section 32D.26 are suspended during the month of June each year in
 58.27 honor of "Dairy Month."

58.28 **Sec. 30. REPEALER.**

58.29 Minnesota Statutes 2016, sections 32.01, subdivisions 1, 2, 6, 8, 9, 10, 11, and 12; 32.021;
 58.30 32.071; 32.072; 32.073; 32.074; 32.075; 32.076; 32.078; 32.10; 32.102; 32.103; 32.105;
 58.31 32.106; 32.21; 32.212; 32.22; 32.25; 32.391, subdivisions 1, 1d, 1e, 1f, 1g, 2, and 3; 32.392;

- 59.1 32.393; 32.394, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 8b, 8c, 8d, 8e, 9, 11, and 12; 32.395;
- 59.2 32.397; 32.398, subdivision 1; 32.401, subdivisions 1, 2, 3, and 5; 32.415; 32.416; 32.475;
- 59.3 32.481, subdivision 1; 32.482; 32.483; 32.484; 32.486; 32.55, subdivisions 1, 2, 3, 4, 5, 12,
- 59.4 13, and 14; 32.555; 32.56; 32.61; 32.62; 32.63; 32.64; 32.645; 32.70; 32.71; 32.72; 32.74;
- 59.5 32.745; 32.75; and 32.90, are repealed."
- 59.6 Amend the title accordingly