

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3312

DATE: March 23, 2000

Version: Second Engrossment

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Subject: Omnibus Agriculture Policy Bill

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Overview

The omnibus agriculture policy bill amends and updates Minnesota statutes in a variety of areas. The bill brings uniformity to the way the state meat inspection program deals with poultry and other meats and meat products and updates references to federal food law regulations that the state adopts by reference. It makes relatively minor changes in fertilizer law and grain warehouse law. Corporate farm law changes will allow non-profit groups such as scout troops, churches, and sports clubs to retain their ownership of agricultural land rented to a neighboring farmer. Limited liability companies will be allowed to own farm land and engage in farming. Certain corporations can also own up to 40 acres of farm land so long they earn no more than \$150 per acre per year from the land. Finally, a non-qualifying entity can apply for a "commissioner's exemption" (renewable annually) for permission to retain title to farm land.

- 1 **Value-added agricultural product processing and marketing grant program.** Adds several new activities to those that can be paid for from a grant of up to \$50,000 from the department of agriculture to a cooperative proposing the development of a new ag product processing venture.
- 2 **Minnesota certification program.** A new duty is created for the commissioner of agriculture. The commissioner, in cooperation with the University, the department of trade and economic development, and the board of animal health is to develop a pilot program for verifying claims made by agricultural producers and businesses. The commissioner may cooperate with private organizations that have experience in process and product certification.
The commissioner may establish guidelines for a certification program. The guidelines are not subject to the normal administrative rules procedure.
The commissioner is to report to the legislature by February 1, 2001.
- 3 **Livestock dealer bonds.** Increases the minimum value of a livestock dealer bond from \$5,000 to \$10,000.
- 4 **Title and meetings; board of grain standards.** Allows the board to meet "as needed" rather than annually. Removes from existing language some details about how the board is to deal with

the value of dockage.

- 5 **Appeals.** If an appeal of a grain inspection is sustained, current law requires that the fee for the appeal must be refunded. An amendment removes the refund provision.
- 6 **Administration, appropriation.** Removes language specifying exactly who must pay for grain inspection services in certain circumstances and how the costs will be handed on to other parties.
- 7 **Definition; custom blend fertilizer.** Defines a custom blend fertilizer as one made to the specifications of the customer.
- 8 **Definition; specialty fertilizer.** Removes from this definition the provision that it not be custom applied lawn fertilizer.
- 9 **Definition; packaged fertilizers.** Allows that directions for use are not required for custom blend specialty fertilizers. Also simplifies the labeling requirements for custom blend specialty fertilizers.
- 10 **Blended, mixed, bulk, and custom applied fertilizer.** Clarifies that the purchasers entitled to this specific invoice or delivery ticket for bulk blended fertilizers are only those applying it for agricultural use.
- 11 **Information to customer; specialty fertilizer in bulk.** New language requires that a seller of specialty blended bulk fertilizer must furnish proper labeling information to the customer with each sale or as part of a printed or written invoice or delivery ticket.
- 12 **Registration required.** Exempts custom blended specialty fertilizers from the mandatory registration requirements so long as the distributor is already licensed.
- 13 **Semiannual statement.** Exempts a distributor who only does custom application from the semiannual tonnage reports otherwise required.
- 14 **Inspection requests by others; damage by pesticide application.** Adds a new provision that a report of damage by pesticide application must be submitted to the commissioner of agriculture within 45 days of the application if the damage is to a crop or vegetation.
- 15 **Definition; wholesale producer dealer.** Expands the definition of a wholesale producer dealer to include contractors who have producers grow produce for them.
- 16 **Prohibited acts.** Requires a wholesale producer dealer to comply with the terms of a contract for the production of produce.
- 17 **Delegation to local board of health.** Clarifies language from a 1999 law that transferred certain food licensing and inspection duties from the department of agriculture to local boards of health.
- 18 **Rule authority; conformity with federal law.**
- Subd. 1. Rules, authority to adopt.** Updates statutory language authorizing the commissioner of agriculture to adopt and amend rules relating to Minnesota food law.
- Subd. 2. Hearings.** Updates statutory language requiring hearings on Minnesota food law.
- Subd. 3. Pesticide chemical rules.** Adopts federal regulations in effect on April 1, 2000, that implement the federal insecticide, fungicide and rodenticide act.
- Subd. 4. Food additive rules.** Adopts federal regulations in effect on April 1, 2000, that implement federal food additive law.
- Subd. 5. Color additive rules.** Adopts federal regulations in effect on April 1, 2000, that implement federal law on color additives.
- Subd. 6. Special dietary use rules.** Adopts federal regulations in effect on April 1, 2000, that implement federal law on special dietary uses.
- Subd. 7. Fair packaging and labeling rules.** Adopts federal regulations in effect on April 1, 2000, that implement federal law on fair packaging and labeling of food products.

Subd. 8. Food and drug rules. Adopts federal regulations in effect on April 1, 2000, that implement federal law on food and drugs.

Subd. 9. Fishery product rules. Adopts federal regulations in effect on April 1, 2000, that implement federal law on fishery products.

Subd. 10. Meat and poultry rules. Adopts federal regulations in effect on April 1, 2000, that implement federal law on meat and poultry.

Subd. 11. Standards for fresh fruits, vegetables, and other products. Adopts federal regulations in effect on April 1, 2000, that implement federal law concerning fresh fruits, vegetables, and other products.

- 19 **Identity, quantity, and fill of container rules.** Adopts federal regulations in effect on April 1,
2000, that implement federal definitions and standards of identity, quality, and fill of containers.
- 20 **Consumer commodities labeling rules.** Requires all labels of consumer commodities to
conform with federal regulations in effect on April 1, 2000, that implement federal Fair
Packaging and Labeling Act.
- 21 **Food labeling exemption rules.** Updates to April 1, 2000, the date of federal regulations that
can be exempted by the commissioner of agriculture by rule.
- 22 **Minnesota approved meats; use of label.** Adds poultry and poultry products to the types of
product that can be labeled "Minnesota approved."
- 23 **Menu requirement.** A restaurant or eating place that serves poultry with a "filler" or substitute
component must indicate it on its menu or bill of fare.
- 24 **Kosher requirements.** Makes the treatment and labeling of poultry or poultry products the same
as other meats and meat preparations.
- 25 **Nutrition policy.** Adds poultry food products to the list of meat products that are good for the
nation's food supply and should be kept pure and properly labeled.
- 26 **Custom processing.** Adds poultry products to those that are under the rules for custom
processors.
- 27 **Meat broker.** Adds poultry and poultry products to those that can be handled by a meat broker.
- 28 **Meat food products.** Adds "poultry food product" to the definition of human food made from
the carcasses of various animals.
- 29 **Adulterated product.** Adds poultry to the list of foods that shouldn't knowingly be adulterated
or contaminated.
- 30 **Misbranded product.** As with other meat foods, the label on poultry or poultry food products
shouldn't be false or misleading.
- 31 **Inspection of live animals; disposition of defective animals.** As with other meat foods,
interstate commerce in adulterated poultry or poultry food products isn't allowed.
- 32 **Applicability of inspection provisions.** The carcasses of poultry and poultry food products
intended as human food should be inspected the same as other animals.
- 33 **Inspectors appointed and duties.** The commissioner of agriculture is responsible for
appointing poultry inspectors the same as inspectors for other meat products.
- 34 **Labeling; packing.** Poultry packing and labeling should be done with the same level of
accuracy as packing and labeling for other meats.
- 35 **Labels, marks.** Containers of poultry or poultry food products that have been found not to be
adulterated must be properly labeled the same as other meat products.
- 36 **Rules.** Poultry intended for interstate commerce must be inspected and approved the same as
other meats intended for interstate commerce.

- 37 **Prohibitions.** Adds poultry and poultry food products to the list of things that a person isn't allowed to do during the slaughter, transport, or sale of meats.
- 38 **Inspectors.** The commissioner of agriculture must appoint inspectors for poultry and poultry food products the same as other meats.
- 39 **Inspection.** Inspections of poultry, like inspections of other meats, are not required during the slaughter of one's own animals or at a custom processing plant.
- 40 **Storing and handling conditions.** Rules can be adopted for the storing and handling of poultry in the same way as for other meats.
- 41 **Articles not intended as human food.** As with other meats, no inspection is necessary for poultry that is not intended as human food.
- 42 **Expiration; livestock price reporting requirements.** Clarifies that it is the responsibility of the commissioner of agriculture to determine when federal requirements are equivalent to Minnesota requirements and further instructs that the reports must contain Minnesota-specific market information.
- 43 **Definition; grain buyer.** Amends the definition of grain buyer to include a purchaser who intends to resell the grain.
- 44 **Cash grain sales; manner of payment.** Deletes a reference to certain sales constituting an extension of credit.
- 45 **Written voluntary extension of credit contracts.** Adds language to the extension of credit contract section indicating that a transaction that doesn't fully qualify under these provisions is a cash sale.
- 46 **Definition; open storage.** Creates a new definition of "open storage" which is the status of grain delivered but not yet receipted or purchased.
- 47 **Discrimination prohibited.** The general rule that a public grain warehouse operator must receive all grain tendered, up to the maximum capacity of the warehouse, is modified in cases where some of the storage capacity at the warehouse is actually owned by a third party. If owned by a third party, the third party controls use of the capacity, including the option of letting the warehouse operator manage some or all of the capacity.
- 48 **Grain delivered considered stored.** Changes the implicit status of grain delivered and held in open storage. Authorizes open storage for up to 6 months after delivery.
- 49 **Liability.** Establishes the liability of a public grain warehouse operator when they accept and hold grain in open storage.
- 50 **Definitions.** Subdivision 2 is an extensive list of definitions used in Minnesota Corporate Farm Law. Significant proposed changes include:
The definition of a "family farm corporation" is expanded to allow members who are beneficiaries of family farm trusts under certain circumstances.
A "family farm trust" is defined.
A family farm partnership can now include a beneficiary to a family farm trust.
A new definition is added for "family farm limited liability company."
A new definition is added for "authorized farm limited liability company."
A new definition is added for "authorized livestock farm limited liability company."
"Exempt land" is broadened to include agricultural land owned or leased by a trust as of the effective date of this act.
The definition of "demonstration corporation" is broadened to become "nonprofit corporation" and agricultural land owned by the corporation can legally be leased to a qualified

farm entity.

"Current beneficiary" is defined.

"De minimis" is defined to mean agricultural land that normally could not be owned by a corporation but the ownership becomes legal because the land is less than 40 acres and gross annual revenues from farming or renting out the land are less than \$150 per acre.

- 51 **Farming by corporations restricted.** Adds "trusts" and limited liability companies to the list of entities that can own agricultural land and engage in farming if they meet one or more of the exemptions from corporate farm law restrictions. Also, adds a new provision allowing a corporation that does not otherwise qualify for an exemption to petition the Commissioner of Agriculture for a special exemption. The Commissioner must review the continued validity of each special exemption annually and report to the legislature each year.
- 52 **Lease agreement; conservation practice protection clause.** Adds limited liability companies to the type of businesses that can lease farm land if the lease agreement prohibits intentional damage to conservation practices.
- 53 **Protection of conservation practices.** Clarifies the application of a requirement that a farm operator that intentionally destroys conservation practices must repay the state's total original cost for the practices.
- 54 **Reports.** Annual reports are now required of each chief executive officer of a family farm trust, a limited liability company, and each corporation granted a special exemption by the Commissioner.
- 55 **Enforcement.** Adds trusts and limited liability companies to the enforcement duties of the attorney general.
- 56 **Disposal of land.** adds family farm limited liability company to the entities entitled to a right of first refusal after foreclosure of farm land.
- 57 **Notice of offer.** Adds limited liability companies to the list of companies that must be notified of an offer to purchase foreclosed farm properly.
- 58 **Effective date.** Section 2 is effective the day following final enactment.