

\$200,000 is for a grant to develop commercial scale grain germ extraction technology at a second-generation ethanol plant.

\$250,000 (in the second year of the biennium) is for the first half of an ethanol production facility loan.

\$720,000 (in the second year of the biennium) is to begin ethanol producer payments on the first second-generation ethanol plant. Funding will rise to \$3,000,000 per year for each plant in future years.

\$200,000 is to expand the effectiveness of the lamb and wool program at Pipestone.

\$720,000 is to restore the governor's recommended funding cuts to organic and sustainable agriculture programs.

\$200,000 is for turf grass research by the Northern Minnesota forage-turf seed advisory committee.

\$360,000 is to provide operational money for the newly constructed quarantine greenhouse.

\$700,000 is for the agricultural best management practices program.

\$430,000 is for the Minnesota certification program.

\$142,000 is for the matching fund to help eligible producers pay for Minnesota grown registrations.

\$548,000 is for the Farm Advocates program.

\$600,000 is for research on turkey respiratory diseases and requires a dollar-for-dollar match.

\$625,000 is for the department to improve computer technology for electronic information management.

\$20,000 is for interest payment adjustments from the old Family Farm Security Act program.

\$140,000 is for the northern crops institute.

\$350,000 is for funding the agriculture information centers and requires a one-dollar match for each four dollars of state money.

\$230,000 is for the Duluth Seaway Port Authority.

\$38,000 is for the Minnesota livestock breeders association.

\$100,000 is to increase the state's contribution to exhibitor prize awards at county fairs.

3 **Board of animal health.** These are appropriations from the general fund to the board of animal health for the specific purposes listed.

\$680,000 is for research and testing on Johne's disease in cattle herds.

\$200,000 is available for the control of emergency livestock disease outbreaks including pseudorabies.

4 **Minnesota horticultural society.** Receives a state appropriation of \$82,000 for the biennium.

5 **Agricultural utilization research institute.** \$400,000 is to establish hybrid tree plantations and must be matched by \$2 of nonstate money for each dollar of state money.

6 **ACRRA fee balance.** Exempts the agricultural chemical response and reimbursement account fee schedule from the general requirement that all fees must be approved by the legislature. This will allow the commissioner of agriculture to continue to manage the fee so that the balance in the account remains between \$1,000,000 and \$5,000,000.

7 **Promotional publications.** Permits the commissioner of agriculture to charge non-Minnesota

residents for copies of the "Minnesota Green Book."

8 **License for Minnesota grown logo.** Removes a late fee for an expired license to use the Minnesota grown logo.

9 **Minnesota certification program.**

Subd. 1. Establishment. Current statute, adopted by the 2000 legislature, established a pilot program to certify agricultural products as to the authenticity of claims made by their producers. This section is amended so that the "pilot" nature of the program is removed, making it permanent.

Subd. 2. Certification process. Requires that applicants for certification must submit applications to the commissioner of agriculture for review by knowledgeable evaluators from the department, the University, and other agencies. An application may be accepted, denied, or returned to the applicant for more work. Criteria for reviewing the application are outlined.

Subd. 3. Intellectual property. The commissioner is charged with creating a logo and development of promotional resources, including the Internet.

Subd. 4. Certification revocation or suspension; misdemeanor. Establishes grounds for the revocation of certification.

Subd. 5. Minnesota certified account; fees. The Minnesota certified account is set up in the agricultural fund. The commissioner must charge a \$100 fee for certification. Additional fees may be charged if other special costs are involved.

Subd. 6. No guarantee or warranty. Certification by the state does not constitute a guarantee or warranty, and the state or other parties cannot be found liable for certification or refusal to certify.

10 **Agriculture best management practices loan program.**

Subd. 1. Purpose. The principal purpose of the program is clearly stated "to reduce environmental pollution."

Subd. 2. Authority. Expands the specific authority and tools available to meet the goals of mitigating adverse environmental impacts. Requires that the program establish a consistent programmatic framework for allocating funds.

Subd. 3. Appropriations. Clarifies the authority of the commissioner to use directly appropriated money for the program in addition to money in the water pollution control revolving fund.

Subd. 4. Definitions. Adds several new definitions and clarifies others, including "applicant," "best management practices," "cost incurred," "project," "rural landowner," and "farmer." A "local lender" may be a traditional lender or a local government unit.

Subd. 5. Use of funds. Assures that funds will be used as required by the contributor of the funds.

Subd. 5a. Agricultural and environmental revolving accounts. Establishes these accounts in the general fund to receive grants and appropriations for the best management practices program. Loans are repaid to the accounts. Money in the accounts is appropriated for purposes of the program.

Subd. 6. Application. Details the local units of government that can apply for the loan funds. These include counties, soil and water conservation districts, and joint power organizations established for soil and water conservation. In some instances a county can designate another group to apply for loan funds. Each geographic area can have only one applicant.

Subd. 6a. Review and ranking of applications. The commissioner is to chair a subcommittee convened to review and rank applications. Criteria are specified for ranking the applications.

Subd. 6b. Allocation amount. The subcommittee reviewing and ranking applications must also determine the amount allocated to each applicant, based on a set of criteria, specified.

Subd. 7. Payments to local lenders. Payments to local lenders must follow program guidelines.

Subd. 8. Allocation agreement. Local units of government must work out an "allocation agreement" with the commissioner. The terms of this agreement will govern duties, obligations, and requirements of each party.

Subd. 9. Allocation recission. The commissioner is obligated to review the annual report provided by each local government that receives an allocation and may initiate recission proceedings if the results are unsatisfactory.

Subd. 9a. Authority and responsibilities of local government units. Details the obligations and responsibilities of a local government that administers the best management practices program in a geographic area.

Subd. 9b. Lender agreement. Allows local lenders to participate in the program so long as they comply with the terms of the lender agreement. Sanctions are provided in case of noncompliance.

Subd. 10. Authority and responsibilities of local lenders. The local lender is required to communicate with the local government concerning each loan. Upon demand by a local government the local lender must withhold all or part of a loan disbursement.

Subd. 11. Loans issued to borrower. Specifies criteria and limits on a loan from a local lender to a borrower. Conservation tillage and individual sewer treatment system project loans are limited to five-year loans. Many other types of project loans are limited to ten years. The local lender must not charge more than three percent interest on the outstanding loan balance.

Subd. 11a. Eligible projects. Projects are eligible if they remediate or mitigate adverse environmental impacts and are included in the allocation agreement with the local government and, if the project is for manure management, that it relates to a facility with less than 1,000 animal units.

Subd. 12. Data privacy. Specified data on local governments, local lenders, and borrowers are private or nonpublic data.

Subd. 13. Establishment of account. Clarifies the role of the public facilities authority in creating the best management practices revolving fund.

Subd. 14. Fees and interest. This subdivision of current language on fees and interest is deleted.

Subd. 15. Commissioner's report. Clarifies the content of the biennial report made by the commissioner to the legislature.

Subd. 16. Liens against property. This subdivision is unchanged.

Subd. 17. Referendum exemption. This subdivision is unchanged.

11 **Feedlot permit specialist program.** Instructs the commissioner of agriculture to employ or contract for qualified individuals who can assist operators of small and medium-sized farms (primarily those under 500 animal units) who wish to develop or expand livestock operations. The feedlot permit specialists would review draft business plans and help applicants prepare and submit the paperwork necessary for required permits.

A farm operator may apply to the commissioner for the services of a feedlot permit specialist. If a specialist is appointed, that person will help the applicant from the beginning of the permit process to its conclusion.

12 **Laboratory services account.** Clarifies responsibilities of the agricultural laboratory. Assures that the laboratory may provide technical services for a fee to any party in support of food

safety.

- 13 **Waste pesticide collection account; appropriation.** Moves the waste pesticide account from the state treasury into the agricultural fund.
- 14 **Specialty fertilizer registration.** Increases the fee for registration of a specialty fertilizer from \$100 to \$150.
- 15 **Payment of corrective action costs.** Establishes a timeline for submitting applications for reimbursement for eligible corrective actions.
- 16 **Reimbursement payments.** Regroups reimbursement payment categories under the ACRRA program by pay 90 percent of the first \$200,000 (except for the first \$1,000). Reimbursement rates above \$200,000 remain unchanged.
- 17 **Reimbursement or payment decisions.** Establishes a first-level appeal procedure if a reimbursement request has been denied. A contested case hearing can proceed if the board hearing continues to result in disapproval of requested reimbursement.
- 18 **Service testing and identification.** The agriculture department may collect fees sufficient to recover costs for providing seed purity, germination, and identification tests and deposit the fees in the agricultural fund.
- 19 **Wholesale produce dealer licenses; appropriation of fees.** The registration fee for a wholesale produce dealer license is increased from \$50 to \$75 and the percentage-of-purchase fee is increased from .025 percent to .045 percent. The maximum annual fee amount is raised from \$1,500 to \$2,000 per license. Fees and penalties are to be deposited in the agricultural fund.
- 20 **Application; date of issuance.** A new provision allows a new food handler license to be issued up to 14 days before the normal license period, in which case the 14 days are covered by the license.
- 21 **Food handler fees.** The license fee for a Minnesota farmstead cheese wholesale food manufacturer is dropped from \$30 to \$0 and the penalty for late renewal is dropped from \$10 to \$0. The \$15 penalty for operating without license is retained.
- 22 **Food handler plan review.** The fee for food handler plan reviews must be based on the square footage of the facility. Fees are to be deposited in the food handler review account in the agricultural fund.
- 23 **Food handler reinspection account; appropriation.** The food handler reinspection account is established in the agricultural fund. Reinspection fees get deposited there.
- 24 **Egg handler fees.** The annual fee for an egg handler is increased. The fee is based on the number of cases handled each year.
- 25 **Food handler plan review account; appropriation.** The food handler plan review account is established in the agricultural fund. Plan review fees get deposited there.
- 26 **Assessments: inspection services; commercial canneries account.** Raises the annual cap on the cannery fee from \$3,000 to \$6,000. Establishes the commercial canneries account in the agricultural fund. Commercial canneries inspection fees get deposited there.
- 27 **Milk procurement fee.** Establishes a new fee of \$0.007 (7 tenths of one cent) per hundredweight of milk delivered to any processor in the state. The fee on milk sold outside of the state may be paid either by the producer or by the out-of-state processor. Processors who already pay the \$0.08 (8 cents) fee (reduced to \$0.07 on 7/1/01) per hundredweight on milk used for bottling are exempted from this new fee. The new fee is deposited in the dairy services account in the agricultural fund.
- 28 **Approval of dairy plants.** A fee is charged for the department's work in approving the

construction or alteration of a dairy plant. The fee is \$45 per hour of staff time.

29 **Grade A inspection fees.** The fee for inspections of a Grade A farm is reduced from \$50 to \$25, and there can be no additional fee for a re-inspection.

30 **Laboratory certification.** The arrangement for charging fees to laboratories certified by the department is simplified and made more specific.

31 **Manufacturing grade farm certification.** The annual fee for inspections of a Grade B farm remains at \$25, but there can be no additional fee for a re-inspection.

32 **Processor assessment.** Reduces the fee on milk bottlers from \$0.08 per hundredweight to \$0.07 (8 cents to 7 cents).

33 **Farm bulk milk pick-up tankers.** Expands the range of milk hauling equipment that must be inspected annually.

34 **Beverage inspection account; appropriation.** The beverage inspection account is established in the agricultural fund. Beverage inspection fees and fines get deposited there.

35 **County fair exhibitor award grants.** Increases the dollar ranges for each rate of reimbursement for county fair premiums.

36 **Definitions ethanol programs.** Allows the definitions used for the existing ethanol development program to be used also in the second-generation program.

37 **Second-generation ethanol development program.**

Subd. 1. Development history; goals. This new program is intended to demonstrate efficient utilization of nontraditional feedstocks and ethanol producer associated with the commercial-scale extraction of the germ component of whole grains.

Subd. 2. Preapproval by commissioner. An applicant must receive pre-construction approval from the commissioner of agriculture to be eligible for ethanol producer payments and loans under the program. Approval constitutes commitment for 40 months of producer payments. Approval may also provide a commitment to a loan for a grain germ extraction project.

Subd. 3. Location of first two plants. One of the first two plants must be in west central Minnesota and the other in northwestern Minnesota.

Subd. 4. Producer payments. Ethanol producer payments will be made to preapproved producers for up to 40 consecutive quarters. Payments may not exceed \$750,000 per quarter except under unusual circumstances.

Subd. 5. Grain germ extraction research and demonstration grants. Allows for a grant of up to \$200,000 for a research and demonstration project associated with a new ethanol plant to develop commercial-scale grain germ extraction techniques.

38 **Financial assistance grants for feedlot delegated counties.** Allows a county to be eligible for financial assistance retroactively to the date on which the board approved delegated status.

39 **Counties; processing of applications for animal lot permits.** Existing law relating to the delegation of the feedlot permitting process to counties is amended to allow additional persons to serve as a county's feedlot officer. Language is also added to allow a feedlot permit specialist to be provided by the commissioner of agriculture to assist an applicant for a permit, at no cost to the applicant, if the proposed feedlot has a capacity under 500 animal units.

40 **Board of directors; AURI.** Adds the commissioner of agriculture, or the commissioner's designee, as a member of the agricultural utilization resource institute's board of directors.

41 **Civil liability for overweight truck loads.** Limits the overweight load civil penalty on a milk hauler to \$10,000 for all the occurrence detected by scale tickets within the previous 14 days.

42 **Record keeping; truck weight receipts.** Requires that a person weighing a milk transport must

keep truck weight records for only 14 days rather than the normal 30 days.

- 43 **Grain buyers and storage account; fees.** Increases the annual fee for grain buyer inspections.
- 44 **Warehouse operator or household goods warehouse operator to obtain license.** Increases the annual fee for warehouse operators.
- 45 **Waiver of excess dairy fine amount.** To the extent that a civil fine levied and collected under the 1999 version of Minnesota Statutes, section 32.21, paragraph (d), [dealing with the presence of drug residues in raw milk] is in excess of a fine that could have been levied after amendments made by the legislature in 2000, the commissioner of agriculture must reimburse the excess amount to the producer.
- 46 **Repealer.** Repeals authority for the commissioner of agriculture to use the rulemaking process to establish fees for food handler plan reviews.