

HOUSE RESEARCH

Bill Summary

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Overview

House File 752, drafted as an amendment to H.F. 779 (becoming article 3 of H.F. 779) is the House omnibus environment and agriculture budget bill for the 2004-2005 biennium.

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Article 3

- 1 **Agriculture and rural development appropriations.** Summarizes total appropriations in fiscal year 2004 of \$45,538,000 and in FY 2005 \$44,973,000.
- 2 **Department of agriculture.**

Subd. 1. Total appropriation. \$42,735,000 and \$42,170,000

Subd. 2. Protection services. \$9,138,000 and \$9,138,000

Subd. 3. Marketing and development. \$5,209,000 and \$5,209,000. Of this total, \$71,000 each year is designated for the Minnesota grown matching account. \$80,000 each year is for sustainable agriculture demonstration projects.

The funding for county fairs is shifted slightly. Fairs did not receive the annual payment scheduled for March, 2003 (in reimbursement for prizes awarded in August, 2002) because of unallotment. Beginning in fiscal year 2004, payments are to be made not later than July 15th for prizes awarded in the previous calendar year.

The commissioner of agriculture is also instructed to find a new private sector or

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public sector home for the Ag in the Classroom program.

Subd. 4. Ethanol development. \$22,962,000 and \$21,428,000 is for ethanol producer payments. In fiscal years 2004 through 2007 ethanol producer payments for eligible production will be disbursed at the rate of \$0.13 per gallon.

Subd. 5. Administration and financial assistance. \$5,426,000 and \$6,395,000. Of this amount \$1,005,000 each year is for dairy profitability grants. \$50,000 each year is to the northern crops institute. \$500,000 and \$1,535,000 are for operation of AURI, which is being incorporated into the agriculture department and being renamed the Agricultural Innovation Center.

3 **Board of animal health.** The general fund appropriation is \$2,803,000 each year.

4 **Agricultural utilization research institute.** The direct general fund appropriation to AURI is zeroed out.

5 **Definitions.**

Subd. 1. Cervidae. Clarifies the definition of cervidae to include all members of the cervid family and names several species.

Subd. 2. Farmed cervidae. Amends the existing definition of farmed cervidae so that it will include all cervid animals raised for any purpose.

Subd. 3. Owner. This definition remains unchanged.

Subd. 4. Herd. This new definition establishes the common (herd) relationship.

6 **Slaughter of farmed cervidae.** Allows slaughtered cervidae to be inspected under the state meat inspection program in addition to the federal inspection program.

7 **Fencing.** Increases the standards for fencing of cervidae herds and requires that fences built to lower standards in years past must be brought up to new standards by January 1, 2004.

8 **Disease control programs.** The headnote on this section is changed to more accurately reflect the purpose of board of animal health rules for management of farmed cervidae.

9 **Farmed cervidae identification.** A change in current law requires that after January 1, 2004, the identification tag of each farmed cervidae animal must be visible from a distance of 50 yards and the identification must be applied to all animals by December 31 of the year of birth or before the animal is moved from the birth premises.

10 **Inspection.** The division of authority for inspection of farmed cervidae is more clearly delineated between the commissioner of agriculture, the board of animal health, and the commissioner of natural resources. Specific authority to inspect "farmed cervidae facilities" is added. A new inspection fee is imposed - \$10 per animal with a maximum of \$100 per herd.

11 **Cervidae inspection account .** Creates the cervidae inspection account in the state treasury. Fees go in and the board of animal health uses the account for enforcement.

12 **Mandatory registration.** New language requires that as of January 1, 2004, no person may possess live cervidae in Minnesota unless the person is registered with the board of animal health. Illegally possessed cervidae can be seized and destroyed by the commissioner of natural resources.

13 **Mandatory surveillance for chronic wasting disease.** New language that will become effective January 1, 2004, requires that each farmed cervidae herd must be inventoried by a veterinarian every 12 months; movement of farmed cervidae from one location to another

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must be reported to the board of animal health within 14 days after the move; and all farmed cervidae over 16 months old must be tested for CWD upon slaughter or if they die.

- 14 **Nursery stock fee schedule.** Increases various fees for nursery stock growers, dealers, etc. beginning January 1, 2004.
- 15 **Exempt nursery sales.** In addition to sales currently exempt from the requirement to obtain a nursery stock dealer certificate, "hobbyist sales" are exempted so long as gross annual sales do not exceed \$2,000 annually.
- 16 **Nursery and phytosanitary account.** Establishes the nursery and phytosanitary account in the agriculture fund. The fund is to collect fees that will be used by the commissioner for administration and enforcement of the nursery program.
- 17 **Export certification, inspections, certificates, permits, and fees.** Articulates the need for continued access to domestic and foreign markets that can be accomplished through phytosanitary inspection and certification services. Makes the nursery and phytosanitary account the repository of all fees and for payment of costs. Authorizes the commissioner to enter into cooperative agreements with state and federal agencies to administer the export certification program. Specifies how the commissioner is to conduct inspections and issue export certificates. Imposes fees for the inspection and certification services. Lists circumstances in which an export certification can be denied.
- 18 **Crediting of penalties, fees, and costs.** Fees, reimbursements, penalties, and other money collected must be deposited to the appropriate account.
- 19 **Control or eradication of noxious weeds.** Removes the commissioner of agriculture from noxious weed inspection and eradication programs. Makes the commissioner of natural resources responsible for control of purple loosestrife.
- 20 **Authorized agents.** Turns weed control over to county agricultural inspectors, at the option of the county.
- 21 **Entry upon land.** Removes officers of the department of agriculture from authority to enter private land to look for weeds.
- 22 **Order for control or eradication of noxious weeds.** Eliminates the commissioner as one who can order the control of noxious weeds.
- 23 **Initial training for control or eradication of noxious weeds.** Reduces the commissioner's responsibility for noxious weed education to be initial training only.
- 24 **Injunction.** Deletes the commissioner and adds the county agricultural inspector as authorized to apply to a court for enforcement of weed laws.
- 25 **Prosecution.** Deletes the commissioner and adds the county agricultural inspector as authorized to apply to a court for enforcement of weed laws.
- 26 **Local weed inspectors.** Removes duties of local weed inspectors concerning attending meetings with the commissioner.
- 27 **Nonperformance by inspectors; reimbursement for expenses.** Deletes the commissioner and adds the county agricultural inspector to ensure that inspectors perform duties as noxious weed inspectors.
- 28 **Court appeal of costs; petition.** Deletes the commissioner and adds the county agricultural inspector when dealing with county costs for weed inspection.
- 29 **Unlawful acts.** Deletes the commissioner as one whose duties cannot be hindered or obstructed.
- 30 **Pesticide registration application fee.** Removes an annual transfer of \$600,000 of fees collected for registration of pesticides to the waste pesticide account. New language requires the commissioner to spend \$300,000 per fiscal year from the pesticide regulatory account for

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purposes of the waste pesticide collection program.

- 31 Permits; issuance and revocation.** Adds wildflowers to Minnesota seed law to remove confusion about whether they are covered or not. Requires registration of seed labelers who sell 50,000 pounds or less of seed annually.
- 32 Charges under Minnesota seed law - sampling of export seed.** Allows the commissioner to sample and examine seed to be exported. A fee may be charged for the service. Otherwise, adds specific permit fees for seed labelers of various sizes. Requires reports from seed fee permit holders.
- 33 Fees.** Amends procedures for recording hybrid seed field corn varieties. Appropriates and transfers 60 percent of the revenue from hybrid seed field corn to the Minnesota agricultural experiment station.
- 34 Brand name registration.** Removes a specific fee for registering a brand name on nonhybrid seed.
- 35 Fees for food handlers.** Fees are increased for various classes of food handlers, brokers, and processors, based on annual gross sales.
- 36 Violations; prohibited acts.** Increases fees for reinspections of food handlers.
- 37 Annual fee; exceptions.** Increases fees for vending machine operators.
- 38 Grade A inspection fees.** Increases fees for reinspections on dairy farms and eliminates a goal of maintaining the user fee for inspections at no more than 40 percent of the department's actual average cost for inspections.
- 39 Manufacturing grade farm certification.** Increases reinspection fees on manufacturing grade farms and eliminates a cap at 40 percent of the actual inspection costs.
- 40 Processor assessment.** Clarifies the authority of the commissioner to set processor assessments within the range of five cents and nine cents per hundredweight of milk. Establishes the rate on July 1, 2003, at seven cents and limits changes thereafter to no more than one cent per year.
- 41 Cervidae import restrictions.** Makes permanent a ban on the import of cervids from a herd infected with or exposed to chronic wasting disease.
- 42 County and district agricultural societies; aid distribution; conditions.** Amends current language making state aid payments to county and district agricultural societies and associations. Provides that the aid will be disbursed by July 15 of the calendar year following the annual fair.
- 43 Appropriation; ethanol producer payments.** Maintains an open and standing appropriation for ethanol development in the state.
- 44 Ethanol development; definitions.** Updates definitions in the ethanol producer payment program.
- 45 Payments; ethanol producers.** Amends the ethanol producer payment schedule by allowing the payment of ethanol producer payments even after the expiration date of the program if inadequate appropriation amounts have resulted in reduced payments in prior quarters. Restores the target payment rate to \$0.20 per gallon. Requires disclosure of the ownership of each producer applicant. Eliminates an expired program that provided direct payment for electricity generated at an ethanol plant by the burning of biomass.
- 46 Limitation on eligibility for payments.** Provides that only an ethanol producer that complies with the business association organization structures prescribed in section 47 is eligible to receive producer payments.

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- 47 Business associations producing ethanol; shareholder rights.** In addition to other requirements of law controlling an ethanol producer, the shareholders of the company, and the spouse of the shareholder, are assured specific rights.
- ▶ Records of all meetings of shareholders and the board of directors must be maintained for at least three years.
 - ▶ Roll call votes must be taken on certain business issues, and records must include the roll call vote of each director.
 - ▶ Any director can demand a roll call vote on any matter that comes before the board.
 - ▶ An elected director has the right personally to inspect any business records of the company at any reasonable time.
 - ▶ Notice must be given to shareholders of all scheduled meetings of the board, and meetings must be open to shareholders (except portions of meetings dealing with litigation, personnel matters and the like).
 - ▶ A matter may be brought before an annual or special meeting of shareholders by a petition signed by 50 shareholders (or five percent of the shareholders).
 - ▶ If the board of directors distributes to shareholders information intended to persuade voting on a matter, the organizers of a petition must be given equal time and opportunity to share their views.
 - ▶ The bylaws of an ethanol producer company must specifically allow each board member access to current ethanol marketing contracts and operating contracts.
 - ▶ Ethanol marketing contracts and operating contracts must also be made available to the commissioner of agriculture. Data accessed by the commissioner is nonpublic data.

 - ▶ A newly organized ethanol producer company must include the provisions of this section in its bylaws. An existing ethanol producer company must amend its bylaws to be in compliance with these provisions within 12 months.
- 48 Notice of application for livestock feedlot permit.** Amends existing language to require that the notice to neighbors within 5,000 feet must be delivered not less than 10 days before the permit is issued by the pollution control agency or a county feedlot officer.
- 49 Environmental impact statements; environmental assessment worksheets.** Amends the current statutory process for determining if an EAW or an EIS is needed by stipulating that an EAW cannot be required for an animal feedlot with a capacity of less than 1,000 animal units (or an expansion by less than 1,000 AU) if the application includes a written commitment from the proposer to design, construct, and operate the facility in compliance with Minnesota feedlot rules (7020 rules).
- 50 Review of decisions to require an EAW or EIS.** Moves legal action regarding an EQB decision about the need for an environmental assessment worksheet or an environmental impact statement from the county district court to the court of appeals.
- 51 Timely action by a local governmental unit.** Moves the venue for seeking relief for failure of a local "responsible governmental unit" to timely act on a feedlot application from the

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district court to the court of appeals.

52 Enforcement. Moves actions for enforcement from a district court to the court of appeals.

53 Establishment; agricultural utilization research institute [Agricultural Innovation Center]. Merges AURI with the department of agriculture and changes the name to Agricultural Innovation Center.

54 Board of directors. Adjusts membership on the AIC board to include additional members. Appointed members are limited to a maximum of two three-year terms. Legislators serving on the board are non-voting members.

55 Duties. The specific duties and role of the AIC are clarified and broadened in areas of policy development and technical assistance, but restricted somewhat in areas of direct financial involvement. The center is required to report annually to the legislature.

56 Staff. Authorizes the commissioner of agriculture to provide staff, including a division director, to carry out the duties of the center.

57 Meetings. Meetings of the center's board of directors are to be governed largely by Minnesota Statutes, chapter 13D (the Minnesota open meeting law).

58 Funds. Transfers to the center all rights AURI once had to accept gifts, grants, and contributions.

59 Agricultural innovation center account; establishment. Creates the center's dedicated account in the agricultural fund and appropriates the proceeds to the center's purposes.

60 Definitions. Defines the agricultural innovation center and clarifies that "commissioner" means the commissioner of agriculture.

61 Transfer. The functions, assets, and liabilities of AURI are transferred to AIC.

62 Revisor instruction. The Revisor's office is instructed to change the name in statute from AURI to AIC.

63 Repealer. Repeals the value-added agricultural product processing and marketing grant program, beaver damage control grants, replaced language concerning nursery law, noxious weed law provisions, and obsolete provisions of the ethanol development program.

64 Repealer; Minnesota Rules. Repeals Minnesota Rules, part 1510.0281 (seed law permits and fees).

65 Effective date. Unless otherwise specified in a section, the act is effective July 1, 2003.