

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1732

DATE: April 13, 2005

Version: Second Engrossment

Authors: Blaine and others

Subject: Livestock Loan Program; Livestock Zoning Regulations

Analyst: Sam Rankin, 651-296-5047

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

The Rural Finance Authority has operated a program to loan farmers up to 45 percent of the cost of purchasing stock in a value-added agricultural product processing facility. House File 1732 pools existing balances and adds newly appropriated funds that will now be available for a new "livestock equipment," loan programs in addition to the methane digester and value-added agricultural product loans. The new livestock equipment loan program is available for a range of equipment and facilities. Loan priority is given to livestock farmers who have been farming for less than ten years.

H.F. 1732 also changes the notification dates and other provisions related to local zoning ordinances regulating livestock feedlots. Provision is also made for requiring an economic analysis of how a proposed county or township feedlot ordinance would affect the local economy. A county, township, or municipality may submit a proposed zoning ordinance to the commissioners of agriculture and the Pollution Control Agency (PCA) for their recommendations.

Section

- 1 Loans; value-added agricultural products facility stock.** The funding source (and the directive for deposit of repayments) for the existing program to provide loans to farmers for the purchase of stock in value-added agricultural product processing facilities is changed to a newly created revolving loan account.
- 2 Deposit of repayments.** Repayments on existing and future manure digester loans is

Section

directed to the new revolving fund account.

3 Livestock equipment pilot loan program.

Subd. 1. Establishment. The Rural finance Authority is to establish a loan program to assist farmers purchase of livestock-related equipment for the first time or to make improvements in an existing operation.

Subd. 2. Eligibility. A borrower must be a resident of Minnesota eligible to own and operate Minnesota farm land and have limited total net worth. The borrower must also be operating a properly registered feedlot.

Subd. 3. Livestock equipment loans. The RFA may purchase from a local lender up to 45 percent of the principal amount of a loan made to an eligible farmer for 90 percent of the value of qualifying livestock equipment. Also, the RFA participation is limited to \$40,000 per loan. Loans have a maximum term of seven years. The RFA may impose an application fee of \$50.

Subd. 4. Eligible expenditures. Lists a number of livestock-oriented facilities and equipment that qualify for the loan, including fences, feed storage and handling equipment, milking equipment, and pastures.

4 Rural Finance Authority revolving loan account. The new account is established and money from other accounts is transferred to it. Money in the account is available for the livestock equipment, manure digester, and value-added agricultural product facility stock purchase loan programs.

5 Grant procedures and criteria (local roads of regional significance). Adds an appropriate state agency to the list of interests that need to be consulted as procedures are established for distributing grants for local road improvements. Establishes new agricultural operations as one of the elements to be considered when awarding grants or loans for local road work.

6 Feedlot zoning ordinances (counties). Existing procedures for adopting or amending county feedlot ordinances are amended by requiring that the PCA and the commissioner of agriculture be notified no later than the notice of the first public hearing on the proposed ordinance adoption or amendment. Allows a county to submit a copy of the proposed ordinance to the PCA and the Department of Agriculture for review and recommendation by those agencies. Also requires that if a county board member requests it, the county must prepare an economic analysis of the affect of the ordinance on the local economy. Various state agencies must work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance.

7 Interim ordinance (cities and towns). A municipality (defined as a city or town) that proposes an interim ordinance, also called a moratorium ordinance, on livestock production must hold a public hearing not less than ten days after giving notice before the ordinance takes effect.

8 Feedlot zoning controls (cities and towns). Establishes procedures a municipality must follow when proposing a new or amended zoning control over feedlots. The PCA and the Department of Agriculture must be notified at the beginning of the process. A municipality may submit a copy of the proposed ordinance to the PCA and the Department of Agriculture for review and recommendation by those agencies. If a member of the municipality's

Section

governing body requests it, the municipality must prepare an economic analysis of the affect of the ordinance on the local economy. Several state agencies are required to work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance.

- 9 Appropriations.** \$100,000 each year is appropriated from the general fund to the commissioner of agriculture to train and provide technical assistance to county and town officials concerning local zoning and land use planning for animal operations.

\$220,000 is appropriated in fiscal year 2006 from the general fund to the commissioner of agriculture for research on livestock odor and air quality management.

- 10 Transfer of funds; deposit of repayments.** The remaining balances in the value added stock loan program and the manure digester loan program are deposited in the newly created revolving account. Any repayments to those programs are redirected for deposit in the new account.

- 11 Repealer.** Repeals the statutory language that created the revolving loan fund for value-added agricultural product stock purchases.