

ARTICLE 1

AGRICULTURE STATUTORY CHANGES

Section 1. Minnesota Statutes 2020, section 17.041, subdivision 1, is amended to read:

Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is established in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for emergency preparedness and response activities for agricultural emergencies affecting producers of livestock, poultry, crops, or other agricultural products. Eligible emergency response uses include agency costs directly attributed to responding to agricultural emergencies and purchasing necessary equipment and reimbursing costs incurred by local units of government that are not eligible for reimbursement from other sources. Eligible emergency preparedness uses are limited to training and the procurement of equipment and supplies.

Sec. 2. [17.1016] COOPERATIVE GRANTS.

Subdivision 1. Definitions. For purposes of this section:

(1) "agricultural commodity" and "agricultural product processing facility" have the meanings given in section 17.101, subdivision 5; and

(2) "agricultural service" means an action made under the direction of a farmer that provides value to another entity. Agricultural service includes grazing to manage vegetation.

Subd. 2. Grant program. (a) The commissioner may establish and implement a grant program to help farmers finance new cooperatives that organize for purposes of operating an agricultural product processing facility or marketing an agricultural product or agricultural service.

(b) To be eligible for this program, a grantee must:

(1) be a cooperative organized under chapter 308A;

(2) certify that all control and equity in the cooperative is from farmers, family farm partnerships, family farm limited liability companies, or family farm corporations as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;

(3) be operated primarily to process agricultural commodities or market agricultural products or services produced in Minnesota; and

2.1 (4) receive agricultural commodities produced primarily by shareholders or members
 2.2 of the cooperative.

2.3 (c) The commissioner may receive applications and make grants up to \$50,000 to eligible
 2.4 grantees for feasibility, marketing analysis, assistance with organizational development,
 2.5 financing and managing new cooperatives, product development, development of business
 2.6 and marketing plans, and predesign of facilities, including site analysis, the development
 2.7 of bid specifications, preliminary blueprints and schematics, and the completion of purchase
 2.8 agreements and other necessary legal documents.

2.9 (d) Grants must be matched dollar-for-dollar with other money or in-kind contributions.

2.10 Sec. 3. Minnesota Statutes 2020, section 17.117, subdivision 9, is amended to read:

2.11 Subd. 9. **Allocation rescission.** (a) Continued availability of allocations granted to a
 2.12 local government unit is contingent upon the commissioner's approval of the local
 2.13 government unit's annual report. The commissioner shall review this annual report to ensure
 2.14 that the past and future uses of the funds are consistent with the comprehensive water
 2.15 management plan, other local planning documents, the requirements of the funding source,
 2.16 and compliance to program requirements. If the commissioner concludes the past or intended
 2.17 uses of the money are not consistent with these requirements, the commissioner shall rescind
 2.18 all or part of the allocation awarded to a local government unit.

2.19 (b) The commissioner may rescind funds allocated to the local government unit that are
 2.20 not designated to committed projects or disbursed within one year from the date of the
 2.21 allocation agreement.

2.22 ~~(c) An additional year to use the undisbursed portion of an allocation may be granted~~
 2.23 ~~by the commissioner under extenuating circumstances~~ The commissioner may rescind
 2.24 uncommitted allocations.

2.25 Sec. 4. Minnesota Statutes 2020, section 17.117, subdivision 9a, is amended to read:

2.26 Subd. 9a. **Authority and responsibilities of local government units.** (a) A local
 2.27 government unit that enters into an allocation agreement with the commissioner:

2.28 (1) is responsible for the local administration and implementation of the program in
 2.29 accordance with this section;

2.30 (2) may submit applications for allocations to the commissioner;

3.1 (3) shall identify, develop, determine eligibility, define and approve projects, designate
 3.2 maximum loan amounts for projects, and certify completion of projects implemented under
 3.3 this program. In areas where no local government unit has applied for funds under this
 3.4 program, the commissioner may appoint a local government unit to review and certify
 3.5 projects or the commissioner may assume the authority and responsibility of the local
 3.6 government unit;

3.7 (4) shall certify as eligible only projects that are within its geographic jurisdiction or
 3.8 within the geographic area identified in its local comprehensive water management plans
 3.9 or other local planning documents;

3.10 (5) may require withholding by the local lender of all or a portion of the loan to the
 3.11 borrower until satisfactory completion of all required components of a certified project;

3.12 ~~(6) must identify which account is used to finance an approved project if the local~~
 3.13 ~~government unit has allocations from multiple accounts in the agricultural and environmental~~
 3.14 ~~revolving accounts;~~

3.15 ~~(7)~~ (6) shall report to the commissioner annually the past and intended uses of allocations
 3.16 awarded; and

3.17 ~~(8)~~ (7) may request additional funds in excess of their allocation when funds are available
 3.18 in the agricultural and environmental revolving accounts, as long as all other allocation
 3.19 awards to the local government unit have been used or committed.

3.20 (b) If a local government unit withdraws from participation in this program, the local
 3.21 government unit, or the commissioner in accordance with the priorities established under
 3.22 subdivision 6a, may designate another local government unit that is eligible under subdivision
 3.23 6 as the new local government unit responsible for local administration of this program.
 3.24 This designated local government unit may accept responsibility and administration of
 3.25 allocations awarded to the former responsible local government unit.

3.26 Sec. 5. Minnesota Statutes 2020, section 17.117, subdivision 10, is amended to read:

3.27 Subd. 10. **Authority and responsibilities of local lenders.** (a) Local lenders may enter
 3.28 into lender agreements with the commissioner.

3.29 (b) Local lenders may enter into loan agreements with borrowers to finance eligible
 3.30 projects under this section.

3.31 ~~(c) The local lender shall notify the local government unit of the loan amount issued to~~
 3.32 ~~the borrower after the closing of each loan.~~

4.1 ~~(d)~~ (c) Local lenders with local revolving loan accounts created before July 1, 2001,
4.2 may continue to retain and use those accounts in accordance with their lending agreements
4.3 for the full term of those agreements.

4.4 ~~(e)~~ (d) Local lenders, including local government units designating themselves as the
4.5 local lender, may enter into participation agreements with other lenders.

4.6 ~~(f)~~ (e) Local lenders may enter into contracts with other lenders for the limited purposes
4.7 of loan review, processing and servicing, or to enter into loan agreements with borrowers
4.8 to finance projects under this section. Other lenders entering into contracts with local lenders
4.9 under this section must meet the definition of local lender in subdivision 4, must comply
4.10 with all provisions of the lender agreement and this section, and must guarantee repayment
4.11 of the loan funds to the local lender.

4.12 ~~(g)~~ (f) When required by the local government unit, a local lender must withhold all or
4.13 a portion of the loan disbursement for a project until notified by the local government unit
4.14 that the project has been satisfactorily completed.

4.15 ~~(h)~~ (g) The local lender is responsible for repaying all funds provided by the commissioner
4.16 to the local lender.

4.17 ~~(i)~~ (h) The local lender is responsible for collecting repayments from borrowers. If a
4.18 borrower defaults on a loan issued by the local lender, it is the responsibility of the local
4.19 lender to obtain repayment from the borrower. Default on the part of borrowers shall have
4.20 no effect on the local lender's responsibility to repay its obligations to the commissioner
4.21 whether or not the local lender fully recovers defaulted amounts from borrowers.

4.22 ~~(j)~~ (i) The local lender shall provide sufficient collateral or protection to the commissioner
4.23 for the funds provided to the local lender. The commissioner must approve the collateral
4.24 or protection provided.

4.25 Sec. 6. Minnesota Statutes 2020, section 17.117, subdivision 11, is amended to read:

4.26 Subd. 11. **Loans issued to borrower.** (a) Local lenders may issue loans only for projects
4.27 that are approved and certified by the local government unit as meeting priority needs
4.28 identified in a comprehensive water management plan or other local planning documents,
4.29 are in compliance with accepted practices, standards, specifications, or criteria, and are
4.30 eligible for financing under Environmental Protection Agency or other applicable guidelines.

4.31 (b) The local lender may use any additional criteria considered necessary to determine
4.32 the eligibility of borrowers for loans.

5.1 (c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

5.2 ~~(1) no loan to a borrower may exceed \$200,000; and~~

5.3 ~~(2) no borrower shall, at any time, have multiple loans from this program with a total~~
 5.4 outstanding loan balance of more than \$200,000.

5.5 (d) The maximum term length for projects in this paragraph is ten years.

5.6 (e) Fees charged at the time of closing must:

5.7 (1) be in compliance with normal and customary practices of the local lender;

5.8 (2) be in accordance with published fee schedules issued by the local lender;

5.9 (3) not be based on participation program; and

5.10 (4) be consistent with fees charged other similar types of loans offered by the local
 5.11 lender.

5.12 (f) The interest rate assessed to an outstanding loan balance by the local lender must not
 5.13 exceed three percent per year.

5.14 Sec. 7. Minnesota Statutes 2020, section 17.117, subdivision 11a, is amended to read:

5.15 Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse
 5.16 environmental impacts are eligible if the project is eligible under an allocation agreement.

5.17 (b) A manure management project is eligible if the project remediates or mitigates
 5.18 impacts from facilities with less than 1,000 animal units as defined in Minnesota Rules,
 5.19 chapter 7020, and otherwise meets the requirements of this section.

5.20 (c) A drinking water project is eligible if the project:

5.21 (1) remediates ~~the~~ or mitigates the inadequate flow, adverse environmental impacts or
 5.22 presence of contaminants in ~~private well~~ privately owned water supplies that are used for
 5.23 drinking water by people or livestock, privately owned water service lines, or privately
 5.24 owned plumbing and fixtures;

5.25 (2) implements best management practices that are intended to achieve drinking water
 5.26 standards or adequate flow; and

5.27 (3) otherwise meets the requirements of this section.

6.1 Sec. 8. Minnesota Statutes 2020, section 17.118, subdivision 1, is amended to read:

6.2 Subdivision 1. **Establishment.** The commissioner may award a livestock investment
6.3 grant to a person who raises livestock in this state equal to ten percent of the first \$500,000
6.4 of qualifying expenditures, provided the person makes qualifying expenditures of at least
6.5 \$4,000. The commissioner may award multiple livestock investment grants to a person over
6.6 the life of the program ~~as long as the cumulative amount does not exceed \$50,000~~ and shall
6.7 give preference to applicants who have not previously received a grant under this section.

6.8 Sec. 9. Minnesota Statutes 2020, section 17.118, subdivision 3, is amended to read:

6.9 Subd. 3. **Eligibility.** ~~(a)~~ To be eligible for a livestock investment grant, a person must:

6.10 (1) be a resident of Minnesota or an entity specifically defined in section 500.24,
6.11 subdivision 2, that is eligible to own farmland and operate a farm in this state under section
6.12 500.24;

6.13 (2) be the principal operator of the farm;

6.14 (3) hold a feedlot registration, if required; and

6.15 (4) apply to the commissioner on forms prescribed by the commissioner including a
6.16 statement of the qualifying expenditures made during the qualifying period along with any
6.17 proof or other documentation the commissioner may require.

6.18 ~~(b) The \$50,000 maximum grant applies at the entity level for partnerships, S~~
6.19 ~~corporations, C corporations, trusts, and estates as well as at the individual level. In the case~~
6.20 ~~of married individuals, the grant is limited to \$50,000 for a married couple.~~

6.21 Sec. 10. [17.133] FARM DOWN PAYMENT ASSISTANCE GRANTS.

6.22 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
6.23 the meanings given.

6.24 (b) "Eligible farmer" means an individual who at the time that the grant is awarded:

6.25 (1) is a resident of Minnesota who intends to acquire farmland located within the state
6.26 and provide the majority of the day-to-day physical labor and management of the farm;

6.27 (2) grosses no more than \$250,000 per year from the sale of farm products; and

6.28 (3) has not, and whose spouse has not, at any time had a direct or indirect ownership
6.29 interest in farmland.

7.1 (c) "Farm down payment" means an initial, partial payment required by a lender or seller
 7.2 to purchase farmland.

7.3 Subd. 2. **Grants.** The commissioner must award farm down payment assistance grants
 7.4 of up to \$15,000 per eligible farmer. An eligible farmer must match the grant with at least
 7.5 an equivalent amount of other funding. An eligible farmer must commit to own and farm
 7.6 the land purchased with assistance provided under this section for at least five years. For
 7.7 each year that a grant recipient does not own and farm the land during the five-year period,
 7.8 the grant recipient must pay a penalty to the commissioner equal to 20 percent of the grant
 7.9 amount.

7.10 Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter,
 7.11 the commissioner must provide a report to the chairs and ranking minority members of the
 7.12 legislative committees having jurisdiction over agriculture and rural development, in
 7.13 compliance with sections 3.195 and 3.197, on the farm down payment assistance grants
 7.14 under this section. The report must include:

7.15 (1) background information on beginning farmers in Minnesota and any other information
 7.16 that the commissioner and authority find relevant to evaluating the effect of the grants on
 7.17 increasing opportunities for and the number of beginning farmers;

7.18 (2) the number and amount of grants;

7.19 (3) the geographic distribution of grants by county;

7.20 (4) the number of grant recipients who are emerging farmers;

7.21 (5) the number of farmers who cease to own land and are subject to payment of a penalty,
 7.22 along with the reasons for the land ownership cessation; and

7.23 (6) the number and amount of grant applications that exceeded the allocation available
 7.24 in each year.

7.25 Sec. 11. Minnesota Statutes 2020, section 18B.051, is amended to read:

7.26 **18B.051 POLLINATOR ~~HABITAT AND~~ RESEARCH ACCOUNT.**

7.27 Subdivision 1. **Account established.** A pollinator ~~habitat and~~ research account is
 7.28 established in the agricultural fund. Money in the account, including interest, is appropriated
 7.29 to the Board of Regents of the University of Minnesota for pollinator research and outreach
 7.30 including, but not limited to, science-based best practices and the identification and
 7.31 establishment of habitat beneficial to pollinators.

7.32 Subd. 2. **Expiration.** This section expires July 1, ~~2022~~ 2025.

8.1 Sec. 12. Minnesota Statutes 2020, section 18E.03, subdivision 3, is amended to read:

8.2 Subd. 3. **Determination of response and reimbursement fee.** (a) The commissioner
8.3 shall determine the amount of the response and reimbursement fee under subdivision 4 after
8.4 a public hearing based on:

8.5 (1) the amount needed to maintain an unencumbered balance in the account of ~~\$1,000,000~~
8.6 \$2,000,000;

8.7 (2) the amount estimated to be needed for responses to incidents as provided in
8.8 subdivision 2, clauses (1) and (2); and

8.9 (3) the amount needed for payment and reimbursement under section 18E.04.

8.10 (b) The commissioner shall determine the response and reimbursement fee so that the
8.11 total balance in the account does not exceed ~~\$5,000,000~~ \$6,500,000.

8.12 (c) Money from the response and reimbursement fee shall be deposited in the treasury
8.13 and credited to the agricultural chemical response and reimbursement account.

8.14 **EFFECTIVE DATE.** This section is effective January 1, 2023.

8.15 Sec. 13. Minnesota Statutes 2020, section 18E.04, subdivision 3, is amended to read:

8.16 Subd. 3. **Partial reimbursement.** (a) If the unencumbered balance of the account drops
8.17 below ~~\$2,000,000~~ \$3,000,000, the board may only pay or reimburse an eligible person up
8.18 to \$100,000 within the same fiscal year.

8.19 (b) If the board determines that an incident was caused by a violation of chapter 18B,
8.20 18C, or 18D, the board may reimburse or pay a portion of the corrective action costs of the
8.21 eligible person based on the culpability of the eligible person and the percentage of the costs
8.22 not attributable to the violation.

8.23 **EFFECTIVE DATE.** This section is effective January 1, 2023.

8.24 Sec. 14. Minnesota Statutes 2020, section 18E.04, subdivision 4, is amended to read:

8.25 Subd. 4. **Reimbursement payments.** (a) The board shall pay a person that is eligible
8.26 for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical
8.27 response and reimbursement account for 80 percent of the total reasonable and necessary
8.28 corrective action costs greater than \$1,000 and less than or equal to ~~\$350,000~~ \$550,000.

8.29 (b) A reimbursement or payment may not be made until the board has determined that
8.30 the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

9.1 (c) The board may make periodic payments or reimbursements as corrective action costs
 9.2 are incurred upon receipt of invoices for the corrective action costs.

9.3 (d) Money in the agricultural chemical response and reimbursement account is
 9.4 appropriated to the commissioner to make payments and reimbursements directed by the
 9.5 board under this subdivision.

9.6 (e) The board may not make reimbursement greater than the maximum allowed under
 9.7 paragraph (a) for all incidents on a single site which:

9.8 (1) were not reported at the time of release but were discovered and reported after July
 9.9 1, 1989; and

9.10 (2) may have occurred prior to July 1, 1989, as determined by the commissioner.

9.11 (f) The board may only reimburse an eligible person for separate incidents within a
 9.12 single site if the commissioner determines that each incident is completely separate and
 9.13 distinct in respect of location within the single site or time of occurrence.

9.14 (g) Except for an emergency incident, the board may not reimburse or pay for more than
 9.15 60 percent of the corrective action costs of an eligible person or for an incident within five
 9.16 years of a previous incident at a single site resulting from a site recontamination.

9.17 (h) The deduction of \$1,000 and 20 percent from the ~~\$350,000~~ \$550,000 remuneration
 9.18 may be waived by the board if the incident took place on or after August 18, 2007, and was
 9.19 caused by flooding associated with Presidential Declaration of Major Disaster DR-1717.

9.20 **EFFECTIVE DATE.** This section is effective January 1, 2023.

9.21 Sec. 15. Minnesota Statutes 2020, section 28A.21, subdivision 2, is amended to read:

9.22 Subd. 2. **Membership.** (a) The Food Safety and Defense Task Force consists of:

9.23 (1) the commissioner of agriculture or the commissioner's designee;

9.24 (2) the commissioner of health or the commissioner's designee;

9.25 (3) a representative of the United States Food and Drug Administration;

9.26 (4) a representative of the United States Department of Agriculture;

9.27 (5) a representative of the Agricultural Utilization Research Institute;

9.28 (6) one member of the Minnesota Grocers Association;

9.29 (7) one member from the University of Minnesota knowledgeable in food and food
 9.30 safety issues; and

10.1 (8) ~~nine~~ ten members appointed by the governor who are interested in food and food
10.2 safety, of whom:

10.3 (i) two persons are health or food professionals;

10.4 (ii) one person represents a statewide general farm organization;

10.5 (iii) one person represents a local food inspection agency;

10.6 (iv) one person represents a food-oriented consumer group; ~~and~~

10.7 (v) one person represents a Minnesota-based manufacturer of microbial detection
10.8 equipment and remediation products; and

10.9 (vi) one person is knowledgeable in cybersecurity.

10.10 (b) Members shall serve without compensation. Members appointed by the governor
10.11 shall serve four-year terms.

10.12 Sec. 16. Minnesota Statutes 2020, section 35.05, is amended to read:

10.13 **35.05 AUTHORITY OF STATE BOARD.**

10.14 (a) The state board may quarantine or kill any domestic animal infected with, or which
10.15 has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect
10.16 the health of the domestic animals of the state.

10.17 (b) The board may regulate or prohibit the arrival in and departure from the state of
10.18 infected or exposed animals and, in case of violation of any rule or prohibition, may detain
10.19 any animal at its owner's expense. The board may regulate or prohibit the importation of
10.20 domestic animals which, in its opinion, may injure the health of Minnesota livestock.

10.21 (c) When the governor declares an emergency under section 35.0661, the board, through
10.22 its executive director, may assume control of such resources within the University of
10.23 Minnesota's Veterinary Diagnostic Laboratory as necessary to effectively address the disease
10.24 outbreak. The director of the laboratory and other laboratory personnel must cooperate fully
10.25 in performing necessary functions related to the outbreak or threatened outbreak.

10.26 (d) The board may test or require tests of any bovine or cervidae in the state when the
10.27 board deems it necessary to achieve or maintain bovine tuberculosis accredited free state
10.28 or zone status under the regulations and laws administered by the United States Department
10.29 of Agriculture.

10.30 (e) Notwithstanding section 3.3005, subdivision 2, the board may apply for, receive,
10.31 and disburse federal money made available to the state for animal disease response. All

11.1 federal money received by the board for this purpose must be deposited in the state treasury
 11.2 and, except as provided in section 35.156, subdivision 2, is appropriated to the board for
 11.3 the purposes for which it was received. By January 15 each year, the board must report to
 11.4 the senate Committee on Finance, the house of representatives Committee on Ways and
 11.5 Means, and the legislative committees with jurisdiction over the board's operating budget
 11.6 regarding the amount of federal money received and spent in the previous fiscal year under
 11.7 this paragraph and the board's use of these funds.

11.8 Sec. 17. Minnesota Statutes 2020, section 40A.18, subdivision 2, is amended to read:

11.9 Subd. 2. **Allowed commercial and industrial operations.** (a) Commercial and industrial
 11.10 operations are not allowed on land within an agricultural preserve except:

11.11 (1) small on-farm commercial or industrial operations normally associated with and
 11.12 important to farming in the agricultural preserve area;

11.13 (2) storage use of existing farm buildings that does not disrupt the integrity of the
 11.14 agricultural preserve;

11.15 (3) small commercial use of existing farm buildings for trades not disruptive to the
 11.16 integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop,
 11.17 and similar activities that a farm operator might conduct; ~~and~~

11.18 (4) wireless communication installments and related equipment and structure capable
 11.19 of providing technology potentially beneficial to farming activities. A property owner who
 11.20 installs wireless communication equipment does not violate a covenant made prior to January
 11.21 1, 2018, under section 40A.10, subdivision 1; and

11.22 (5) solar energy generating systems with an output capacity of one megawatt or less.

11.23 (b) For purposes of paragraph (a), clauses (2) and (3), "existing" means existing on
 11.24 August 1, 1989.

11.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

11.26 Sec. 18. Minnesota Statutes 2020, section 41A.16, subdivision 1, is amended to read:

11.27 Subdivision 1. **Eligibility for participants on or before April 1, 2023.** (a) A facility
 11.28 eligible for payment under this section must source from Minnesota at least 80 percent of
 11.29 the biomass used to produce an advanced biofuel, except that, if a facility is sited 50 miles
 11.30 or less from the state border, biomass used to produce an advanced biofuel may be sourced
 11.31 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from

12.1 within a 100-mile radius of the facility or from within Minnesota. The facility must be
12.2 located in Minnesota, must begin production at a specific location ~~by June 30, 2025~~ on or
12.3 before April 1, 2023, and must not begin operating above 23,750 MMbtu of quarterly
12.4 advanced biofuel production before July 1, 2015. Eligible facilities include existing
12.5 companies and facilities that are adding advanced biofuel production capacity, or retrofitting
12.6 existing capacity, as well as new companies and facilities. Production of conventional corn
12.7 ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must
12.8 produce at least 1,500 MMbtu of advanced biofuel quarterly.

12.9 (b) No payments shall be made for advanced biofuel production that occurs after June
12.10 30, 2035, for those eligible biofuel producers under paragraph (a).

12.11 (c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility
12.12 for payments under this section to an advanced biofuel facility at a different location.

12.13 (d) A producer that ceases production for any reason is ineligible to receive payments
12.14 under this section until the producer resumes production.

12.15 (e) Renewable chemical production for which payment has been received under section
12.16 41A.17, and biomass thermal production for which payment has been received under section
12.17 41A.18, are not eligible for payment under this section.

12.18 (f) Biobutanol is eligible under this section.

12.19 Sec. 19. Minnesota Statutes 2020, section 41A.16, is amended by adding a subdivision to
12.20 read:

12.21 Subd. 7. **Eligibility for participants after April 1, 2023.** (a) A facility eligible for
12.22 payment under this section must source at least 80 percent raw materials from Minnesota.
12.23 If a facility is sited 50 miles or less from the state border, raw materials may be sourced
12.24 from within a 100-mile radius. Raw materials must be from agricultural or forestry sources
12.25 or from solid waste. The facility must be located in Minnesota, must begin production at a
12.26 specific location after April 1, 2023, and before June 30, 2025, and must not begin operating
12.27 above 23,750 MMbtu of quarterly biofuel production before July 1, 2015. Eligible facilities
12.28 include existing companies and facilities that are adding advanced biofuel production
12.29 capacity, or retrofitting existing capacity, as well as new companies and facilities. Production
12.30 of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced
12.31 biofuel facilities must produce at least 23,750 MMbtu of biofuel quarterly.

12.32 (b) No payments shall be made for advanced biofuel production that occurs after June
12.33 30, 2035, for those eligible biofuel producers under paragraph (a).

13.1 (c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility
13.2 for payments under this section to an advanced biofuel facility at a different location.

13.3 (d) A producer that ceases production for any reason is ineligible to receive payments
13.4 under this section until the producer resumes production.

13.5 (e) Renewable chemical production for which payment has been received under section
13.6 41A.17, and biomass thermal production for which payment has been received under section
13.7 41A.18, are not eligible for payment under this section.

13.8 (f) Biobutanol is eligible under this section.

13.9 Sec. 20. Minnesota Statutes 2020, section 41A.17, subdivision 1, is amended to read:

13.10 Subdivision 1. **Eligibility for participants on or before April 1, 2023.** (a) A facility
13.11 eligible for payment under this section must source from Minnesota at least 80 percent of
13.12 the biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles
13.13 or less from the state border, biomass used to produce a renewable chemical may be sourced
13.14 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from
13.15 within a 100-mile radius of the facility or from within Minnesota. The facility must be
13.16 located in Minnesota, must begin production at a specific location ~~by June 30, 2025~~ on or
13.17 before April 1, 2023, and must not begin production of 250,000 pounds of chemicals quarterly
13.18 before January 1, 2015. Eligible facilities include existing companies and facilities that are
13.19 adding production capacity, or retrofitting existing capacity, as well as new companies and
13.20 facilities. Eligible renewable chemical facilities must produce at least 250,000 pounds of
13.21 renewable chemicals quarterly. Renewable chemicals produced through processes that are
13.22 fully commercial before January 1, 2000, are not eligible.

13.23 (b) No payments shall be made for renewable chemical production that occurs after June
13.24 30, 2035, for those eligible renewable chemical producers under paragraph (a).

13.25 (c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility
13.26 for payments under this section to a renewable chemical facility at a different location.

13.27 (d) A producer that ceases production for any reason is ineligible to receive payments
13.28 under this section until the producer resumes production.

13.29 (e) Advanced biofuel production for which payment has been received under section
13.30 41A.16, and biomass thermal production for which payment has been received under section
13.31 41A.18, are not eligible for payment under this section.

14.1 Sec. 21. Minnesota Statutes 2020, section 41A.17, is amended by adding a subdivision to
14.2 read:

14.3 Subd. 6. Eligibility for participants after April 1, 2023. (a) A facility eligible for
14.4 payment under this program must source at least 80 percent biobased content from Minnesota.
14.5 For the purposes of this subdivision, "biobased content" means a chemical, polymer,
14.6 monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a
14.7 biobased percentage of at least 51 percent as determined by testing representative samples
14.8 using American Society for Testing and Materials specification D6866. If a facility is sited
14.9 50 miles or less from the state border, biobased content must be sourced from within a
14.10 100-mile radius. Biobased content must be from agricultural or forestry sources or from
14.11 solid waste. The facility must be located in Minnesota, must begin production at a specific
14.12 location after April 1, 2023, and before June 30, 2025, and must not begin production of
14.13 750,000 pounds or more of chemicals quarterly before January 1, 2015. Eligible facilities
14.14 include existing companies and facilities that are adding production capacity, or retrofitting
14.15 existing capacity, as well as new companies and facilities. Eligible renewable chemical
14.16 facilities must produce at least 750,000 pounds of renewable chemicals quarterly. Renewable
14.17 chemicals produced through processes that are fully commercial before January 1, 2000,
14.18 are not eligible.

14.19 (b) No payments shall be made for renewable chemical production that occurs after June
14.20 30, 2035, for those eligible renewable chemical producers under paragraph (a).

14.21 (c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility
14.22 for payments under this section to a renewable chemical facility at a different location.

14.23 (d) A producer that ceases production for any reason is ineligible to receive payments
14.24 under this section until the producer resumes production.

14.25 (e) Advanced biofuel production for which payment has been received under section
14.26 41A.16, and biomass thermal production for which payment has been received under section
14.27 41A.18, are not eligible for payment under this section.

14.28 Sec. 22. Minnesota Statutes 2020, section 41A.18, subdivision 1, is amended to read:

14.29 Subdivision 1. Eligibility for participants on or before April 1, 2023. (a) A facility
14.30 eligible for payment under this section must source from Minnesota at least 80 percent of
14.31 the biomass used for biomass thermal production, except that, if a facility is sited 50 miles
14.32 or less from the state border, biomass used for biomass thermal production may be sourced
14.33 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from

15.1 within a 100-mile radius of the facility, or from within Minnesota. Biomass must be from
15.2 agricultural or forestry sources. The facility must be located in Minnesota, must have begun
15.3 production at a specific location ~~by June 30, 2025~~ on or before April 1, 2023, and must not
15.4 begin before July 1, 2015. Eligible facilities include existing companies and facilities that
15.5 are adding production capacity, or retrofitting existing capacity, as well as new companies
15.6 and facilities. Eligible biomass thermal production facilities must produce at least 250
15.7 MMbtu of biomass thermal quarterly.

15.8 (b) No payments shall be made for biomass thermal production that occurs after June
15.9 30, 2035, for those eligible biomass thermal producers under paragraph (a).

15.10 (c) An eligible producer of biomass thermal production shall not transfer the producer's
15.11 eligibility for payments under this section to a biomass thermal production facility at a
15.12 different location.

15.13 (d) A producer that ceases production for any reason is ineligible to receive payments
15.14 under this section until the producer resumes production.

15.15 (e) Biofuel production for which payment has been received under section 41A.16, and
15.16 renewable chemical production for which payment has been received under section 41A.17,
15.17 are not eligible for payment under this section.

15.18 Sec. 23. Minnesota Statutes 2020, section 41A.18, is amended by adding a subdivision to
15.19 read:

15.20 Subd. 6. Eligibility for participants after April 1, 2023. (a) A facility eligible for
15.21 payment under this section must source at least 80 percent raw materials from Minnesota.
15.22 If a facility is sited 50 miles or less from the state border, raw materials should be sourced
15.23 from within a 100-mile radius. Raw materials must be from agricultural or forestry sources.
15.24 The facility must be located in Minnesota, must have begun production at a specific location
15.25 after April 1, 2023, and before June 30, 2025, and must not begin before July 1, 2015.
15.26 Eligible facilities include existing companies and facilities that are adding production
15.27 capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible
15.28 biomass thermal production facilities must produce at least 250 MMbtu of biomass thermal
15.29 quarterly.

15.30 (b) No payments shall be made for biomass thermal production that occurs after June
15.31 30, 2035, for those eligible biomass thermal producers under paragraph (a).

16.1 (c) An eligible producer of biomass thermal production shall not transfer the producer's
 16.2 eligibility for payments under this section to a biomass thermal production facility at a
 16.3 different location.

16.4 (d) A producer that ceases production for any reason is ineligible to receive payments
 16.5 under this section until the producer resumes production.

16.6 (e) Biofuel production for which payment has been received under section 41A.16, and
 16.7 renewable chemical production for which payment has been received under section 41A.17,
 16.8 are not eligible for payment under this section.

16.9 Sec. 24. Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 2, is amended
 16.10 to read:

16.11 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source
 16.12 at least 80 percent of its forest resources raw materials from Minnesota. The facility must
 16.13 be located in Minnesota; must begin construction activities by December 31, ~~2022~~ 2023,
 16.14 for a specific location; must ~~begin production~~ have produced at least one OSB square foot
 16.15 on a 3/8-inch nominal basis at a specific location by June 30, ~~2025~~ 2026; and must not begin
 16.16 operating before January 1, 2022. Eligible facilities must be new OSB construction sites
 16.17 with total capital investment in excess of \$250,000,000. Eligible OSB production facilities
 16.18 must produce at least ~~200,000,000~~ 50,000,000 OSB square feet on a 3/8-inch nominal basis
 16.19 of OSB each ~~year~~ quarter. At least one product produced at the facility should be a
 16.20 wood-based wall or roof structural sheathing panel that has an integrated, cellulose-based
 16.21 paper overlay that serves as a water resistive barrier.

16.22 (b) No payments shall be made for OSB production that occurs after June 30, 2036, for
 16.23 those eligible producers under paragraph (a).

16.24 (c) An eligible producer of OSB shall not transfer the producer's eligibility for payments
 16.25 under this section to a facility at a different location.

16.26 (d) A producer that ceases production for any reason is ineligible to receive payments
 16.27 under this section until the producer resumes production.

16.28 Sec. 25. Minnesota Statutes 2020, section 41B.025, is amended by adding a subdivision
 16.29 to read:

16.30 Subd. 10. **Timely decisions.** When feasible, the authority must make a decision on a
 16.31 completed loan application submitted by a borrower or eligible agricultural lender within
 16.32 ten business days.

17.1 Sec. 26. Minnesota Statutes 2020, section 223.17, subdivision 4, is amended to read:

17.2 Subd. 4. **Bond.** (a) Except as provided in paragraphs (c) to (e), before a grain buyer's
17.3 license is issued, the applicant for the license must file with the commissioner a bond in a
17.4 penal sum prescribed by the commissioner but not less than the following amounts:

17.5 (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;

17.6 (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but
17.7 not more than \$750,000;

17.8 (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but
17.9 not more than \$1,500,000;

17.10 (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000
17.11 but not more than \$3,000,000;

17.12 (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000
17.13 but not more than \$6,000,000;

17.14 (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000
17.15 but not more than \$12,000,000;

17.16 (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000
17.17 but not more than \$24,000,000; and

17.18 (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

17.19 (b) The amount of the bond shall be based on the most recent gross annual grain purchase
17.20 report of the grain buyer.

17.21 (c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the
17.22 commissioner. This bond shall remain in effect for the first year of the license. Thereafter,
17.23 the licensee shall comply with the applicable bonding requirements contained in paragraph
17.24 (a), clauses (1) to (8).

17.25 (d) In lieu of the bond required by this subdivision the applicant may deposit with the
17.26 commissioner of management and budget an irrevocable bank letter of credit as defined in
17.27 section 336.5-102, in the same amount as would be required for a bond.

17.28 (e) A grain buyer who purchases grain immediately upon delivery solely with cash; a
17.29 certified check; a cashier's check; or a postal, bank, or express money order is exempt from
17.30 this subdivision if the grain buyer's gross annual purchases are ~~\$100,000~~ \$1,000,000 or less.

18.1 (f) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
18.2 90 days' written notice of the bond's termination date to the licensee and the commissioner.

18.3 Sec. 27. Minnesota Statutes 2020, section 223.17, subdivision 6, is amended to read:

18.4 Subd. 6. **Financial statements.** (a) Except as allowed in paragraph (c), a grain buyer
18.5 licensed under this chapter must annually submit to the commissioner a financial statement
18.6 prepared in accordance with generally accepted accounting principles. The annual financial
18.7 statement required under this subdivision must also:

18.8 (1) include, but not be limited to the following:

18.9 (i) a balance sheet;

18.10 (ii) a statement of income (profit and loss);

18.11 (iii) a statement of retained earnings;

18.12 (iv) a statement of changes in financial position; and

18.13 (v) a statement of the dollar amount of grain purchased in the previous fiscal year of the
18.14 grain buyer;

18.15 (2) be accompanied by a compilation report of the financial statement that is prepared
18.16 by a grain commission firm or a management firm approved by the commissioner or by an
18.17 independent public accountant, in accordance with standards established by the American
18.18 Institute of Certified Public Accountants;

18.19 (3) be accompanied by a certification by the chief executive officer or the chief executive
18.20 officer's designee of the licensee, and where applicable, all members of the governing board
18.21 of directors under penalty of perjury, that the financial statement accurately reflects the
18.22 financial condition of the licensee for the period specified in the statement;

18.23 (4) for grain buyers purchasing under ~~\$5,000,000~~ \$7,500,000 of grain annually, be
18.24 reviewed by a certified public accountant in accordance with standards established by the
18.25 American Institute of Certified Public Accountants, and must show that the financial
18.26 statements are free from material misstatements; and

18.27 (5) for grain buyers purchasing ~~\$5,000,000~~ \$7,500,000 or more of grain annually, be
18.28 audited by a certified public accountant in accordance with standards established by the
18.29 American Institute of Certified Public Accountants and must include an opinion statement
18.30 from the certified public accountant.

19.1 (b) Only one financial statement must be filed for a chain of warehouses owned or
 19.2 operated as a single business entity, unless otherwise required by the commissioner. All
 19.3 financial statements filed with the commissioner are private or nonpublic data as provided
 19.4 in section 13.02.

19.5 (c) A grain buyer who purchases grain immediately upon delivery solely with cash; a
 19.6 certified check; a cashier's check; or a postal, bank, or express money order is exempt from
 19.7 this subdivision if the grain buyer's gross annual purchases are ~~\$100,000~~ \$1,000,000 or less.

19.8 (d) The commissioner shall annually provide information on a person's fiduciary duties
 19.9 to each licensee. To the extent practicable, the commissioner must direct each licensee to
 19.10 provide this information to all persons required to certify the licensee's financial statement
 19.11 under paragraph (a), clause (3).

19.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.13 Sec. 28. Minnesota Statutes 2020, section 346.155, subdivision 7, is amended to read:

19.14 Subd. 7. **Exemptions.** This section does not apply to:

19.15 (1) institutions accredited by the American Zoo and Aquarium Association;

19.16 (2) a wildlife sanctuary;

19.17 (3) fur-bearing animals, as defined in section 97A.015, possessed by a game farm that
 19.18 is licensed under section 97A.105, or bears possessed by a game farm that is licensed under
 19.19 section 97A.105;

19.20 (4) the Department of Natural Resources, or a person authorized by permit issued by
 19.21 the commissioner of natural resources pursuant to section 97A.401, subdivision 3;

19.22 (5) a licensed or accredited research or medical institution; ~~or~~

19.23 (6) a United States Department of Agriculture licensed exhibitor of regulated animals
 19.24 while transporting or as part of a circus, carnival, rodeo, or fair; or

19.25 (7) a zoo that: (i) is a United States Department of Agriculture-licensed exhibitor of
 19.26 regulated animals; (ii) houses animals owned by institutions accredited by the American
 19.27 Zoo and Aquarium Association; and (iii) participates in the American Zoo and Aquarium
 19.28 Association Species Survival Plan.

19.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.1 **Sec. 29. SOIL HEALTH FINANCIAL ASSISTANCE PILOT PROGRAM.**

20.2 **Subdivision 1. Establishment.** The commissioner of agriculture must establish and
20.3 administer a pilot program to support healthy soil management practices in accordance with
20.4 this section.

20.5 **Subd. 2. State healthy soil management plan.** The commissioner must develop a
20.6 healthy soil management plan in consultation with the University of Minnesota, the United
20.7 States Department of Agriculture Natural Resources Conservation Service, the Board of
20.8 Water and Soil Resources, the Minnesota Pollution Control Agency, and nongovernmental
20.9 environmental and agricultural organizations. By December 31, 2023, and December 31,
20.10 2024, the commissioner must report the plan to the governor and to the chairs and ranking
20.11 minority members of the house of representatives and senate committees and divisions with
20.12 jurisdiction over agriculture, the environment, and natural resources. The plan must include
20.13 all of the following:

20.14 (1) an assessment of the current state of healthy soil management practices statewide;

20.15 (2) a statewide five- and ten-year goal for healthy soil management practice
20.16 implementation, denominated in acres;

20.17 (3) an explanation of how the commissioner will make grant award decisions based on
20.18 the eligibility categories described in subdivision 3;

20.19 (4) an explanation of how the commissioner will ensure a geographically fair distribution
20.20 of funding across a broad group of crop types, soil management practices, and farm sizes;

20.21 (5) a strategy for leveraging other public and private sources of money to expand healthy
20.22 soil management practices in the state;

20.23 (6) a summary of the operations of the program, including a summary of state, federal,
20.24 and private money spent, the total number of projects and acres, and an estimate of carbon
20.25 sequestered or carbon emissions reduced during that period; and

20.26 (7) any other matter that the commissioner deems relevant.

20.27 **Subd. 3. Eligible projects.** The commissioner may award a grant under this section for
20.28 any project on agricultural land in Minnesota that will:

20.29 (1) increase the quantity of organic carbon in soil through practices, including but not
20.30 limited to reduced tillage, cover cropping, manure management, precision agriculture, crop
20.31 rotations, and changes in grazing management;

20.32 (2) integrate perennial vegetation into the management of agricultural lands;

- 21.1 (3) reduce nitrous oxide and methane emissions through changes to livestock, soil
21.2 management, or nutrient optimization;
- 21.3 (4) increase the usage of precision agricultural practices;
- 21.4 (5) enable the development of site-specific management plans; or
- 21.5 (6) enable the purchase of equipment, parts and materials, technology, subscriptions,
21.6 technical assistance, seeds, seedlings, or amendments that will further any of the purposes
21.7 in clauses (1) to (5).

21.8 Subd. 4. **Grant eligibility.** Any owner or lessee of farmland may apply for a grant under
21.9 this section. Local government units, including cities, towns, counties, soil and water
21.10 conservation districts, Tribal nations, and joint powers boards, are also eligible for a grant.
21.11 A local government unit that receives a grant for equipment or technology must make those
21.12 purchases available for use by the public.

21.13 Subd. 5. **Funding limitations.** Every appropriation for the soil health financial assistance
21.14 pilot program is subject to the following limitations:

21.15 (1) the commissioner may award no more than ten percent of the appropriation to a
21.16 single recipient; and

21.17 (2) the commissioner may use no more than five percent of the appropriation to cover
21.18 the costs of administering the program.

21.19 Subd. 6. **Expiration.** This section expires June 30, 2024.

21.20 **Sec. 30. REPORT REQUIRED; GRAIN ADVISORY GROUP.**

21.21 The commissioner of agriculture may convene members of the Grain Advisory Group
21.22 and develop recommendations to improve the grain licensing program, including changes
21.23 to protect farmers who sell grain, and report back to the legislative committees with
21.24 jurisdiction over agriculture by February 15, 2023. Participating stakeholders must be given
21.25 an opportunity to include written testimony to the legislative committees in the
21.26 commissioner's report.