

1.1 **ARTICLE ...**

1.2 **AGRICULTURE APPROPRIATIONS**

1.3 Section 1. Laws 2007, chapter 45, article 1, section 4, is amended to read:

1.4 **Sec. 4. BOARD OF ANIMAL HEALTH \$ 3,574,000 \$ 3,455,000**

1.5 \$448,000 the first year and \$363,000 the  
1.6 second year are for bovine tuberculosis  
1.7 eradication and surveillance in cattle herds.  
1.8 Of this amount, \$159,000 is permanent.

1.9 \$100,000 the first year is for reimbursements  
1.10 under Minnesota Statutes, section 35.085. This  
1.11 appropriation is available until ~~spent~~ June 30,  
1.12 2021, at which time any remaining balance  
1.13 shall be transferred to the agricultural  
1.14 emergency account under Minnesota Statutes,  
1.15 section 17.041.

1.16 \$200,000 the first year and \$200,000 the  
1.17 second year are for a program to control  
1.18 paratuberculosis (Johne's disease) in domestic  
1.19 bovine herds.

1.20 \$80,000 the first year and \$80,000 the second  
1.21 year are for a program to investigate the avian  
1.22 pneumovirus disease and to identify the  
1.23 infected flocks. This appropriation must be  
1.24 matched on a dollar-for-dollar or in-kind basis  
1.25 with nonstate sources and is in addition to  
1.26 money currently designated for turkey disease  
1.27 research. Costs of blood sample collection,  
1.28 handling, and transportation, in addition to  
1.29 costs associated with early diagnosis tests and  
1.30 the expenses of vaccine research trials, may  
1.31 be credited to the match.

1.32 \$400,000 the first year and \$400,000 the  
1.33 second year are for the purposes of cervidae

2.1 inspection as authorized in Minnesota Statutes,  
2.2 section 35.155.

2.3 Sec. 2. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

2.4 Subd. 2. **Protection Services** 17,821,000 17,825,000

2.5 Appropriations by Fund

| 2.6             | 2018       | 2019       |
|-----------------|------------|------------|
| 2.7 General     | 17,428,000 | 17,428,000 |
| 2.8 Remediation | 393,000    | 397,000    |

2.9 (a) \$25,000 the first year and \$25,000 the  
2.10 second year are to develop and maintain  
2.11 cottage food license exemption outreach and  
2.12 training materials.

2.13 (b) \$75,000 the first year and \$75,000 the  
2.14 second year are to coordinate the correctional  
2.15 facility vocational training program and to  
2.16 assist entities that have explored the feasibility  
2.17 of establishing a USDA-certified or state  
2.18 "equal to" food processing facility within 30  
2.19 miles of the Northeast Regional Corrections  
2.20 Center.

2.21 (c) \$125,000 the first year and \$125,000 the  
2.22 second year are for additional funding for the  
2.23 noxious weed and invasive plant program.  
2.24 These are onetime appropriations.

2.25 (d) \$250,000 the first year and \$250,000 the  
2.26 second year are for transfer to the pollinator  
2.27 habitat and research account in the agricultural  
2.28 fund. These are onetime transfers.

2.29 (e) \$393,000 the first year and \$397,000 the  
2.30 second year are from the remediation fund for  
2.31 administrative funding for the voluntary  
2.32 cleanup program.

3.1 (f) \$200,000 the first year and \$200,000 the  
3.2 second year are for the industrial hemp pilot  
3.3 program under Minnesota Statutes, section  
3.4 18K.09. These are onetime appropriations.

3.5 (g) \$175,000 the first year and \$175,000 the  
3.6 second year are for compensation for  
3.7 destroyed or crippled livestock under  
3.8 Minnesota Statutes, section 3.737. This  
3.9 appropriation may be spent to compensate for  
3.10 livestock that were destroyed or crippled  
3.11 during fiscal year 2017. If the amount in the  
3.12 first year is insufficient, the amount in the  
3.13 second year is available in the first year. The  
3.14 commissioner may use up to \$5,000 of this  
3.15 appropriation the second year to reimburse  
3.16 expenses incurred by university extension  
3.17 agents to provide fair market values of  
3.18 destroyed or crippled livestock.

3.19 (h) \$155,000 the first year and \$155,000 the  
3.20 second year are for compensation for crop  
3.21 damage under Minnesota Statutes, section  
3.22 3.7371. If the amount in the first year is  
3.23 insufficient, the amount in the second year is  
3.24 available in the first year. The commissioner  
3.25 may use up to \$30,000 of the appropriation  
3.26 each year to reimburse expenses incurred by  
3.27 the commissioner or the commissioner's  
3.28 approved agent to investigate and resolve  
3.29 claims.

3.30 If the commissioner determines that claims  
3.31 made under Minnesota Statutes, section 3.737  
3.32 or 3.7371, are unusually high, amounts  
3.33 appropriated for either program may be  
3.34 transferred to the appropriation for the other  
3.35 program.

4.1 (i) \$250,000 the first year and \$250,000 the  
 4.2 second year are to expand current capabilities  
 4.3 for rapid detection, identification, containment,  
 4.4 control, and management of high priority plant  
 4.5 pests and pathogens. These are onetime  
 4.6 appropriations.

4.7 (j) \$300,000 the first year and \$300,000 the  
 4.8 second year are for transfer to the noxious  
 4.9 weed and invasive plant species assistance  
 4.10 account in the agricultural fund to award  
 4.11 grants to local units of government under  
 4.12 Minnesota Statutes, section 18.90, with  
 4.13 preference given to local units of government  
 4.14 responding to Palmer amaranth or other weeds  
 4.15 on the eradicate list. These are onetime  
 4.16 transfers.

4.17 (k) \$120,000 the first year and \$120,000 the  
 4.18 second year are for wolf-livestock conflict  
 4.19 prevention grants under article 2, section 89.  
 4.20 The commissioner must submit a report to the  
 4.21 chairs and ranking minority members of the  
 4.22 legislative committees with jurisdiction over  
 4.23 agriculture policy and finance by January 15,  
 4.24 2020, on the outcomes of the wolf-livestock  
 4.25 conflict prevention grants and whether  
 4.26 livestock compensation claims were reduced  
 4.27 in the areas that grants were awarded. These  
 4.28 are onetime appropriations.

4.29 Sec. 3. Laws 2017, chapter 88, article 1, section 2, subdivision 4, is amended to read:

|      |  |            |                   |
|------|--|------------|-------------------|
| 4.30 | <b>Subd. 4. Agriculture, Bioenergy, and Bioproduct</b> |            | <u>22,636,000</u> |
| 4.31 | <b>Advancement</b>                                     | 22,581,000 | <u>22,386,000</u> |

4.32 (a) \$9,300,000 the first year and \$9,300,000  
 4.33 the second year are for transfer to the  
 4.34 agriculture research, education, extension, and

5.1 technology transfer account under Minnesota  
5.2 Statutes, section 41A.14, subdivision 3. Of  
5.3 these amounts: at least \$600,000 the first year  
5.4 and \$600,000 the second year are for the  
5.5 Minnesota Agricultural Experiment Station's  
5.6 agriculture rapid response fund under  
5.7 Minnesota Statutes, section 41A.14,  
5.8 subdivision 1, clause (2); \$2,000,000 the first  
5.9 year and \$2,000,000 the second year are for  
5.10 grants to the Minnesota Agriculture Education  
5.11 Leadership Council to enhance agricultural  
5.12 education with priority given to Farm Business  
5.13 Management challenge grants; \$350,000 the  
5.14 first year and \$350,000 the second year are  
5.15 for potato breeding; and \$450,000 the first  
5.16 year and \$450,000 the second year are for the  
5.17 cultivated wild rice breeding project at the  
5.18 North Central Research and Outreach Center  
5.19 to include a tenure track/research associate  
5.20 plant breeder. The commissioner shall transfer  
5.21 the remaining funds in this appropriation each  
5.22 year to the Board of Regents of the University  
5.23 of Minnesota for purposes of Minnesota  
5.24 Statutes, section 41A.14. Of the amount  
5.25 transferred to the Board of Regents, up to  
5.26 \$1,000,000 each year is for research on avian  
5.27 influenza, including prevention measures that  
5.28 can be taken.

5.29 To the extent practicable, funds expended  
5.30 under Minnesota Statutes, section 41A.14,  
5.31 subdivision 1, clauses (1) and (2), must  
5.32 supplement and not supplant existing sources  
5.33 and levels of funding. The commissioner may  
5.34 use up to one percent of this appropriation for  
5.35 costs incurred to administer the program.

6.1 (b) \$13,256,000 the first year and ~~\$13,311,000~~  
6.2 \$13,061,000 the second year are for the  
6.3 agricultural growth, research, and innovation  
6.4 program in Minnesota Statutes, section  
6.5 41A.12. Except as provided below, the  
6.6 commissioner may allocate the appropriation  
6.7 each year among the following areas:  
6.8 facilitating the start-up, modernization, or  
6.9 expansion of livestock operations including  
6.10 beginning and transitioning livestock  
6.11 operations; developing new markets for  
6.12 Minnesota farmers by providing more fruits,  
6.13 vegetables, meat, grain, and dairy for  
6.14 Minnesota school children; assisting  
6.15 value-added agricultural businesses to begin  
6.16 or expand, access new markets, or diversify;  
6.17 providing funding not to exceed \$250,000  
6.18 each year for urban youth agricultural  
6.19 education or urban agriculture community  
6.20 development; providing funding not to exceed  
6.21 \$250,000 each year for the good food access  
6.22 program under Minnesota Statutes, section  
6.23 17.1017; facilitating the start-up,  
6.24 modernization, or expansion of other  
6.25 beginning and transitioning farms including  
6.26 by providing loans under Minnesota Statutes,  
6.27 section 41B.056; sustainable agriculture  
6.28 on-farm research and demonstration;  
6.29 development or expansion of food hubs and  
6.30 other alternative community-based food  
6.31 distribution systems; enhancing renewable  
6.32 energy infrastructure and use; crop research;  
6.33 Farm Business Management tuition assistance;  
6.34 good agricultural practices/good handling  
6.35 practices certification assistance; establishing  
6.36 and supporting farmer-led water management

7.1 councils; and implementing farmer-led water  
7.2 quality improvement practices. For fiscal year  
7.3 2019, the commissioner shall reduce by a total  
7.4 of \$250,000 the planned expenditures for  
7.5 urban youth agricultural education, urban  
7.6 agriculture community development, the good  
7.7 food access program, and the farm-to-school  
7.8 program. The commissioner may use up to 6.5  
7.9 percent of this appropriation for costs incurred  
7.10 to administer the program.

7.11 Of the amount appropriated for the agricultural  
7.12 growth, research, and innovation program in  
7.13 Minnesota Statutes, section 41A.12:

7.14 (1) \$1,000,000 the first year and \$1,000,000  
7.15 the second year are for distribution in equal  
7.16 amounts to each of the state's county fairs to  
7.17 preserve and promote Minnesota agriculture;  
7.18 and

7.19 (2) \$1,500,000 the first year and \$1,500,000  
7.20 the second year are for incentive payments  
7.21 under Minnesota Statutes, sections 41A.16,  
7.22 41A.17, and 41A.18. Notwithstanding  
7.23 Minnesota Statutes, section 16A.28, the first  
7.24 year appropriation is available until June 30,  
7.25 2019, and the second year appropriation is  
7.26 available until June 30, 2020. If this  
7.27 appropriation exceeds the total amount for  
7.28 which all producers are eligible in a fiscal  
7.29 year, the commissioner must issue incentive  
7.30 payments under Minnesota Statutes, section  
7.31 41A.17, to facilities that otherwise satisfy the  
7.32 criteria and requirements in that section but  
7.33 began producing renewable chemical from  
7.34 forestry biomass between January 1, 2013,  
7.35 and January 1, 2015, and any remaining

8.1 balance of the appropriation is available for  
8.2 the agricultural growth, research, and  
8.3 innovation program.

8.4 The commissioner may use funds appropriated  
8.5 under this subdivision to award up to two  
8.6 value-added agriculture grants per year of up  
8.7 to \$1,000,000 per grant for new or expanding  
8.8 agricultural production or processing facilities  
8.9 that provide significant economic impact to  
8.10 the region. The commissioner may use funds  
8.11 appropriated under this subdivision for  
8.12 additional value-added agriculture grants for  
8.13 awards between \$1,000 and \$200,000 per  
8.14 grant.

8.15 Appropriations in clauses (1) and (2) are  
8.16 onetime. Any unencumbered balance does not  
8.17 cancel at the end of the first year and is  
8.18 available for the second year. Notwithstanding  
8.19 Minnesota Statutes, section 16A.28,  
8.20 appropriations encumbered under contract on  
8.21 or before June 30, 2019, for agricultural  
8.22 growth, research, and innovation grants are  
8.23 available until June 30, 2021.

8.24 The base budget for the agricultural growth,  
8.25 research, and innovation program is  
8.26 ~~\$14,275,000~~ \$14,025,000 for fiscal years 2020  
8.27 and 2021 and includes funding for incentive  
8.28 payments under Minnesota Statutes, sections  
8.29 41A.16, 41A.17, 41A.18, and 41A.20.

8.30 The commissioner must develop additional  
8.31 innovative production incentive programs to  
8.32 be funded by the agricultural growth, research,  
8.33 and innovation program.



9.1 The commissioner must consult with the  
 9.2 commissioner of transportation, the  
 9.3 commissioner of administration, and local  
 9.4 units of government to identify parcels of  
 9.5 publicly owned land that are suitable for urban  
 9.6 agriculture.

9.7 (c) \$25,000 the first year and \$25,000 the  
 9.8 second year are for grants to the Southern  
 9.9 Minnesota Initiative Foundation to promote  
 9.10 local foods through an annual event that raises  
 9.11 public awareness of local foods and connects  
 9.12 local food producers and processors with  
 9.13 potential buyers.

9.14 Sec. 4. Laws 2017, chapter 88, article 1, section 2, subdivision 5, is amended to read:

|      |   |           |                      |
|------|---|-----------|----------------------|
| 9.15 |   |           | <del>8,691,000</del> |
| 9.16 | <b>Subd. 5. Administration and Financial Assistance</b> | 8,698,000 | <u>8,938,000</u>     |

9.17 (a) \$474,000 the first year and \$474,000 the  
 9.18 second year are for payments to county and  
 9.19 district agricultural societies and associations  
 9.20 under Minnesota Statutes, section 38.02,  
 9.21 subdivision 1. Aid payments to county and  
 9.22 district agricultural societies and associations  
 9.23 shall be disbursed no later than July 15 of each  
 9.24 year. These payments are the amount of aid  
 9.25 from the state for an annual fair held in the  
 9.26 previous calendar year.

9.27 (b) \$1,000 the first year and \$1,000 the second  
 9.28 year are for grants to the Minnesota State  
 9.29 Poultry Association.

9.30 (c) \$18,000 the first year and \$18,000 the  
 9.31 second year are for grants to the Minnesota  
 9.32 Livestock Breeders Association.

9.33 (d) \$47,000 the first year and \$47,000 the  
 9.34 second year are for the Northern Crops

- 10.1 Institute. These appropriations may be spent  
10.2 to purchase equipment.
- 10.3 (e) \$220,000 the first year and ~~\$220,000~~  
10.4 \$250,000 the second year are for farm  
10.5 advocate services.
- 10.6 (f) \$17,000 the first year and \$17,000 the  
10.7 second year are for grants to the Minnesota  
10.8 Horticultural Society.
- 10.9 (g) \$108,000 the first year and \$108,000 the  
10.10 second year are for annual grants to the  
10.11 Minnesota Turf Seed Council for basic and  
10.12 applied research on: (1) the improved  
10.13 production of forage and turf seed related to  
10.14 new and improved varieties; and (2) native  
10.15 plants, including plant breeding, nutrient  
10.16 management, pest management, disease  
10.17 management, yield, and viability. The grant  
10.18 recipient may subcontract with a qualified  
10.19 third party for some or all of the basic or  
10.20 applied research. Any unencumbered balance  
10.21 does not cancel at the end of the first year and  
10.22 is available for the second year. These are  
10.23 onetime appropriations.
- 10.24 (h) \$113,000 the first year and ~~\$113,000~~  
10.25 \$330,000 the second year are for transfer to  
10.26 the Board of Trustees of the Minnesota State  
10.27 Colleges and Universities for statewide mental  
10.28 health counseling support to farm families and  
10.29 business operators through the Minnesota State  
10.30 Agricultural Centers of Excellence. South  
10.31 Central College and Central Lakes College  
10.32 shall serve as the fiscal ~~agent~~ agents.
- 10.33 (i) \$550,000 the first year and \$550,000 the  
10.34 second year are for grants to Second Harvest

11.1 Heartland on behalf of Minnesota's six  
11.2 Feeding America food banks for the purchase  
11.3 of milk for distribution to Minnesota's food  
11.4 shelves and other charitable organizations that  
11.5 are eligible to receive food from the food  
11.6 banks. Milk purchased under the grants must  
11.7 be acquired from Minnesota milk processors  
11.8 and based on low-cost bids. The milk must be  
11.9 allocated to each Feeding America food bank  
11.10 serving Minnesota according to the formula  
11.11 used in the distribution of United States  
11.12 Department of Agriculture commodities under  
11.13 The Emergency Food Assistance Program  
11.14 (TEFAP). Second Harvest Heartland must  
11.15 submit quarterly reports to the commissioner  
11.16 on forms prescribed by the commissioner. The  
11.17 reports must include, but are not limited to,  
11.18 information on the expenditure of funds, the  
11.19 amount of milk purchased, and the  
11.20 organizations to which the milk was  
11.21 distributed. Second Harvest Heartland may  
11.22 enter into contracts or agreements with food  
11.23 banks for shared funding or reimbursement of  
11.24 the direct purchase of milk. Each food bank  
11.25 receiving money from this appropriation may  
11.26 use up to two percent of the grant for  
11.27 administrative expenses. Any unencumbered  
11.28 balance does not cancel at the end of the first  
11.29 year and is available for the second year.

11.30 (j) \$1,100,000 the first year and \$1,100,000  
11.31 the second year are for grants to Second  
11.32 Harvest Heartland on behalf of the six Feeding  
11.33 America food banks that serve Minnesota to  
11.34 compensate agricultural producers and  
11.35 processors for costs incurred to harvest and  
11.36 package for transfer surplus fruits, vegetables,

12.1 and other agricultural commodities that would  
12.2 otherwise go unharvested, be discarded, or  
12.3 sold in a secondary market. Surplus  
12.4 commodities must be distributed statewide to  
12.5 food shelves and other charitable organizations  
12.6 that are eligible to receive food from the food  
12.7 banks. Surplus food acquired under this  
12.8 appropriation must be from Minnesota  
12.9 producers and processors. Second Harvest  
12.10 Heartland must report in the form prescribed  
12.11 by the commissioner. Second Harvest  
12.12 Heartland may use up to 15 percent of each  
12.13 grant for ~~matching~~ administrative and  
12.14 transportation expenses. Any unencumbered  
12.15 balance does not cancel at the end of the first  
12.16 year and is available for the second year.  
12.17 (k) \$150,000 the first year and \$150,000 the  
12.18 second year are for grants to the Center for  
12.19 Rural Policy and Development.  
12.20 (l) \$235,000 the first year and \$235,000 the  
12.21 second year are for grants to the Minnesota  
12.22 Agricultural Education and Leadership  
12.23 Council for programs of the council under  
12.24 Minnesota Statutes, chapter 41D.  
12.25 (m) \$600,000 the first year and \$600,000 the  
12.26 second year are for grants to the Board of  
12.27 Regents of the University of Minnesota to  
12.28 develop, in consultation with the  
12.29 commissioner of agriculture and the Board of  
12.30 Animal Health, a software tool or application  
12.31 through the Veterinary Diagnostic Laboratory  
12.32 that empowers veterinarians and producers to  
12.33 understand the movement of unique pathogen  
12.34 strains in livestock and poultry production  
12.35 systems, monitor antibiotic resistance, and

13.1 implement effective biosecurity measures that  
13.2 promote animal health and limit production  
13.3 losses. These are onetime appropriations.

13.4 (n) \$150,000 the first year is for the tractor  
13.5 rollover protection pilot program under  
13.6 Minnesota Statutes, section 17.119. This is a  
13.7 onetime appropriation and is available until  
13.8 June 30, 2019.

13.9 (o) \$400,000 the first year is for a grant to the  
13.10 Board of Trustees of the Minnesota State  
13.11 Colleges and Universities to expand and  
13.12 renovate the GROW-IT Center at Metropolitan  
13.13 State University. This is a onetime  
13.14 appropriation.

13.15 By January 15, 2018, the commissioner shall  
13.16 submit a report to the chairs and ranking  
13.17 minority members of the legislative  
13.18 committees with jurisdiction over agricultural  
13.19 policy and finance with a list of inspections  
13.20 the department conducts at more frequent  
13.21 intervals than federal law requires, an  
13.22 explanation of why the additional inspections  
13.23 are necessary, and provide recommendations  
13.24 for eliminating any unnecessary inspections.

13.25 **ARTICLE ...**

13.26 **AGRICULTURE STATUTORY CHANGES**

13.27 Section 1. Minnesota Statutes 2016, section 18C.425, subdivision 6, is amended to read:

13.28 Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the  
13.29 state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall  
13.30 pay the inspection fee to the commissioner.

13.31 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person  
13.32 not required to be so licensed shall pay the inspection fee to the commissioner, except as  
13.33 exempted under section 18C.421, subdivision 1, paragraph (b).

14.1 (c) The person responsible for payment of the inspection fees for fertilizers, soil  
14.2 amendments, or plant amendments sold and used in this state must pay an inspection fee of  
14.3 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer,  
14.4 soil amendment, and plant amendment sold or distributed in this state, with a minimum of  
14.5 \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit  
14.6 all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and  
14.7 education account in section 18C.80. Products sold or distributed to manufacturers or  
14.8 exchanged between them are exempt from the inspection fee imposed by this subdivision  
14.9 if the products are used exclusively for manufacturing purposes.

14.10 (d) A registrant or licensee must retain invoices showing proof of fertilizer, plant  
14.11 amendment, or soil amendment distribution amounts and inspection fees paid for a period  
14.12 of three years.

14.13 Sec. 2. Minnesota Statutes 2017 Supplement, section 18C.70, subdivision 5, is amended  
14.14 to read:

14.15 Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

14.16 Sec. 3. Minnesota Statutes 2017 Supplement, section 18C.71, subdivision 4, is amended  
14.17 to read:

14.18 Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

14.19 Sec. 4. Minnesota Statutes 2016, section 18C.80, subdivision 2, is amended to read:

14.20 Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

14.21 Sec. 5. Minnesota Statutes 2016, section 21.89, subdivision 2, is amended to read:

14.22 Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit to  
14.23 the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold  
14.24 for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92.  
14.25 The categories of permits are as follows:

14.26 (1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar  
14.27 year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph  
14.28 (b);

14.29 (2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use  
14.30 in home gardens or household plantings, ~~and initial labelers who sell native grasses and~~

15.1 ~~wildflower seed in commercial or agricultural quantities~~, an annual permit issued for a fee  
 15.2 established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from  
 15.3 the previous year; and

15.4 (3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar  
 15.5 year, a permanent permit issued for a fee established in section 21.891, subdivision 2,  
 15.6 paragraph (d).

15.7 In addition, the person shall furnish to the commissioner an itemized statement of all  
 15.8 seeds sold in Minnesota for the periods established by the commissioner. This statement  
 15.9 shall be delivered, along with the payment of the fee, based upon the amount and type of  
 15.10 seed sold, to the commissioner no later than 30 days after the end of each reporting period.  
 15.11 Any person holding a permit shall show as part of the analysis labels or invoices on all  
 15.12 agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the  
 15.13 commissioner requires. The commissioner may revoke any permit in the event of failure to  
 15.14 comply with applicable laws and rules.

15.15 Sec. 6. Minnesota Statutes 2016, section 28A.16, is amended to read:

15.16 **28A.16 PERSONS SELLING LIQUOR.**

15.17 (a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01  
 15.18 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent  
 15.19 malt liquor "on-sale" as provided in section 340A.403, or to persons licensed to sell  
 15.20 intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407,  
 15.21 provided that these persons sell only ice manufactured and packaged by another, or bottled  
 15.22 or canned soft drinks and prepacked candy at retail.

15.23 (b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner  
 15.24 must exclude all gross sales of off-sale alcoholic beverages when determining the applicable  
 15.25 license fee under section 28A.08, subdivision 3. For purposes of this paragraph, "exclusive  
 15.26 liquor store" and "alcoholic beverage" have the meanings given in section 340A.101.

15.27 Sec. 7. Minnesota Statutes 2016, section 41A.15, is amended by adding a subdivision to  
 15.28 read:

15.29 Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable  
 15.30 or recurring basis, including agricultural crops and trees, wood and wood waste and residues,  
 15.31 plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic  
 15.32 portion of solid wastes.

16.1 Sec. 8. Minnesota Statutes 2016, section 41A.15, subdivision 10, is amended to read:

16.2 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with biobased~~  
16.3 ~~content~~, polymer, monomer, plastic, or composite material that is entirely produced from  
16.4 biomass.

16.5 Sec. 9. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

16.6 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must  
16.7 source from Minnesota at least 80 percent ~~raw materials from Minnesota~~ of the biomass  
16.8 used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from  
16.9 the state border, raw materials biomass used to produce an advanced biofuel may be sourced  
16.10 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from  
16.11 within a 100-mile radius of the facility or from within Minnesota. ~~Raw materials must be~~  
16.12 ~~from agricultural or forestry sources or from solid waste.~~ The facility must be located in  
16.13 Minnesota, must begin production at a specific location by June 30, 2025, and must not  
16.14 begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July  
16.15 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced  
16.16 biofuel production capacity, or retrofitting existing capacity, as well as new companies and  
16.17 facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible.  
16.18 Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced  
16.19 biofuel quarterly.

16.20 (b) No payments shall be made for advanced biofuel production that occurs after June  
16.21 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

16.26 (e) Renewable chemical production for which payment has been received under section  
16.27 41A.17, and biomass thermal production for which payment has been received under section  
16.28 41A.18, are not eligible for payment under this section.

16.29 (f) Biobutanol is eligible under this section.

16.30 Sec. 10. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

16.31 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to  
16.32 eligible producers of advanced biofuel. The amount of the payment for each eligible



17.1 producer's annual production is \$2.1053 per MMbtu for advanced biofuel production from  
17.2 cellulosic biomass, and \$1.053 per MMbtu for advanced biofuel production from sugar ~~or~~<sub>2</sub>  
17.3 starch, oil, or animal fat at a specific location for ten years after the start of production.

17.4 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may  
17.5 not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments  
17.6 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount  
17.7 necessary for 17,100,000 MMbtu of biofuel production. The commissioner shall award  
17.8 payments on a first-come, first-served basis within the limits of available funding.

17.9 (c) For purposes of this section, an entity that holds a controlling interest in more than  
17.10 one advanced biofuel facility is considered a single eligible producer.

17.11 Sec. 11. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

17.12 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program section~~  
17.13 must source from Minnesota at least 80 percent ~~biobased content from Minnesota.~~ of the  
17.14 biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or  
17.15 less from the state border, ~~biobased content must~~ biomass used to produce a renewable  
17.16 chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the  
17.17 biomass is sourced from within a 100-mile radius of the facility or from within Minnesota.  
17.18 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The  
17.19 facility must be located in Minnesota, must begin production at a specific location by June  
17.20 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly  
17.21 before January 1, 2015. Eligible facilities include existing companies and facilities that are  
17.22 adding production capacity, or retrofitting existing capacity, as well as new companies and  
17.23 facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000  
17.24 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes  
17.25 that are fully commercial before January 1, 2000, are not eligible.

17.26 (b) No payments shall be made for renewable chemical production that occurs after June  
17.27 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

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

18.1 (e) Advanced biofuel production for which payment has been received under section  
18.2 41A.16, and biomass thermal production for which payment has been received under section  
18.3 41A.18, are not eligible for payment under this section.

18.4 Sec. 12. Minnesota Statutes 2016, section 41A.18, subdivision 1, is amended to read:

18.5 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must  
18.6 source from Minnesota at least 80 percent raw materials from Minnesota. of the biomass  
18.7 used for biomass thermal production, except that, if a facility is sited 50 miles or less from  
18.8 the state border, raw materials should biomass used for biomass thermal production may  
18.9 be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is  
18.10 sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw~~  
18.11 ~~materials~~ Biomass must be from agricultural or forestry sources. The facility must be located  
18.12 in Minnesota, must have begun production at a specific location by June 30, 2025, and must  
18.13 not begin before July 1, 2015. Eligible facilities include existing companies and facilities  
18.14 that are adding production capacity, or retrofitting existing capacity, as well as new  
18.15 companies and facilities. Eligible biomass thermal production facilities must produce at  
18.16 least 250 MMbtu of biomass thermal quarterly.

18.17 (b) No payments shall be made for biomass thermal production that occurs after June  
18.18 30, 2035, for those eligible biomass thermal producers under paragraph (a).

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

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

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

18.27 Sec. 13. Minnesota Statutes 2016, section 41B.056, subdivision 2, is amended to read:

18.28 Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

18.29 (b) "Intermediary" means any lending institution or other organization of a for-profit or  
18.30 nonprofit nature that is in good standing with the state of Minnesota that has the appropriate  
18.31 business structure and trained personnel suitable to providing efficient disbursement of loan  
18.32 funds and the servicing and collection of loans.

19.1 (c) "Specialty crops" means crops produced in an aquaculture system and agricultural  
 19.2 crops, such as annuals, flowers, perennials, and other horticultural products, that are  
 19.3 intensively cultivated.

19.4 (d) "Eligible livestock" means fish produced in an aquaculture system, beef cattle, dairy  
 19.5 cattle, swine, poultry, goats, mules, farmed Cervidae, Ratitae, bison, sheep, horses, and  
 19.6 llamas.

19.7 Sec. 14. **41B.058] RURAL ENERGY FEASIBILITY PROGRAM.**

19.8 Subdivision 1. Establishment. The authority must establish a rural energy feasibility  
 19.9 loan program to provide feasibility study loans to farmers, local units of government,  
 19.10 municipalities, and nonprofit entities to explore feasibility of renewable energy projects.

19.11 Subd. 2. Loan criteria. (a) The authority may impose a reasonable, nonrefundable  
 19.12 application fee for a rural energy feasibility loan. The authority may review the fee annually  
 19.13 and make adjustments as necessary. The initial application fee is \$50. Application fees  
 19.14 received by the authority must be deposited in the Rural Finance Authority administrative  
 19.15 account established in section 41B.03.

19.16 (b) Standards for loan amortization must be set by the authority and must not exceed  
 19.17 five years.

19.18 (c) The borrower must demonstrate ability to repay the loan.

19.19 (d) Loans under this program must be made using money in the revolving loan account  
 19.20 established in section 41B.06.

19.21 Subd. 3. Loan participation. The authority may participate in a rural energy feasibility  
 19.22 loan with an eligible lender, as defined in section 41B.02, subdivision 8. Participation is  
 19.23 limited to 90 percent of the principal amount of the loan or \$50,000 per project, whichever  
 19.24 is less.

19.25 Sec. 15. Minnesota Statutes 2016, section 41B.06, is amended to read:

19.26 **41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.**

19.27 There is established in the rural finance administration fund a Rural Finance Authority  
 19.28 revolving loan account that is eligible to receive appropriations and the transfer of loan  
 19.29 funds from other programs. All repayments of financial assistance granted from this account,  
 19.30 including principal and interest, must be deposited into this account. Interest earned on  
 19.31 money in the account accrues to the account, and the money in the account is appropriated

20.1 to the commissioner of agriculture for purposes of the Rural Finance Authority livestock  
20.2 equipment, methane digester, disaster recovery, value-added agricultural product,  
20.3 agroforestry, agricultural microloan, ~~and~~ farm opportunity loan, and rural energy feasibility  
20.4 programs, including costs incurred by the authority to establish and administer the programs.

20.5 Sec. 16. Minnesota Statutes 2016, section 103H.275, subdivision 1, is amended to read:

20.6 Subdivision 1. **Areas where groundwater pollution is detected.** (a) If groundwater  
20.7 pollution is detected, a state agency or political subdivision that regulates an activity causing  
20.8 or potentially causing a contribution to the pollution identified shall promote implementation  
20.9 of best management practices to prevent or minimize the source of pollution to the extent  
20.10 practicable.

20.11 (b) The Pollution Control Agency, or for agricultural chemicals and practices, the  
20.12 commissioner of agriculture may adopt water source protection requirements under  
20.13 subdivision 2 that are consistent with the goal of section 103H.001 and are commensurate  
20.14 with the groundwater pollution if the implementation of best management practices has  
20.15 proven to be ineffective.

20.16 (c) The water resources protection requirements must be:

20.17 (1) designed to prevent and minimize the pollution to the extent practicable;

20.18 (2) designed to prevent the pollution from exceeding the health risk limits; and

20.19 (3) submitted to the house of representatives and senate committees with jurisdiction  
20.20 over the environment, natural resources, and agriculture.

20.21 (d) The commissioner of agriculture shall not adopt water resource protection  
20.22 requirements under subdivision 2 for nitrogen fertilizer unless the water resource protection  
20.23 requirements are specifically approved by law.