

April 12, 2021

The Honorable Mike Sundin
417 State Office Building
Saint Paul, Minnesota
55155

Dear Chair Sundin,

I want to thank you and your colleagues for putting together the proposed agriculture budget contained in HF1524. Our agency appreciates the commitment of you and the members of the House Agriculture Finance and Policy Committee to the budget process. HF1524 represents a commitment not only to Minnesota's agriculture sector, but to community vitality throughout the state.

Governor's Budget Requests

Earlier this year Governor Walz outlined his budget request for the Minnesota Department of Agriculture. Governor Walz invested \$113 million in general funds to respond to the needs of Minnesota's agriculture industry.

The Governor's agriculture funding priorities focused on enhancing the ability of the Department to respond to critical issues facing Minnesota agriculture in a time of extreme uncertainty for our family farmers and agriculture related businesses.

The Governor's agriculture funding priorities include:

- \$4,000,000 in FY22-23 to establish a biofuels infrastructure grant program.
- \$1,500,00 in FY22-23 to help address current and projected shortfalls in the Bioincentive Program.
- \$1,000,000 in FY22-23 to the AGRI fund for grants to support meat, poultry, egg, and milk processors.
- \$2,000,000 in FY22-23 to the Agricultural Best Management Program's (AgBMP) existing revolving loan account to increase its lending capacity.
- \$150,000 in FY22-23 to improve Minnesota FarmLink, an interactive web site that connects aspiring farmers with landowners interested in selling or renting their land and to create Farmland Access Teams.

- \$100,000 in FY22-23 to increase international trade and domestic market opportunities.
- \$220,000 in FY22-23 to provide timely meat inspections for small, local, and specialty meat processors to ensure food safety standards are met and businesses can operate efficiently. This funding would also generate matching federal money.
- \$450,000 in FY22-23 to the Department's Noxious Weeds Program to provide resources to manage and eradicate noxious weeds as well as provide grants to local governments to combat invasive weeds such as Palmer amaranth.
- \$40,000 in FY22-23 to expand the Farm Advocate Program by adding an additional Advocate to assist farm families with lender negotiations and mediations.
- \$50,000 in FY22-23 to complete development of IT infrastructure for licensing and managing data for hemp producers and processors.
- \$132,000 in FY22-23 to the Capital Equipment Replacement Fund to replace fully depreciated equipment in the Department's world-class laboratory to provide critical services that protect public safety, the environment, and the ag economy.
- \$500,000 in FY22-23 to establish the MAWQCP Climate Smart Farms Project to quantify and incentivize climate smart practices in agricultural operations.
- \$100,000 in FY22-23 for farm and agriculture mental health outreach to address the rural mental health crisis and provide farm assistance to our family farms facing financial collapse.
- Dedicates revenues generated from food handler license and vending machine inspection fees to the Agriculture Fund. Dedicated funds will allow the agency to experience the direct influence of changes within the regulated industries through the license and inspection fees received.

HF1524 recognizes the need to invest in the future of Minnesota agriculture and rural communities and supports the majority of budget recommendations put forward by Governor Walz.

Specifically, I want to note that HF1524:

- Prioritizes meat processing grants through AGRI, while also recognizing that funding will likely come to MDA and Minnesota through grants from the American Rescue Plan (ARP) and the Continuing Resolution passed by Congress at the end of 2020.
- Provides funding for an additional meat inspector to help farmers get their product to market.

- Addresses farm safety concerns by including dollars for MDA's farm safety programs.
- Boosts funding for emerging farmer resources such as Minnesota FarmLink and the Emerging Farmer Working Group.
- Supports Governor Walz's climate goals by including funding for biofuels infrastructure and the proposed Climate Smart Farms initiative.
- Contains compromise language to address cottage food and in-home deer processing issues.
- Increases critical funding to help local governments combat noxious weeds such as Palmer Amaranth.
- Continues important pass-through dollars to support the Center for Rural Policy, Northern Crops Institute, Turf Grass Council, Horticultural Society and Green Seam.
- Incorporates language to stabilize MDA's Retail Food Handler Licenses by dedicating fees to the administration of the program.
- Further funds capital improvements for MDA's world class laboratory.

While the Department does have a few concerns about HF1524, I am confident we can continue to work together moving forward to achieve consensus on a budget that will empower our farmers and communities throughout Minnesota.

Sincerely,



Thom Petersen
Commissioner

CC: Chair Rena Moran, House Ways & Means Finance Committee