

May 6, 2022

The Honorable Mike Sundin, Chair
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100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

The Honorable Alice Hausman, Chair
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The Honorable Samantha Vang
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The Honorable Michael Howard
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The Honorable Tama Theis
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The Honorable Torrey Westrom, Chair
3201 Minnesota Senate Building
95 University Avenue West
Saint Paul, Minnesota 55155

The Honorable Rich Draheim
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The Honorable Gene Dornink
3229 Minnesota Senate Building
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The Honorable Eric Pratt
3219 Minnesota Senate Building
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Saint Paul, Minnesota 55155

The Honorable Kari Dziejcz
2203 Minnesota Senate Building
95 University Avenue West
Saint Paul, Minnesota 55155

Dear Conference Committee Conferees:

I want to thank you and your colleagues for the considerable work you put in to drafting your respective chamber's Agriculture Finance bills. Our agency appreciates your commitment not only to Minnesota's agriculture sector, but to community prosperity throughout our state. I look forward to working with all of you on crafting a budget that continues to invest in Minnesota's farmers and their communities.

Governor's Budget Requests

Earlier this year, Governor Walz outlined his supplemental budget request for the Minnesota Department of Agriculture. Governor Walz proposed investing over \$50 million in general funds to respond to the needs of Minnesota's agriculture industry. Many of these proposed requests came from the public portal, in which citizens were able to share their priorities and give feedback on how dollars should be invested. This helped the Department better understand the needs and focus efforts where there was broad support.

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:

- \$1,000,000 for noxious weeds and invasive plants
- \$5,000,000 to establish a grain indemnity fund
- \$100,000 to support laboratory testing for the Minnesota meat and poultry inspection program
- \$3,000,000 the second year is for grants to fund the Forever Green Agriculture Initiative at the University of Minnesota
- \$10,000,000 for a soil health financial assistance program
- \$1,500,000 to create and implement a program to support farmers' markets and direct marketing producers
- \$150,000 to create and implement a program for specialty crop growers and value-added businesses transition to sustainable packaging solutions to comply with the Food Safety Modernization Act
- \$250,000 to expand the new markets cost-share program
- \$1,500,000 for grants to federally recognized economic development districts to assist small- to medium-sized meat and poultry processors hiring new employees
- \$1,000,000 for grants to facilitate the start-up, modernization or expansion of grocery stores, corner stores, farmers' markets, or related food retailers
- \$250,000 to expand co-packing and shared cold storage capacity through grants to provide commercial production space and cold storage facilities
- \$300,000 for farm business management tuition assistance with priority to specialty crop farmers, urban farmers, and farmers facing mediation
- \$500,000 for grants to local governments, regional planning and economic development organizations and Tribal governments for planning and implementation of activities for value-added food and agricultural economic development
- \$2,000,000 to provide culturally appropriate services to emerging farmers and food-system-related businesses
- \$2,000,000 to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payment
- \$1,500,000 the second year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041, for emergency preparedness and response activities, including for the University of Minnesota Veterinary Diagnostic Laboratory

- \$3,000,000 the second year is available to create and implement a hunger relief program with grants to Second Harvest Heartland, on behalf of the Feeding America food banks that serve Minnesota, and to The Food Group
- \$2,000,000 the second year is for transfer to the Board of Trustees of the Minnesota State Colleges and Universities to support livestock processing technical education at Central Lakes College and Ridgewater College
- \$1,000,000 the second year is for a grant to The Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) program to compensate emerging farmers for crops donated to hunger relief organizations in Minnesota
- \$17,000,000 in fiscal year 2023 is appropriated from the general fund to the Board of Water and Soil Resources to accelerate the adoption of soil health practices

We are grateful that the House Agriculture Finance and Policy Committee chose to include funding for most of these recommendations, including IT modernization, meat processing, noxious weeds, soil health, farmers' markets, assistance for emerging farmers, the Ag Innovation Campus, Forever Green, and animal disease preparedness and response. We also appreciate both the House and Senate including funding, albeit at different levels for cover crop development grants, the Ag Innovation Campus, meat processing training and education grants, and increased funding for the Veterinary Diagnostic Laboratory and the Animal Disease Preparedness and Response for the Ag Emergency Account.

The Department looks forward to better serving farmers through these investments, and with cases of the Highly Pathogenic Avian Influenza (HPAI) in both backyard and commercial flocks, funding for Animal Disease Preparedness and Response is especially critical and timely.

We are grateful that these bills include funding for critical components of the Governor's recommended budget, and we look forward to continued discussion on important issues including changes made to the Agricultural Chemical Response and Reimbursement Account (ACRRA), rural mental health, and administration of the Rural Finance Authority (RFA).

We have worked successfully in the past to build strong budgets for the agency and I am confident we can continue to work together to craft a supplemental budget that will ensure we continue to invest in Minnesota's agriculture sector.

I thank you for your partnership and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Thom Petersen".

Commissioner Thom Petersen