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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3420

- 02/14/2022 Authored by Sundin, Frederick and Poston
The bill was read for the first time and referred to the Committee on Agriculture Finance and Policy
- 02/24/2022 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 02/28/2022 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 03/10/2022 Calendar for the Day
Read for the Third Time
Passed by the House and transmitted to the Senate
- 04/07/2022 Passed by the Senate as Amended and returned to the House
Refused to concur and a Conference Committee was appointed

1.1 A bill for an act

1.2 relating to drought relief; modifying the disaster recovery loan program; increasing

1.3 funding for agricultural drought relief loans; appropriating money for drought

1.4 relief grants and other financial assistance for eligible farmers; providing financial

1.5 assistance to municipalities, townships, and Tribal governments for increasing

1.6 water efficiency in public water supplies; providing grants for planting shade trees

1.7 and purchasing tree-watering equipment; providing financial assistance to replace

1.8 drought-killed seedlings; appropriating money; amending Minnesota Statutes 2020,

1.9 section 41B.047, subdivision 3.

1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.11 ARTICLE 1

1.12 AGRICULTURE

1.13 Section 1. Minnesota Statutes 2020, section 41B.047, subdivision 3, is amended to read:

1.14 Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

1.15 (1) meet the requirements of section 41B.03, subdivision 1;

1.16 (2) certify that the damage or loss was (i) sustained within a county that was the subject

1.17 of a state or federal disaster declaration; (ii) due to the confirmed presence of a highly

1.18 contagious animal disease in Minnesota; (iii) due to an infectious human disease for which

1.19 the governor has declared a peacetime emergency; or (iv) due to an emergency as determined

1.20 by the authority;

1.21 (3) demonstrate an ability to repay the loan; and

1.22 (4) have received at least ~~50~~ 20 percent of ~~average~~ annual gross income from farming

1.23 ~~for~~ in the past ~~three years~~ year.

2.1 Sec. 2. **APPROPRIATIONS TO BE GIVEN EFFECT ONCE.**

2.2 If an appropriation or transfer in this act is enacted more than once during the 2022
2.3 regular legislative session, the appropriation or transfer must be given effect only once.

2.4 Sec. 3. **APPROPRIATION; DROUGHT RELIEF.**

2.5 Subdivision 1. **Appropriation.** \$5,100,000 in fiscal year 2022 is appropriated from the
2.6 general fund to the commissioner of agriculture to provide grants and other forms of financial
2.7 assistance to livestock farmers and specialty crop producers impacted by drought in 2021.
2.8 This appropriation includes \$100,000 to reimburse livestock farmers up to \$6 per loaded
2.9 mile for drought-related expenses incurred to transport hay or forage up to 25 miles to the
2.10 farm. For purposes of this section, "specialty crop" means an eligible crop under the United
2.11 States Department of Agriculture's specialty crop block grant program. The commissioner
2.12 may issue noncompetitive payments of up to \$10,000 per eligible livestock farmer or
2.13 specialty crop producer to reimburse drought-related expenses incurred by the farmer or
2.14 producer between April 1, 2021, and May 1, 2022. The commissioner must accept
2.15 applications under this section for at least five business days and, notwithstanding subdivision
2.16 2, if total applications exceed \$5,100,000, the commissioner must award payments to eligible
2.17 applicants at random until the funding is exhausted. The commissioner may use up to 6.5
2.18 percent of this appropriation for administration. This is a onetime appropriation and is
2.19 available until June 30, 2024.

2.20 Subd. 2. **Preference; drought severity.** When awarding grants and other financial
2.21 assistance under this section, the commissioner must give preference to eligible farmers
2.22 and producers who farm in counties designated in whole or in part as D4, exceptional
2.23 drought, on any of the weekly maps published during 2021 by the National Drought
2.24 Mitigation Center at the University of Nebraska-Lincoln. After all eligible D4 applications
2.25 have been paid, the commissioner must give preference to eligible farmers and producers
2.26 who farm in counties designated in whole or in part as D3 or D2 during 2021. If total
2.27 applications exceed the funding available for eligible farmers and producers in a given
2.28 drought classification, the commissioner must award payments at random.

2.29 Subd. 3. **Allocations.** Of the amount appropriated in subdivision 1, \$1,000,000 is reserved
2.30 for eligible livestock farmers, \$1,000,000 is reserved for eligible specialty crop producers,
2.31 and \$500,000 is reserved for eligible livestock farmers or specialty crop producers who are
2.32 also farmers' market vendors. The commissioner may reallocate money reserved under this
2.33 subdivision based on demand and may award unreserved money to any eligible livestock
2.34 farmer or specialty crop producer.

3.1 Subd. 4. Outreach required. The commissioner must provide outreach to emerging
3.2 farmers through the Department of Agriculture Office of Emerging Farmers.

3.3 Sec. 4. **TRANSFER; RURAL FINANCE AUTHORITY.**

3.4 \$5,000,000 in fiscal year 2022 is transferred from the general fund to the Rural Finance
3.5 Authority Revolving Loan account established under Minnesota Statutes, section 41B.06,
3.6 with priority given to drought relief loans under Minnesota Statutes, section 41B.047.

3.7 Sec. 5. **EFFECTIVE DATE.**

3.8 This article is effective the day following final enactment.

3.9 **ARTICLE 2**
3.10 **NATURAL RESOURCES**

3.11 Section 1. **APPROPRIATIONS; DROUGHT RELIEF.**

3.12 (a) \$300,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
3.13 of natural resources for costs associated with resolving well interferences confirmed by the
3.14 Department of Natural Resources that occurred from May 1, 2021, to December 30, 2021.
3.15 This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28,
3.16 unencumbered balances under this paragraph do not cancel until June 30, 2026.

3.17 (b) \$3,000,000 in fiscal year 2022 is appropriated from the general fund to the
3.18 commissioner of natural resources for grants to municipal, township, and Tribal governments
3.19 that operate public water supplies to increase water efficiency. Subawards to residents are
3.20 an allowable use under this appropriation. This is a onetime appropriation. Notwithstanding
3.21 Minnesota Statutes, section 16A.28, unencumbered balances under this paragraph do not
3.22 cancel until June 30, 2026.

3.23 (c) \$4,500,000 in fiscal year 2023 is appropriated from the general fund to the
3.24 commissioner of natural resources for grants to local and Tribal governments to remove
3.25 and plant shade trees impacted by drought and provide communities with tree-watering
3.26 equipment under Minnesota Statutes, section 88.82. Money appropriated for grants under
3.27 this paragraph may be used to pay reasonable costs incurred by the commissioner of natural
3.28 resources to administer the grants. This is a onetime appropriation. Notwithstanding
3.29 Minnesota Statutes, section 16A.28, unencumbered balances under this paragraph do not
3.30 cancel until June 30, 2027. The commissioner must accept applications under this paragraph

4.1 for at least five business days and, if total applications exceed \$4,500,000, the commissioner
4.2 must award grants to eligible applicants at random until the funding is exhausted.

4.3 (d) \$5,550,000 in fiscal year 2023 is appropriated from the general fund to the
4.4 commissioner of natural resources to replace drought-killed seedlings on lands managed
4.5 by the Department of Natural Resources and to administer grants to Tribal, county, and
4.6 private forestland owners to replace drought-killed seedlings on their land. Seedling
4.7 replacement includes site prep, replanting, and tending seedlings. This is a onetime
4.8 appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances
4.9 under this paragraph do not cancel until June 30, 2027.

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