

# Chapter 95

2022 Regular Session

Subject State Government

Bill H.F. 3420

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Date June 2, 2022

## Overview

This is the 2022 omnibus supplemental agriculture, drought relief, and broadband finance and policy act. It provides relief to eligible farmers impacted by the 2021 drought and appropriates supplemental funding for the Minnesota Department of Agriculture (MDA), the Department of Employment and Economic Development (DEED), and the Department of Natural Resources (DNR). This act also establishes or modifies various agricultural and broadband statutes.

Governor Tim Walz signed this act into law on May 26, 2022.

## Article 1: Agriculture Appropriations

This article appropriates additional general fund dollars to MDA for specified purposes in the current biennium (fiscal years 2022 and 2023), and increases the Agricultural Utilization Research Institute's base budget for the next biennium (fiscal years 2024 and 2025).

Section	Description – Article 1: Agriculture Appropriations
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1	<p><b>Department of Agriculture.</b></p> <p>Funds specified MDA supplemental budget initiatives in fiscal years 2022 and 2023.</p>
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**Subd. 1. Total appropriation.** Denotes the new totals, which equal the amounts appropriated from the general fund in the 2021 omnibus agriculture finance act (Laws 2021, 1<sup>st</sup> Spec. Sess. ch. 3), plus the additional money appropriated in this bill.

**Subd. 2. Protection services.** Appropriates supplemental funding for specified purposes within MDA's protection services budget area.

**Subd. 3. Agricultural marketing and development.** Appropriates supplemental funding for specified purposes within MDA's agricultural marketing and development budget area.

**Section Description – Article 1: Agriculture Appropriations**

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**Subd. 4. Agriculture, bioenergy, and bioproduct advancement.** Appropriates supplemental funding for specified purposes within this MDA budget area.

**Subd. 5. Administration and financial assistance.** Appropriates supplemental funding for specified pass-through grants and other purposes within this MDA budget area.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**2 Agricultural Utilization Research Institute.**

Adds money to the Institute’s FY 2024-2025 funding base for specified purposes.

## **Article 2: Agriculture Policy**

This article establishes a farm down payment assistance program, modifies the Agricultural Best Management Practices Loan Program, and establishes or modifies other agricultural statutes.

**Section Description – Article 2: Agriculture Policy**

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**1 Establishment; appropriation.**

Authorizes MDA to use money in the dedicated Agricultural Emergency Account to prepare for agriculture emergencies via training and the purchase of equipment and supplies.

**2 Cooperative grants.**

Requires MDA to reestablish and implement a grant program to provide up to \$50,000 to eligible farmers for new cooperatives that process or market the farmers’ agricultural products or services. Establishes eligibility criteria, including that the agricultural commodities processed and/or marketed by the cooperative are produced primarily by the cooperative’s own farmer-members. Requires recipients to match a grant under this section with an equivalent amount of other funding or in-kind contributions.

**3 Allocation rescission.**

Modifies the Agricultural Best Management Practices (AgBMP) Loan program by eliminating MDA’s express authority to grant local units of government an additional year to use their funding allocation. Provides MDA general authority to rescind the portion of a local unit of government’s allocation that is not committed to eligible projects.

**Section Description – Article 2: Agriculture Policy**

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- 4 Authority and responsibilities of local government units.**  
Modifies the AgBMP Loan program to eliminate a participating local unit of government’s duty to identify which account is used to fund an approved project when the local unit of government has allocations from multiple AgBMP accounts.
- 5 Authority and responsibilities of local lenders.**  
Modifies the AgBMP Loan program by eliminating a participating lender’s duty to notify the local unit of government of the loan amount after an AgBMP loan closes.
- 6 Loans issued to borrower.**  
Modifies the AgBMP Loan program by eliminating a max loan amount of \$200,000 per borrower.
- 7 Eligible projects.**  
Expands eligibility for drinking water projects under the AgBMP Loan program.
- 8 Establishment.**  
Modifies the Livestock Investment Grant Program by eliminating the \$50,000 lifetime limit per person and requiring MDA to give preference to applicants who have not previously received a Livestock Investment Grant.
- 9 Eligibility.**  
Eliminates language that imposes grant limits under the Livestock Investment Grant Program on married couples and livestock farming business entities.
- 10 Farm down payment assistance grants.**  
Establishes a program to provide grants of up to \$15,000 to Minnesotans who are purchasing a farm, will provide the majority of the day-to-day farm management and physical labor, earn no more than \$250,000 per year in gross farm sales, and have not—nor has their spouse—previously had a direct or indirect ownership interest in farmland. Requires eligible farmers to match this grant with at least an equivalent amount of other funding. Requires grant recipients to repay a prorated share of the grant if the recipient does not own and farm the land for at least five years. Requires MDA to report to the legislature annually regarding this new program.
- 11 Pollinator research account.**  
Modifies and extends the dedicated Pollinator Habitat and Research Account. Extends the account’s expiration date by three years, to July 1, 2025. Removes “Habitat” from the account’s name.

**Section Description – Article 2: Agriculture Policy**

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- 12 Determination of response and reimbursement fee.**  
Modifies the Agricultural Chemical Response and Reimbursement Account program by increasing the minimum unencumbered account balance from \$1 million to \$2 million and the maximum account balance from \$5 million to \$6.5 million.  
**Effective date:** This section takes effect on January 1, 2023.
- 13 Partial reimbursement.**  
Modifies the Agricultural Chemical Response and Reimbursement Account program by increasing the unencumbered account balance at which MDA must limit payments or reimbursements from \$2 million to \$3 million.  
**Effective date:** This section takes effect on January 1, 2023.
- 14 Reimbursement payments.**  
Modifies the Agricultural Chemical Response and Reimbursement Account program by increasing the maximum payment or reimbursement per incident from 80 percent of eligible corrective action costs greater than \$1,000 and less than or equal to \$350,000 to 80 percent of eligible corrective action costs greater than \$1,000 and less than or equal to \$550,000.  
**Effective date:** This section takes effect on January 1, 2023.
- 15 Membership.**  
Add a new gubernatorial appointee who is knowledgeable in cybersecurity to the Food Safety and Defense Task Force, which advises MDA and the legislature on food safety and other food issues.
- 16 Authority of state board.**  
Authorizes the Board of Animal Health (BAH) to apply for, receive, and disburse federal dollars for animal disease response. Exempts BAH from the Legislative Advisory Commission’s federal funds oversight process, but only for this specific purpose and subject to a requirement to report annually to the legislature regarding these federal dollars and BAH’s use of them.
- 17 Allowed commercial and industrial operations.**  
Adds solar energy generation systems with an output capacity of up to one megawatt to the list of allowed commercial and industrial uses within an outstate agricultural preserve.  
**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**Section Description – Article 2: Agriculture Policy**

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- 18      **Eligibility for participants on or before April 1, 2023.**  
Modifies Bioincentive Program eligibility criteria for advanced biofuel producers. Provides that an eligible facility generally must begin production by April 1, 2023. Under current law, this date is June 30, 2025.
- 19      **Eligibility for participants after April 1, 2023.**  
Allows certain advanced biofuel producers to enter the program after April 1, 2023.
- 20      **Eligibility for participants on or before April 1, 2023.**  
Modifies Bioincentive Program eligibility criteria for renewable chemical producers. Provides that an eligible facility generally must begin production by April 1, 2023. Under current law, this date is June 30, 2025.
- 21      **Eligibility for participants after April 1, 2023.**  
Allows certain renewable chemical producers to enter the program after April 1, 2023.
- 22      **Eligibility for participants on or before April 1, 2023.**  
Modifies Bioincentive Program eligibility criteria for biomass thermal energy producers. Provides that an eligible facility generally must begin production by April 1, 2023. Under current law, this date is June 30, 2025.
- 23      **Eligibility for participants after April 1, 2023.**  
Allows certain biomass thermal energy producers to enter the program after April 1, 2023.
- 24      **Eligibility.**  
Modifies eligibility for the Oriented Strand Board (OSB) Production Incentive Program by extending certain deadlines by one year. Specifies that an eligible plant must begin construction activities by December 31, 2023 (2022 under current law), and by June 30, 2026 (2025 under current law), the eligible plant must produce at least one square foot of OSB on a 3/8-inch nominal basis. Converts existing OSB production requirements to a quarterly, rather than an annual, basis.
- 25      **Timely decisions.**  
Requires the Rural Finance Authority, when feasible, to approve or reject a completed loan application within ten business days.
- 26      **Bond.**  
Exempts additional licensed grain buyers from the requirement to file a bond with MDA. Under current law, grain buyers who purchase no more than \$100,000 of grain

**Section Description – Article 2: Agriculture Policy**

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annually and pay upon delivery with cash or cash equivalents are exempt from the bond requirement. This section increases the threshold to \$1 million.

**27 Financial statements.**

Exempts additional licensed grain buyers from the requirement to submit financial statements to MDA. Under current law, grain buyers who purchase no more than \$100,000 of grain annually and pay upon delivery with cash or cash equivalents are exempt from this requirement. This section increases the threshold to \$1 million.

This section also increases the threshold for audited grain buyer financial statements so this requirement will now apply only to grain buyers with \$7.5 million or more in annual grain purchases.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**28 Exemptions.**

State law generally prohibits the ownership or possession of regulated animals such as lions, cheetahs, bears, and gorillas. This section adds a new exception to this prohibition for any zoo that is a federally licensed exhibitor of regulated animals that also houses animals owned by institutions accredited by the American Zoo and Aquarium Association and participates in the association's species survival plan.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**29 Soil Health Financial Assistance Pilot Program.**

Establishes a Soil Health Finance Assistance Pilot Program to be administered by MDA. Requires MDA to develop a healthy soil management plan in consultation with named entities. Authorizes MDA to award grants to farmers and local governments for projects on agricultural land that increase the amount of organic carbon in the soil, integrate perennial vegetation, or satisfy other listed eligibility criteria. Unless extended by a future legislature, this section will expire on June 30, 2024.

**30 Report required; Grain Advisory Group.**

Authorizes MDA to convene a Grain Advisory Group and develop recommendations to improve the department's grain (buyer) licensing program, with a report to the legislature no later than February 15, 2023. Requires MDA to allow stakeholders to submit written testimony for inclusion in the department's report.

## Article 3: Disaster Relief

Among other things, this article modifies eligibility criteria for the Rural Finance Authority's Disaster Recovery Loan Program, establishes a onetime drought-relief program to provide financial assistance to eligible farmers, and increases funding for drought-related Disaster Recovery Loans.

This article also appropriates money to the DNR for specified drought-related purposes, including replacing drought-killed seedlings, resolving well interference issues, and providing grants to Tribal, county, and private landowners to replace drought-killed seedlings on their lands.

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### Section Description - Article 3: Disaster Relief

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- 1 Eligibility.**  
Expands eligibility for the Rural Finance Authority's Disaster Recovery Loan Program. Lowers the borrower income requirement from those who earned at least 50 percent of average gross income from farming in the past three years, to those who earned at least 25 percent in the past year.
- 2 Drought relief grants; appropriation.**  
Appropriates \$8.1 million to MDA to reimburse eligible livestock farmers and specialty crop producers for up to \$7,500 of documented drought-related expenses incurred. Authorizes MDA to use up to 6.5 percent of the appropriation to administer this temporary drought relief program.
- 3 Transfer; Rural Finance Authority.**  
Transfers \$2.5 million to the Rural Finance Authority's revolving loan account. Requires the Rural Finance Authority to prioritize drought-relief loans through the amended Disaster Recovery Loan Program with this new funding.
- 4 Appropriation; veterinary disease testing equipment.**  
Appropriates \$1 million to MDA for grants to the University of Minnesota to purchase animal disease testing equipment for the Veterinary Diagnostic Laboratory and requires reporting.
- 5 Transfer; agricultural emergency account.**  
Transfers \$1.5 million to the Agricultural Emergency Account in the agricultural fund. By law, money in this account is appropriated to MDA to respond to agricultural emergencies. Provides that until December 31, 2022, MDA may (1) use money in this account to respond to the avian influenza outbreak, including testing supplies, and (2) transfer money in the account to BAH for its response to the avian influenza outbreak, including surveillance.

**Section Description - Article 3: Disaster Relief**

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**6 Appropriations; drought relief.**

Appropriates \$5.3 million to the DNR for specified drought-related purposes, including replacing drought-killed seedlings, resolving well interference issues, and administering grants to Tribal, county, and private forestland owners to replace drought-killed seedlings on their land.

**7 Effective date.**

This article took effect on May 27, the day following final enactment of this act.

## **Article 4: Broadband Appropriations**

This article requires DEED to apply for and use federal aid to fund the existing Border-to-Border Broadband Development Grant Program as well as the new broadband initiatives created in this act, including a lower population density pilot program and a broadband line extension program. It also authorizes DEED to use federal aid for comprehensive statewide broadband mapping if DEED determines this mapping is an eligible use of the federal dollars.

**Section Description – Article 4: Broadband Appropriations**

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**1 Broadband development; application for federal funding; appropriation.**

Modifies a 2021 law that required DEED to apply to the United States Treasury requesting \$70 million of the state’s capital projects fund allocation under the federal American Rescue Plan Act of 2021 and specify in the application that the state will use these dollars to fund the Border-to-Border Broadband Development Grant Program. Requires DEED to award any federal money received under this section by December 31, 2026, and limits DEED’s eligible use of this money to border-to-border broadband development grants.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**2 Lower population density pilot program.**

Requires DEED to establish and implement a pilot program to provide broadband service to unserved and underserved areas of the state where a grant equal to 50 percent of the project cost is not sufficient to make a business case for the extension of broadband facilities. Authorizes DEED to fund up to \$10 million or 75 percent of the total project cost under this new pilot program. Authorizes DEED to use up to \$30 million of the appropriations in sections 3 and 4 for purposes of this pilot program.

**Section Description – Article 4: Broadband Appropriations**

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**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**3 Broadband development; application for federal funding; appropriation.**

Similar to section 1, this section requires DEED to apply to the United States Treasury and request an additional award of \$60,703,000 from the state’s American Rescue Plan Act capital projects fund allocation for the Border-to-Border Broadband Development Grant Program, the lower population density pilot program (section 2), the broadband line extension program (section 5), and broadband mapping (section 6). Authorizes DEED to temporarily modify program standards as necessary to comply with federal standards.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**4 Broadband development; appropriation.**

Provides that if the state receives broadband development aid under the federal Infrastructure Investment and Jobs Act, this federal aid will be appropriated to DEED for the Border-to-Border Broadband Development Grant Program, the lower population density pilot program (section 2), and broadband mapping (section 6). Authorizes DEED to temporarily modify program standards as necessary to comply with federal standards.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**5 Broadband line extension program; appropriation.**

Authorizes DEED to use up to \$15 million of any American Rescue Plan broadband funding received under section 3 for the broadband line extension program established in article 5.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**6 Broadband; mapping.**

Authorizes DEED to use up to \$15 million of any American Rescue Plan and Infrastructure Investment and Jobs Act federal funding received under sections 3 and 4 for comprehensive statewide (broadband) mapping if DEED determines that such mapping is an eligible use of the federal dollars.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**Section Description – Article 4: Broadband Appropriations**

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**7 Transfer.**

Transfers \$25 million from the general fund to the border-to-border broadband fund account in fiscal year 2023 and establishes an equivalent base transfer for fiscal year 2024 only.

## **Article 5: Broadband Policy**

This article establishes a new broadband line extension program and authorizes the use of certain real property easements to install broadband infrastructure and provide broadband service.

**Section Description – Article 5: Broadband Policy**

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**1 Broadband line extension program.**

Establishes a DEED program to award grants to eligible applicants who extend broadband infrastructure into unserved areas of the state.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**2 Expenditures.**

Authorizes DEED to use money in the border-to-border broadband fund account to award grants under the new line extension program established in section 1.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.

**3 Broadband easements.**

Authorizes entities that enter into agreements with certain broadband service providers to use the provider, affiliate, or entity's existing or subsequently acquired easements to install broadband infrastructure and provide broadband service, subject to certain requirements, local government approval, and potential legal liabilities.

**Effective date:** This section took effect on May 27, the day following final enactment of this act.



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