Overview

House File 3944, the omnibus agriculture finance bill provides supplemental funding for the ethanol producer payment program, the Farm Advocates program, state meat inspection, and farm business planning activities. New funding is provided for an agroforestry loan program and farm drainage and run-off pollution research. Eligibility caps for some Rural Finance Authority programs are increased, and increased ACRRA funding is provided for sites where clean-up activities are particularly expensive.

The bill also contains a resolution memorializing the State of Iowa to accelerate their program of swine pseudorabies control and eradication.

Article 1: Agriculture

1 **Definition; livestock.** For purposes of livestock dealers and livestock market agencies, the definition of "livestock" is broadened to include "buffalo". This will afford sellers of buffalo the protections (licensing and bonding of buyers) as sellers of other livestock.

2 **ACRRA reimbursement payments.** Adds new language to the formula used to calculate maximum payments and percentages that can be reimbursed from the agricultural chemical response and reimbursement account. The current cap of $200,000 for a corrective action is expanded to $350,000. However, the percentage of coverage drops to 80% for costs between $200,000 and $300,000 and drops further to 60% for costs between $300,000 and $350,000.

3 **Ethanol producer payments.** Changes in the language of the ethanol producer payment program to accomplish several policy goals:
   - All producers are reminded that state payments for all ethanol production will end as of June 30, 2010.
   - A requirement that all increases in production capacity be on-line by June 30, 2000, is eliminated.
   - The maximum annual payment to all producers is increased from $34,000,000 to
A new provision allows a producer that has had production below eligibility in a quarter because of a plant outage, repair, or major maintenance to apply excess production in other quarters of the biennium to that quarter. Payment can only be made for this carry-forward or carry-back production in the eighth quarter of the biennium, and in the eighth quarter the normal cap of $750,000 per quarter to any producer is lifted. The fiscal year payment cap of $3,000,000 remains in effect.

Producers that had payments capped at between 12,000,000 gallons per year and 15,000,000 gallons per year are given an eligibility of 15,000,000 retroactive to July 1, 1999. Producers not approved for 12,000,000 gallons per year as of July 1, 1998, are not included in this increased eligibility.

4 RFA program eligibility. Existing statute establishes a lifetime total of $100,000 in assistance to any one farmer. An amendment strikes the lifetime limit.

5 Eligibility; restructured loan program. Establishes a maximum net worth for an applicant in the restructured loan program of $400,000 in 1999 and indexes the number in subsequent years to account for inflation.

6 State participation; beginning farmer program. Increases maximum state participation in a loan to a beginning farmer from $100,000 to $125,000.

7 State participation; restructuring loan program. Increases maximum state participation in a restructuring loan from $100,000 to $150,000.

8 State participation; seller-sponsored loan program. Increases maximum state participation in a seller-sponsored loan from $100,000 to $125,000.

9 State participation; agricultural improvement loan program. Increases maximum state participation in an agricultural improvement loan from $100,000 to $125,000.

10 State participation; livestock expansion loan program. Establishes a maximum net worth for an applicant in the livestock expansion loan program of $400,000 in 1999 and indexes the number in subsequent years to account for inflation. The state's participation in a livestock expansion loan remains at $250,000.

11 Agroforestry loan program.

Subd. 1. Purpose. Identifies the purpose of the loan program as a means of transitioning traditional agricultural producers to the multi-year production of agroforestry products.

Subd. 2. Establishment. Authorizes the commissioner of agriculture to implement a program of loans through a fiscal agent to help finance the production of short rotation woody crops.

Subd. 3. Rules. Authorizes the commissioner to adopt rules for the agroforestry loan program.

Subd. 4. Definitions. Defines terms including "fiscal agent," "growing cycle," "harvest," and "short rotation woody crops."

Subd. 5. Eligibility. Establishes the eligibility criteria for an agroforestry loan. A person must be a Minnesota resident eligible to own farm land; have an acceptable plan to grow short rotation woody crops on suitable land; be a member of a producer-owned marketing cooperative; etc. The lifetime maximum loan amount per producer is $150,000.

Subd. 6. Loans. The Commissioner of Agriculture may use a fiscal agent to disburse loans of up to $75,000 per borrower over a period of up to 12 years. Loans may be for up to 160 acres of agroforestry land per producer. The fiscal agent or the Rural Finance Authority are to secure the loan with appropriate collateral. Loans are made on forms prescribed by the Commissioner. A nonrefundable application of $50 may be charged. Loans are made from the agroforestry loan program revolving fund. Principal and interest must be repaid within 120 days after harvest, but
not later than 15 years after planting.

**Subd. 7. Revolving fund.** Establishes the agroforestry loan program revolving fund in the state treasury to receive appropriated money or proceeds from bond sales. Loan repayments are credited to the fund.

**Subd. 8. Revenue bonds.** The Rural Finance Authority is given the option of issuing revenue bonds to finance the agroforestry loan program.

**Amendment; 1999 appropriation law.** Amends the 1999 ethanol program appropriation by increasing the maximum amount that can be spent in the current fiscal biennium from $68,447,000 to $70,658,000. Also corrects an erroneous statutory reference.

**Appropriation; agroforestry loan program.** Appropriates $200,000 from the general fund to the commissioner of agriculture for grants to cooperatives involved in short rotation woody crops. The grants must be matched dollar for dollar by non-state money.

**Appropriation; state meat inspection program.** Appropriates $494,000 to the commissioner of agriculture for the meat inspection program. Half of this amount will be reimbursed by USDA.

**Appropriation; pseudorabies monitoring and testing.** Appropriates an additional $245,000 to the Board of Animal Health to continue the swine pseudorabies eradication program.

**Appropriation; farm business planning software.** Appropriates $135,000 to the commissioner of agriculture for a grant to the Center for Farm Financial Management to develop farm business management software to complement existing FINPACK farm management tools. Requires a report to the legislature by March 1, 2001.

**Appropriation; farm drainage and run-off pollution.** Appropriates $300,000 to the commissioner of agriculture to establish research and demonstration on farm water quality and quantity management. Actual work is to be done on contract at sites near Lamberton and Waseca. Requires a report to the legislature by March 1, 2001.

**Appropriation; farm advocates.** Appropriates an additional $100,000 to the commissioner of agriculture for the farm advocates program.

**Effective date.** Most sections of the bill are effective the day following final enactment. Ethanol provisions are effective retroactive to July 1, 1999.

**Article 2: Resolution**

This resolution to the Iowa Governor, Secretary of Agriculture, President of the Iowa Senate, and Speaker of the House of Representatives urges the state to accelerate their program for pseudorabies control and eradication for the sake of Minnesota's swine herds.