A bill for an act

relating to agriculture; providing for dairy investment matching grants; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Section 1. **[17.118] DAIRY INVESTMENT MATCHING GRANT PROGRAM.**

(a) The commissioner may award a dairy investment grant of up to $40,000 to a person who manages and milks 100 or fewer dairy cows in this state and who will spend the grant on qualifying expenditures, provided the person makes qualifying expenditures from other sources that will match the amount of the grant.

(b) For purposes of this section, "qualifying expenditures" means the amount spent for the development of pasture for use by dairy animals, for the acquisition of equipment for dairy animal housing, for confinement, for animal feeding, for production and delivery of milk and other dairy products, and for waste management, including the following, if related to dairy animals in this state:

(1) freestall barns;

(2) fences;

(3) watering facilities;

(4) feed storage and handling equipment;

(5) milking parlors;

(6) robotic equipment;

(7) scales;

(8) milk storage and cooling facilities;

(9) bulk tanks;

(10) manure pumping and storage facilities;

(11) digesters;

(12) equipment used to produce energy; and

(13) on-farm processing and refrigerated trucks for delivery of milk and other dairy products.

(c) Except for qualifying pasture expenditures in paragraph (d), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

(d) Qualifying expenditures for development of pasture must not include land acquisition and are limited to soil preparation expenses, seed costs, planting costs, and weed control, which are allowed once for each acre owned or rented by a person for the use of dairy animals and developed into pasture.

(e) To be eligible for the dairy investment grant, a person must apply to the commissioner on forms prescribed by the commissioner and must include a statement of the intended qualifying expenditures, including matching qualifying expenditures, along with any proof or other documentation the commissioner may require.

(f) The commissioner shall review completed applications and award grants to eligible applicants in the order in which applications were received by the commissioner. Once funding in any fiscal year has been exhausted, the commissioner must place any additional eligible applicants on a waiting list and give them priority should additional funds become available. The commissioner shall notify in writing any applicant who applies for a grant of the decision made on the grant application and, if it is denied, the reasons for the denial.

Sec. 2. **APPROPRIATION.**

Notwithstanding Minnesota Statutes 2007 Supplement, section 41B.06, the commissioner of agriculture must take $250,000 from the Rural Finance Authority Revolving Loan Account and use these funds to provide grants to eligible dairy producers under the dairy investment matching grant program in section 1.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment.