

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3866

04/07/2016 Authored by Hamilton

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act
1.2 relating to agriculture; modifying certain agriculture-related provisions; making
1.3 clarifying and technical changes; amending Minnesota Statutes 2014, sections
1.4 17.117, subdivision 11a; 41A.12, subdivision 2; Minnesota Statutes 2015
1.5 Supplement, sections 41A.14, subdivisions 1, 2, by adding a subdivision;
1.6 41A.15, subdivision 10, by adding subdivisions; 41A.16, subdivision 1; 41A.17,
1.7 subdivisions 1, 2; 41A.18, subdivision 1; 116D.04, subdivision 2a; Laws 2015,
1.8 First Special Session chapter 4, article 1, sections 2, subdivision 4; 5.

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

1.10 Section 1. Minnesota Statutes 2014, section 17.117, subdivision 11a, is amended to read:

1.11 Subd. 11a. **Eligible projects.** All projects that remediate or mitigate adverse
1.12 environmental impacts are eligible if:

1.13 (1) the project is eligible under the allocation agreement and funding sources
1.14 designated by the local government unit to finance the project; ~~and~~

1.15 (2) manure management projects remediate or mitigate impacts from facilities with
1.16 less than 1,000 animal units as defined in Minnesota Rules, chapter 7020; and

1.17 (3) drinking water projects remediate the adverse environmental impacts or presence
1.18 of contaminants in private well water and implement best management practices to
1.19 achieve the drinking water standards in Code of Federal Regulations, title 40, parts 141
1.20 and 143, as amended.

1.21 Sec. 2. Minnesota Statutes 2014, section 41A.12, subdivision 2, is amended to read:

1.22 Subd. 2. **Activities authorized.** For the purposes of this program, the commissioner
1.23 may issue grants, loans, or other forms of financial assistance. Eligible activities include,
1.24 but are not limited to, grants to livestock producers under the livestock investment grant
1.25 program under section 17.118, ~~bioenergy awards made by the NextGen Energy Board~~

2.1 ~~under section 41A.105~~, cost-share grants for the installation of biofuel blender pumps, and
2.2 financial assistance to support other rural economic infrastructure activities.

2.3 Sec. 3. Minnesota Statutes 2015 Supplement, section 41A.14, subdivision 1, is
2.4 amended to read:

2.5 Subdivision 1. **Duties; grants.** The agriculture research, education, extension, and
2.6 technology transfer grant program is created. The purpose of the grant program is to
2.7 provide investments that will most efficiently achieve long-term agricultural productivity
2.8 increases through improved infrastructure, vision, and accountability. The scope and
2.9 intent of the grants, to the extent possible, shall provide for a long-term base funding
2.10 that allows the research grantee to continue the functions of the research, education, and
2.11 extension efforts to a practical conclusion. Priority for grants shall be given to human
2.12 infrastructure. The commissioner shall provide grants for:

2.13 (1) agricultural research and technology transfer needs and recipients including but
2.14 not limited to agricultural research and extension at the University of Minnesota, research
2.15 and outreach centers, the College of Food, Agricultural and Natural Resource Sciences,
2.16 the Minnesota Agricultural Experiment Station, University of Minnesota Extension
2.17 Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic
2.18 Laboratory, the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer
2.19 Research and Education Council;

2.20 (2) agriculture rapid response for plant and animal diseases and pests; and

2.21 (3) agricultural education including but not limited to the Minnesota Agriculture
2.22 Education Leadership Council, farm business management, mentoring programs, graduate
2.23 debt forgiveness, and high school programs.

2.24 Sec. 4. Minnesota Statutes 2015 Supplement, section 41A.14, subdivision 2, is
2.25 amended to read:

2.26 Subd. 2. **Advisory panel.** (a) In awarding grants under this section, the
2.27 commissioner must consult with an advisory panel consisting of the following stakeholders:

2.28 (1) a representative of the College of Food, Agricultural and Natural Resource
2.29 Sciences at the University of Minnesota;

2.30 (2) a representative of the Minnesota State Colleges and Universities system;

2.31 (3) a representative of the Minnesota Farm Bureau;

2.32 (4) a representative of the Minnesota Farmers Union;

2.33 (5) a person representing agriculture industry statewide;

3.1 (6) a representative of each of the state commodity councils organized under section
3.2 17.54 and the Minnesota Pork Board;

3.3 (7) a person representing an association of primary manufacturers of forest products;

3.4 (8) a person representing organic or sustainable agriculture; and

3.5 (9) a person representing statewide environment and natural resource conservation
3.6 organizations.

3.7 (b) Members under paragraph (a), clauses (1) to (4) and (6), shall be chosen by their
3.8 respective organizations.

3.9 Sec. 5. Minnesota Statutes 2015 Supplement, section 41A.14, is amended by adding a
3.10 subdivision to read:

3.11 Subd. 4. **Grant awards.** Grant projects may continue for up to five years. Multiyear
3.12 projects must be reevaluated by the commissioner before second, third, fourth, or fifth
3.13 year funding is approved. A project is limited to one grant for its funding.

3.14 Sec. 6. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
3.15 subdivision to read:

3.16 Subd. 2a. **Biobased content.** "Biobased content" means a chemical, polymer,
3.17 monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a
3.18 biobased percentage of at least 51 percent as determined by testing representative samples
3.19 using American Society for Testing and Materials specification D6866.

3.20 Sec. 7. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
3.21 subdivision to read:

3.22 Subd. 2b. **Biobased formulated product.** "Biobased formulated product" means
3.23 a product that is not sold primarily for use as food, feed, or fuel and that has a biobased
3.24 content percentage of at least ten percent as determined by testing representative samples
3.25 using American Society for Testing and Materials specification D6866, or that contains
3.26 a biobased chemical constituent that displaces a known hazardous or toxic constituent
3.27 previously used in the product formulation.

3.28 Sec. 8. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
3.29 subdivision to read:

3.30 Subd. 2c. **Biobutanol.** "Biobutanol" means fermentation isobutyl alcohol that is
3.31 derived from agricultural products, including potatoes, cereal grains, cheese whey, and
3.32 sugar beets; forest products; or other renewable resources, including residue and waste

4.1 generated from the production, processing, and marketing of agricultural products, forest
 4.2 products, and other renewable resources.

4.3 Sec. 9. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
 4.4 subdivision to read:

4.5 Subd. 2d. **Biobutanol facility.** "Biobutanol facility" means a facility at which
 4.6 biobutanol is produced.

4.7 Sec. 10. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
 4.8 subdivision to read:

4.9 Subd. 9a. **Quarterly.** "Quarterly" means any of the following three-month intervals
 4.10 in a calendar year: January through March, April through June, July through September,
 4.11 or October through December.

4.12 Sec. 11. Minnesota Statutes 2015 Supplement, section 41A.15, subdivision 10, is
 4.13 amended to read:

4.14 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with
 4.15 biobased content as defined in section 41A.105, subdivision 1a.

4.16 Sec. 12. Minnesota Statutes 2015 Supplement, section 41A.16, subdivision 1, is
 4.17 amended to read:

4.18 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 4.19 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
 4.20 less from the state border, raw materials may be sourced from within a 100-mile radius.
 4.21 Raw materials must be from agricultural or forestry sources or from solid waste. The
 4.22 facility must be located in Minnesota, must begin production at a specific location by June
 4.23 30, 2025, and must not begin operating above ~~95,000~~ 23,750 MMbtu of ~~annual~~ quarterly
 4.24 biofuel production before July 1, 2015. Eligible facilities include existing companies and
 4.25 facilities that are adding advanced biofuel production capacity, or retrofitting existing
 4.26 capacity, as well as new companies and facilities. Production of conventional corn ethanol
 4.27 and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must
 4.28 produce at least ~~95,000~~ 23,750 MMbtu ~~a year~~ of biofuel quarterly.

4.29 (b) No payments shall be made for advanced biofuel production that occurs after
 4.30 June 30, 2035, for those eligible biofuel producers under paragraph (a).

5.1 (c) An eligible producer of advanced biofuel shall not transfer the producer's
 5.2 eligibility for payments under this section to an advanced biofuel facility at a different
 5.3 location.

5.4 (d) A producer that ceases production for any reason is ineligible to receive
 5.5 payments under this section until the producer resumes production.

5.6 (e) Renewable chemical production for which payment has been received under
 5.7 section 41A.17, and biomass thermal production for which payment has been received
 5.8 under section 41A.18, are not eligible for payment under this section.

5.9 Sec. 13. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 1, is
 5.10 amended to read:

5.11 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program
 5.12 must source at least 80 percent biobased content, ~~as defined in section 41A.105,~~
 5.13 ~~subdivision 1a, clause (1),~~ from Minnesota. If a facility is sited 50 miles or less from the
 5.14 state border, biobased content must be sourced from within a 100-mile radius. Biobased
 5.15 content must be from agricultural or forestry sources or from solid waste. The facility must
 5.16 be located in Minnesota, must begin production at a specific location by June 30, 2025, and
 5.17 must not begin production of ~~3,000,000~~ 750,000 pounds of chemicals ~~annually~~ quarterly
 5.18 before January 1, 2015. Eligible facilities include existing companies and facilities that are
 5.19 adding production capacity, or retrofitting existing capacity, as well as new companies and
 5.20 facilities. Eligible renewable chemical facilities must produce at least ~~3,000,000~~ 750,000
 5.21 pounds ~~per year~~ of renewable chemicals quarterly. Renewable chemicals produced
 5.22 through processes that are fully commercial before January 1, 2000, are not eligible.

5.23 (b) No payments shall be made for renewable chemical production that occurs after
 5.24 June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

5.25 (c) An eligible producer of renewable chemicals shall not transfer the producer's
 5.26 eligibility for payments under this section to a renewable chemical facility at a different
 5.27 location.

5.28 (d) A producer that ceases production for any reason is ineligible to receive
 5.29 payments under this section until the producer resumes production.

5.30 (e) Advanced biofuel production for which payment has been received under section
 5.31 41A.16, and biomass thermal production for which payment has been received under
 5.32 section 41A.18, are not eligible for payment under this section.

5.33 Sec. 14. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 2, is
 5.34 amended to read:

6.1 Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make
6.2 payments to eligible producers of renewable chemicals located in the state. The amount of
6.3 the payment for each producer's annual production is \$0.03 per pound of sugar-derived
6.4 renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of
6.5 cellulosic-derived renewable chemical produced at a specific location for ten years after
6.6 the start of production.

6.7 (b) An eligible facility producing renewable chemicals using agricultural cellulosic
6.8 biomass is eligible for a 20 percent bonus payment for each ~~MMbtu~~ pound produced from
6.9 agricultural biomass that is derived from perennial crop or cover crop biomass.

6.10 (c) Total payments under this section to an eligible renewable chemical producer in
6.11 a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
6.12 chemical production. Total payments under this section to all eligible renewable chemical
6.13 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
6.14 renewable chemical production. The commissioner shall award payments on a first-come,
6.15 first-served basis within the limits of available funding.

6.16 (d) For purposes of this section, an entity that holds a controlling interest in more
6.17 than one renewable chemical production facility is considered a single eligible producer.

6.18 Sec. 15. Minnesota Statutes 2015 Supplement, section 41A.18, subdivision 1, is
6.19 amended to read:

6.20 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
6.21 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
6.22 less from the state border, raw materials should be sourced from within a 100-mile radius.
6.23 Raw materials must be from agricultural or forestry sources. The facility must be located
6.24 in Minnesota, must have begun production at a specific location by June 30, 2025, and
6.25 must not begin before July 1, 2015. Eligible facilities include existing companies and
6.26 facilities that are adding production capacity, or retrofitting existing capacity, as well as
6.27 new companies and facilities. Eligible biomass thermal production facilities must produce
6.28 at least ~~1,000~~ 250 MMbtu ~~per year~~ of biomass thermal quarterly.

6.29 (b) No payments shall be made for biomass thermal production that occurs after June
6.30 30, 2035, for those eligible biomass thermal producers under paragraph (a).

6.31 (c) An eligible producer of biomass thermal production shall not transfer the
6.32 producer's eligibility for payments under this section to a biomass thermal production
6.33 facility at a different location.

6.34 (d) A producer that ceases production for any reason is ineligible to receive
6.35 payments under this section until the producer resumes production.

7.1 (e) Biofuel production for which payment has been received under section 41A.16,
 7.2 and renewable chemical production for which payment has been received under section
 7.3 41A.17, are not eligible for payment under this section.

7.4 Sec. 16. Minnesota Statutes 2015 Supplement, section 116D.04, subdivision 2a,
 7.5 is amended to read:

7.6 Subd. 2a. **When prepared.** Where there is potential for significant environmental
 7.7 effects resulting from any major governmental action, the action shall be preceded by a
 7.8 detailed environmental impact statement prepared by the responsible governmental unit.
 7.9 The environmental impact statement shall be an analytical rather than an encyclopedic
 7.10 document which describes the proposed action in detail, analyzes its significant
 7.11 environmental impacts, discusses appropriate alternatives to the proposed action and
 7.12 their impacts, and explores methods by which adverse environmental impacts of an
 7.13 action could be mitigated. The environmental impact statement shall also analyze those
 7.14 economic, employment, and sociological effects that cannot be avoided should the action
 7.15 be implemented. To ensure its use in the decision-making process, the environmental
 7.16 impact statement shall be prepared as early as practical in the formulation of an action.

7.17 (a) The board shall by rule establish categories of actions for which environmental
 7.18 impact statements and for which environmental assessment worksheets shall be prepared
 7.19 as well as categories of actions for which no environmental review is required under this
 7.20 section. A mandatory environmental assessment worksheet shall not be required for the
 7.21 expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph
 7.22 (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a
 7.23 biobutanol facility as defined in section ~~41A.105~~ 41A.15, subdivision ~~1a~~ 2d, based on
 7.24 the capacity of the expanded or converted facility to produce alcohol fuel, but must be
 7.25 required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other
 7.26 categories of actions for which environmental assessment worksheets must be prepared.
 7.27 The responsible governmental unit for an ethanol plant or biobutanol facility project for
 7.28 which an environmental assessment worksheet is prepared shall be the state agency with
 7.29 the greatest responsibility for supervising or approving the project as a whole.

7.30 A mandatory environmental impact statement shall not be required for a facility
 7.31 or plant located outside the seven-county metropolitan area that produces less than
 7.32 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less
 7.33 than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol plant, as
 7.34 defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined
 7.35 in section ~~41A.105~~ 41A.15, subdivision ~~1a, clause (1)~~ 2d; or a cellulosic biofuel facility.

8.1 A facility or plant that only uses a cellulosic feedstock to produce chemical products for
8.2 use by another facility as a feedstock shall not be considered a fuel conversion facility as
8.3 used in rules adopted under this chapter.

8.4 (b) The responsible governmental unit shall promptly publish notice of the
8.5 completion of an environmental assessment worksheet by publishing the notice in at least
8.6 one newspaper of general circulation in the geographic area where the project is proposed,
8.7 by posting the notice on a Web site that has been designated as the official publication site
8.8 for publication of proceedings, public notices, and summaries of a political subdivision in
8.9 which the project is proposed, or in any other manner determined by the board and shall
8.10 provide copies of the environmental assessment worksheet to the board and its member
8.11 agencies. Comments on the need for an environmental impact statement may be submitted
8.12 to the responsible governmental unit during a 30-day period following publication of the
8.13 notice that an environmental assessment worksheet has been completed. The responsible
8.14 governmental unit's decision on the need for an environmental impact statement shall be
8.15 based on the environmental assessment worksheet and the comments received during the
8.16 comment period, and shall be made within 15 days after the close of the comment period.
8.17 The board's chair may extend the 15-day period by not more than 15 additional days upon
8.18 the request of the responsible governmental unit.

8.19 (c) An environmental assessment worksheet shall also be prepared for a proposed
8.20 action whenever material evidence accompanying a petition by not less than 100
8.21 individuals who reside or own property in the state, submitted before the proposed
8.22 project has received final approval by the appropriate governmental units, demonstrates
8.23 that, because of the nature or location of a proposed action, there may be potential for
8.24 significant environmental effects. Petitions requesting the preparation of an environmental
8.25 assessment worksheet shall be submitted to the board. The chair of the board shall
8.26 determine the appropriate responsible governmental unit and forward the petition to it.
8.27 A decision on the need for an environmental assessment worksheet shall be made by
8.28 the responsible governmental unit within 15 days after the petition is received by the
8.29 responsible governmental unit. The board's chair may extend the 15-day period by not
8.30 more than 15 additional days upon request of the responsible governmental unit.

8.31 (d) Except in an environmentally sensitive location where Minnesota Rules, part
8.32 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental
8.33 review under this chapter and rules of the board, if:

8.34 (1) the proposed action is:

8.35 (i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

9.1 (ii) an expansion of an existing animal feedlot facility with a total cumulative
9.2 capacity of less than 1,000 animal units;

9.3 (2) the application for the animal feedlot facility includes a written commitment by
9.4 the proposer to design, construct, and operate the facility in full compliance with Pollution
9.5 Control Agency feedlot rules; and

9.6 (3) the county board holds a public meeting for citizen input at least ten business
9.7 days prior to the Pollution Control Agency or county issuing a feedlot permit for the
9.8 animal feedlot facility unless another public meeting for citizen input has been held with
9.9 regard to the feedlot facility to be permitted. The exemption in this paragraph is in
9.10 addition to other exemptions provided under other law and rules of the board.

9.11 (e) The board may, prior to final approval of a proposed project, require preparation
9.12 of an environmental assessment worksheet by a responsible governmental unit selected
9.13 by the board for any action where environmental review under this section has not been
9.14 specifically provided for by rule or otherwise initiated.

9.15 (f) An early and open process shall be utilized to limit the scope of the environmental
9.16 impact statement to a discussion of those impacts, which, because of the nature or location
9.17 of the project, have the potential for significant environmental effects. The same process
9.18 shall be utilized to determine the form, content and level of detail of the statement as well
9.19 as the alternatives which are appropriate for consideration in the statement. In addition,
9.20 the permits which will be required for the proposed action shall be identified during the
9.21 scoping process. Further, the process shall identify those permits for which information
9.22 will be developed concurrently with the environmental impact statement. The board
9.23 shall provide in its rules for the expeditious completion of the scoping process. The
9.24 determinations reached in the process shall be incorporated into the order requiring the
9.25 preparation of an environmental impact statement.

9.26 (g) The responsible governmental unit shall, to the extent practicable, avoid
9.27 duplication and ensure coordination between state and federal environmental review
9.28 and between environmental review and environmental permitting. Whenever practical,
9.29 information needed by a governmental unit for making final decisions on permits
9.30 or other actions required for a proposed project shall be developed in conjunction
9.31 with the preparation of an environmental impact statement. When an environmental
9.32 impact statement is prepared for a project requiring multiple permits for which two or
9.33 more agencies' decision processes include either mandatory or discretionary hearings
9.34 before a hearing officer prior to the agencies' decision on the permit, the agencies
9.35 may, notwithstanding any law or rule to the contrary, conduct the hearings in a single
9.36 consolidated hearing process if requested by the proposer. All agencies having jurisdiction

10.1 over a permit that is included in the consolidated hearing shall participate. The responsible
 10.2 governmental unit shall establish appropriate procedures for the consolidated hearing
 10.3 process, including procedures to ensure that the consolidated hearing process is consistent
 10.4 with the applicable requirements for each permit regarding the rights and duties of parties to
 10.5 the hearing, and shall utilize the earliest applicable hearing procedure to initiate the hearing.

10.6 (h) An environmental impact statement shall be prepared and its adequacy
 10.7 determined within 280 days after notice of its preparation unless the time is extended by
 10.8 consent of the parties or by the governor for good cause. The responsible governmental
 10.9 unit shall determine the adequacy of an environmental impact statement, unless within 60
 10.10 days after notice is published that an environmental impact statement will be prepared,
 10.11 the board chooses to determine the adequacy of an environmental impact statement. If an
 10.12 environmental impact statement is found to be inadequate, the responsible governmental
 10.13 unit shall have 60 days to prepare an adequate environmental impact statement.

10.14 (i) The proposer of a specific action may include in the information submitted to the
 10.15 responsible governmental unit a preliminary draft environmental impact statement under
 10.16 this section on that action for review, modification, and determination of completeness and
 10.17 adequacy by the responsible governmental unit. A preliminary draft environmental impact
 10.18 statement prepared by the project proposer and submitted to the responsible governmental
 10.19 unit shall identify or include as an appendix all studies and other sources of information
 10.20 used to substantiate the analysis contained in the preliminary draft environmental impact
 10.21 statement. The responsible governmental unit shall require additional studies, if needed,
 10.22 and obtain from the project proposer all additional studies and information necessary for
 10.23 the responsible governmental unit to perform its responsibility to review, modify, and
 10.24 determine the completeness and adequacy of the environmental impact statement.

10.25 Sec. 17. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4,
 10.26 is amended to read:

10.27	Subd. 4. Agriculture, Bioenergy, and		
10.28	Bioproduct Advancement	14,993,000	19,010,000
10.29	\$4,483,000 the first year and \$8,500,000 the		
10.30	second year are for transfer to the agriculture		
10.31	research, education, extension, and		
10.32	technology transfer account under Minnesota		
10.33	Statutes, section 41A.14, subdivision 3.		
10.34	The transfer in this paragraph includes		
10.35	money for plant breeders at the University		

11.1 of Minnesota for wild rice, potatoes, and
11.2 grapes. Of these amounts, at least \$600,000
11.3 each year is for ~~agriculture rapid response~~
11.4 the Minnesota Agricultural Experiment
11.5 Station's Agriculture Rapid Response Fund
11.6 under Minnesota Statutes, section 41A.14,
11.7 subdivision 1, clause (2). Of the amount
11.8 appropriated in this paragraph, \$1,000,000
11.9 each year is for transfer to the Board of
11.10 Regents of the University of Minnesota for
11.11 research to determine (1) what is causing
11.12 avian influenza, (2) why some fowl are more
11.13 susceptible, and (3) prevention measures that
11.14 can be taken. Of the amount appropriated
11.15 in this paragraph, \$2,000,000 each year
11.16 is for grants to the Minnesota Agriculture
11.17 Education Leadership Council to enhance
11.18 agricultural education with priority given
11.19 to Farm Business Management challenge
11.20 grants.

11.21 To the extent practicable, funds expended
11.22 under Minnesota Statutes, section 41A.14,
11.23 subdivision 1, clauses (1) and (2), must
11.24 supplement and not supplant existing sources
11.25 and levels of funding. The commissioner may
11.26 use up to 4.5 percent of this appropriation
11.27 for costs incurred to administer the program.

11.28 Any unencumbered balance does not cancel
11.29 at the end of the first year and is available for
11.30 the second year. Notwithstanding Minnesota
11.31 Statutes, section 16A.28, the appropriations
11.32 encumbered under contract on or before June
11.33 30, 2017, for agricultural growth, research,
11.34 and innovation grants are available until June
11.35 30, 2021.

12.1 \$10,235,000 the first year and \$10,235,000
12.2 the second year are for the agricultural
12.3 growth, research, and innovation program
12.4 in Minnesota Statutes, section 41A.12. No
12.5 later than February 1, 2016, and February
12.6 1, 2017, the commissioner must report to
12.7 the legislative committees with jurisdiction
12.8 over agriculture policy and finance regarding
12.9 the commissioner's accomplishments
12.10 and anticipated accomplishments in
12.11 the following areas: facilitating the
12.12 start-up, modernization, or expansion of
12.13 livestock operations including beginning
12.14 and transitioning livestock operations;
12.15 developing new markets for Minnesota
12.16 farmers by providing more fruits, vegetables,
12.17 meat, grain, and dairy for Minnesota school
12.18 children; assisting value-added agricultural
12.19 businesses to begin or expand, access new
12.20 markets, or diversify products; developing
12.21 urban agriculture; facilitating the start-up,
12.22 modernization, or expansion of other
12.23 beginning and transitioning farms including
12.24 loans under Minnesota Statutes, section
12.25 41B.056; sustainable agriculture on farm
12.26 research and demonstration; development or
12.27 expansion of food hubs and other alternative
12.28 community-based food distribution systems;
12.29 and research on bioenergy, biobased content,
12.30 or biobased formulated products and other
12.31 renewable energy development. The
12.32 commissioner may use up to 4.5 percent
12.33 of this appropriation for costs incurred to
12.34 administer the program. Any unencumbered
12.35 balance does not cancel at the end of the first
12.36 year and is available for the second year.

13.1 Notwithstanding Minnesota Statutes, section
13.2 16A.28, the appropriations encumbered
13.3 under contract on or before June 30, 2017, for
13.4 agricultural growth, research, and innovation
13.5 grants are available until June 30, 2019.

13.6 The commissioner may use funds
13.7 appropriated for the agricultural growth,
13.8 research, and innovation program as provided
13.9 in this paragraph. The commissioner may
13.10 award grants to owners of Minnesota
13.11 facilities producing bioenergy, biobased
13.12 content, or a biobased formulated product;
13.13 to organizations that provide for on-station,
13.14 on-farm field scale research and outreach to
13.15 develop and test the agronomic and economic
13.16 requirements of diverse strands of prairie
13.17 plants and other perennials for bioenergy
13.18 systems; or to certain nongovernmental
13.19 entities. For the purposes of this paragraph,
13.20 "bioenergy" includes transportation fuels
13.21 derived from cellulosic material, as well as
13.22 the generation of energy for commercial heat,
13.23 industrial process heat, or electrical power
13.24 from cellulosic materials via gasification or
13.25 other processes. Grants are limited to 50
13.26 percent of the cost of research, technical
13.27 assistance, or equipment related to bioenergy,
13.28 biobased content, or biobased formulated
13.29 product production or \$500,000, whichever
13.30 is less. Grants to nongovernmental entities
13.31 for the development of business plans and
13.32 structures related to community ownership
13.33 of eligible bioenergy facilities together may
13.34 not exceed \$150,000. The commissioner
13.35 shall make a good-faith effort to select
13.36 projects that have merit and, when taken

14.1 together, represent a variety of bioenergy
14.2 technologies, biomass feedstocks, and
14.3 geographic regions of the state. Projects
14.4 must have a qualified engineer provide
14.5 certification on the technology and fuel
14.6 source. Grantees must provide reports at the
14.7 request of the commissioner.

14.8 Of the amount appropriated for the
14.9 agricultural growth, research, and innovation
14.10 program in this subdivision, \$1,000,000 the
14.11 first year and \$1,000,000 the second year
14.12 are for distribution in equal amounts to each
14.13 of the state's county fairs to preserve and
14.14 promote Minnesota agriculture.

14.15 Of the amount appropriated for the
14.16 agricultural growth, research, and innovation
14.17 program in this subdivision, \$500,000 in
14.18 fiscal year 2016 and \$1,500,000 in fiscal
14.19 year 2017 are for incentive payments
14.20 under Minnesota Statutes, sections 41A.16,
14.21 41A.17, and 41A.18. If the appropriation
14.22 exceeds the total amount for which all
14.23 producers are eligible in a fiscal year, the
14.24 balance of the appropriation is available
14.25 to the commissioner for the agricultural
14.26 growth, research, and innovation program.

14.27 Notwithstanding Minnesota Statutes,
14.28 section 16A.28, the first year appropriation
14.29 is available until June 30, 2017, and the
14.30 second year appropriation is available until
14.31 June 30, 2018. The commissioner may use
14.32 up to 4.5 percent of the appropriation for
14.33 administration of the incentive payment
14.34 programs.

15.1 Of the amount appropriated for the
15.2 agricultural growth, research, and innovation
15.3 program in this subdivision, \$250,000
15.4 the first year is for grants to communities
15.5 to develop or expand food hubs and
15.6 other alternative community-based food
15.7 distribution systems. Of this amount,
15.8 \$50,000 is for the commissioner to consult
15.9 with existing food hubs, alternative
15.10 community-based food distribution systems,
15.11 and University of Minnesota Extension
15.12 to identify best practices for use by other
15.13 Minnesota communities. No later than
15.14 December 15, 2015, the commissioner must
15.15 report to the legislative committees with
15.16 jurisdiction over agriculture and health
15.17 regarding the status of emerging alternative
15.18 community-based food distribution systems
15.19 in the state along with recommendations
15.20 to eliminate any barriers to success. Any
15.21 unencumbered balance does not cancel at the
15.22 end of the first year and is available for the
15.23 second year. This is a onetime appropriation.
15.24 \$250,000 the first year and \$250,000 the
15.25 second year are for grants that enable
15.26 retail petroleum dispensers to dispense
15.27 biofuels to the public in accordance with the
15.28 biofuel replacement goals established under
15.29 Minnesota Statutes, section 239.7911. A
15.30 retail petroleum dispenser selling petroleum
15.31 for use in spark ignition engines for vehicle
15.32 model years after 2000 is eligible for grant
15.33 money under this paragraph if the retail
15.34 petroleum dispenser has no more than 15
15.35 retail petroleum dispensing sites and each
15.36 site is located in Minnesota. The grant

16.1 money received under this paragraph must
16.2 be used for the installation of appropriate
16.3 technology that uses fuel dispensing
16.4 equipment appropriate for at least one fuel
16.5 dispensing site to dispense gasoline that is
16.6 blended with 15 percent of agriculturally
16.7 derived, denatured ethanol, by volume, and
16.8 appropriate technical assistance related to
16.9 the installation. A grant award must not
16.10 exceed 85 percent of the cost of the technical
16.11 assistance and appropriate technology,
16.12 including remetering of and retrofits for
16.13 retail petroleum dispensers and replacement
16.14 of petroleum dispenser projects. The
16.15 commissioner may use up to \$35,000 of this
16.16 appropriation for administrative expenses.
16.17 The commissioner shall cooperate with
16.18 biofuel stakeholders in the implementation
16.19 of the grant program. The commissioner
16.20 must report to the legislative committees
16.21 with jurisdiction over agriculture policy and
16.22 finance by February 1 each year, detailing
16.23 the number of grants awarded under this
16.24 paragraph and the projected effect of the grant
16.25 program on meeting the biofuel replacement
16.26 goals under Minnesota Statutes, section
16.27 239.7911. These are onetime appropriations.
16.28 \$25,000 the first year and \$25,000 the second
16.29 year are for grants to the Southern Minnesota
16.30 Initiative Foundation to promote local foods
16.31 through an annual event that raises public
16.32 awareness of local foods and connects local
16.33 food producers and processors with potential
16.34 buyers.

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

17.1 Sec. 18. Laws 2015, First Special Session chapter 4, article 1, section 5, is amended to
17.2 read:

17.3 Sec. 5. **AVIAN INFLUENZA RESPONSE ACTIVITIES; EMERGENCY**
17.4 **PREPAREDNESS; APPROPRIATIONS AND TRANSFERS.**

17.5 (a) \$3,619,000 is appropriated from the general fund in fiscal year 2016 to the
17.6 commissioner of agriculture for ~~avian influenza~~ emergency response and preparedness
17.7 activities for avian influenza and other agricultural emergencies. The commissioner may
17.8 use money appropriated under this paragraph to prepare for and respond to avian influenza
17.9 and other agricultural emergencies, purchase necessary euthanasia and composting
17.10 equipment, and to reimburse costs incurred by local units of government directly related
17.11 to avian influenza emergency response and preparedness activities that are not eligible for
17.12 federal reimbursement. This appropriation is available the day following final enactment
17.13 until June 30, ~~2017~~ 2019.

17.14 (b) \$1,853,000 is appropriated from the general fund in fiscal year 2016 to the
17.15 Board of Animal Health for avian influenza emergency response activities. The Board
17.16 may use money appropriated under this paragraph to purchase necessary euthanasia and
17.17 composting equipment and to retain trained staff. This appropriation is available the day
17.18 following final enactment until June 30, 2017.

17.19 (c) \$103,000 is appropriated from the general fund in fiscal year 2016 to the
17.20 commissioner of health for avian influenza emergency response activities. This
17.21 appropriation is available the day following final enactment until June 30, 2017.

17.22 (d) \$350,000 is appropriated from the general fund in fiscal year 2016 to the
17.23 commissioner of natural resources for sampling wild animals to detect and monitor the
17.24 avian influenza virus. This appropriation may also be used to conduct serology sampling,
17.25 in consultation with the Board of Animal Health and the University of Minnesota Pomeroy
17.26 Chair in Avian Health, from birds within a control zone and outside of a control zone.
17.27 This appropriation is available the day following final enactment until June 30, 2017.

17.28 (e) \$544,000 is appropriated from the general fund in fiscal year 2016 to the
17.29 commissioner of public safety to operate the State Emergency Operation Center in
17.30 coordination with the statewide avian influenza response activities. Appropriations
17.31 under this paragraph may also be used to support a staff person at the state's agricultural
17.32 incident command post in Willmar. This appropriation is available the day following final
17.33 enactment until June 30, 2017.

17.34 (f) The commissioner of management and budget may transfer unexpended balances
17.35 from the appropriations in this section to any state agency for operating expenses related
17.36 to avian influenza emergency response activities. The commissioner of management and

18.1 budget must report each transfer to the chairs and ranking minority members of the senate
18.2 Committee on Finance and the house of representatives Committee on Ways and Means.

18.3 (g) In addition to the transfers required under Laws 2015, chapter 65, article 1,
18.4 section 17, no later than September 30, 2015, the commissioner of management and
18.5 budget must transfer \$4,400,000 from the fiscal year 2015 closing balance in the general
18.6 fund to the disaster assistance contingency account in Minnesota Statutes, section 12.221,
18.7 subdivision 6. This amount is available for avian influenza emergency response activities
18.8 as provided in Laws 2015, chapter 65, article 1, section 18.

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