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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4366

03/17/2022 Authored by Sundin, Vang, Klevorn, Lippert, Ecklund and others
The bill was read for the first time and referred to the Committee on Agriculture Finance and Policy

1.1 A bill for an act
1.2 relating to agriculture; establishing cooperative grants for farmers; establishing
1.3 the grain indemnity fund; making policy and technical changes to agricultural
1.4 provisions; providing criminal penalties; appropriating money; amending Minnesota
1.5 Statutes 2020, sections 17.041, subdivision 1; 17.117, subdivisions 9, 9a, 10, 11,
1.6 11a; 17.118, subdivisions 1, 3, 4; 41B.047, subdivision 3; 223.17, subdivisions 7,
1.7 7a; 223.175; 223.19; 232.22, subdivision 5; Minnesota Statutes 2021 Supplement,
1.8 section 41A.21, subdivisions 2, 6; Laws 2021, First Special Session chapter 3,
1.9 article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters
1.10 17; 103F; 223; repealing Minnesota Statutes 2020, sections 223.17, subdivisions
1.11 4, 8; 232.22, subdivisions 4, 6, 6a, 7.

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

1.13 ARTICLE 1
1.14 AGRICULTURE APPROPRIATIONS

1.15 Section 1. Laws 2021, First Special Session chapter 3, article 1, section 2, is amended to
1.16 read:

1.17 Sec. 2. DEPARTMENT OF AGRICULTURE

1.18 Subdivision 1. Total Appropriation \$ 59,303,000 \$ 59,410,000
1.19 \$ 98,460,000

Table with 3 columns: Fund Name, 2022, 2023. Rows include General and Remediation.

2.1 The amounts that may be spent for each
 2.2 purpose are specified in the following
 2.3 subdivisions.

2.4 **Subd. 2. Protection Services**

2.5	Appropriations by Fund	
2.6	2022	2023
2.7		19,610,000
2.8	General	<u>38,710,000</u>
2.9	Remediation	399,000

2.10 (a) \$399,000 the first year and \$399,000 the
 2.11 second year are from the remediation fund for
 2.12 administrative funding for the voluntary
 2.13 cleanup program.

2.14 (b) \$175,000 the first year and \$175,000 the
 2.15 second year are for compensation for
 2.16 destroyed or crippled livestock under
 2.17 Minnesota Statutes, section 3.737. The first
 2.18 year appropriation may be spent to compensate
 2.19 for livestock that were destroyed or crippled
 2.20 during fiscal year 2021. If the amount in the
 2.21 first year is insufficient, the amount in the
 2.22 second year is available in the first year. The
 2.23 commissioner may use up to \$5,000 each year
 2.24 to reimburse expenses incurred by university
 2.25 extension educators to provide fair market
 2.26 values of destroyed or crippled livestock. If
 2.27 the commissioner receives federal dollars to
 2.28 pay claims for destroyed or crippled livestock,
 2.29 an equivalent amount of this appropriation
 2.30 may be used to reimburse nonlethal prevention
 2.31 methods performed by federal wildlife services
 2.32 staff.

2.33 (c) \$155,000 the first year and \$155,000 the
 2.34 second year are for compensation for crop
 2.35 damage under Minnesota Statutes, section

3.1 3.7371. If the amount in the first year is
3.2 insufficient, the amount in the second year is
3.3 available in the first year. The commissioner
3.4 may use up to \$10,000 of the appropriation
3.5 each year to reimburse expenses incurred by
3.6 the commissioner or the commissioner's
3.7 approved agent to investigate and resolve
3.8 claims, as well as for costs associated with
3.9 training for approved agents. The
3.10 commissioner may use up to \$20,000 of the
3.11 appropriation each year to make grants to
3.12 producers for measures to protect stored crops
3.13 from elk damage.

3.14 If the commissioner determines that claims
3.15 made under Minnesota Statutes, section 3.737
3.16 or 3.7371, are unusually high, amounts
3.17 appropriated for either program may be
3.18 transferred to the appropriation for the other
3.19 program.

3.20 (d) \$225,000 the first year and \$225,000 the
3.21 second year are for additional funding for the
3.22 noxious weed and invasive plant program.

3.23 (e) \$1,000,000 the second year is for a transfer
3.24 to the noxious weed and invasive plant species
3.25 assistance account established under
3.26 Minnesota Statutes, section 18.89, for grants
3.27 to local units of government and Tribal
3.28 Nations for noxious weed detection, control,
3.29 and management. This is a onetime
3.30 appropriation.

3.31 ~~(e)~~ (f) \$50,000 the first year is for additional
3.32 funding for the industrial hemp program for
3.33 IT development. This is a onetime
3.34 appropriation and is available until June 30,
3.35 2023.

4.1 ~~(f)~~ (g) \$110,000 the first year and \$110,000
4.2 the second year are for additional meat and
4.3 poultry inspection services. The commissioner
4.4 is encouraged to seek inspection waivers,
4.5 matching federal dollars, and offer more online
4.6 inspections for the purposes under this
4.7 paragraph.

4.8 ~~(g)~~ (h) \$825,000 the first year and \$825,000
4.9 the second year are to replace capital
4.10 equipment in the Department of Agriculture's
4.11 analytical laboratory.

4.12 ~~(h)~~ (i) \$274,000 the first year and \$550,000
4.13 the second year are to maintain the current
4.14 level of service delivery.

4.15 (j) \$5,000,000 the second year is for a transfer
4.16 to the grain indemnity fund established under
4.17 Minnesota Statutes, section 223.24. This is a
4.18 onetime appropriation.

4.19 (k) \$100,000 the second year is to support
4.20 laboratory testing for the Minnesota meat and
4.21 poultry inspection program. The base for this
4.22 appropriation is \$50,000 in fiscal year 2024
4.23 and thereafter.

4.24 (l) \$3,000,000 the second year is for grants to
4.25 fund the Forever Green Agriculture Initiative
4.26 at the University of Minnesota. The purpose
4.27 of funding is to drive development of
4.28 decentralized and regionalized supply chains
4.29 for continuous living crops including a range
4.30 of pilot supply chain projects which may
4.31 include risk management, postproduction,
4.32 processing, distribution, and marketing for
4.33 continuous living crops. This is a onetime
4.34 appropriation. Notwithstanding Minnesota

5.1 Statutes, section 16A.28, appropriations
 5.2 encumbered under contract on or before June
 5.3 30, 2023, are available until June 30, 2026.

5.4 (m) \$10,000,000 the second year is
 5.5 appropriated from the general fund to the
 5.6 commissioner of agriculture for the soil health
 5.7 financial assistance program. This amount is
 5.8 available until expended. The base
 5.9 appropriation under this section in fiscal year
 5.10 2024 and thereafter is \$1,000,000.

5.11	Subd. 3. Agricultural Marketing and		4,205,000
5.12	Development	4,200,000	<u>5,855,000</u>

5.13 (a) \$186,000 the first year and \$186,000 the
 5.14 second year are for transfer to the Minnesota
 5.15 grown account and may be used as grants for
 5.16 Minnesota grown promotion under Minnesota
 5.17 Statutes, section 17.102. Grants may be made
 5.18 for one year. Notwithstanding Minnesota
 5.19 Statutes, section 16A.28, the appropriations
 5.20 encumbered under contract on or before June
 5.21 30, 2023, for Minnesota grown grants in this
 5.22 paragraph are available until June 30, 2025.

5.23 (b) \$50,000 the first year is to expand
 5.24 international marketing opportunities for
 5.25 farmers and value-added processors, including
 5.26 in-market representation in Taiwan. This is a
 5.27 onetime appropriation and is available until
 5.28 June 30, 2023.

5.29 (c) \$634,000 the first year and \$634,000 the
 5.30 second year are for continuation of the dairy
 5.31 development and profitability enhancement
 5.32 programs including dairy profitability teams
 5.33 and dairy business planning grants under
 5.34 Minnesota Statutes, section 32D.30.

6.1 (d) \$50,000 the first year and \$50,000 the
6.2 second year are for additional funding for
6.3 mental health outreach and support to farmers
6.4 and others in the agricultural community,
6.5 including a 24-hour hotline, stigma reduction,
6.6 and educational offerings. These are onetime
6.7 appropriations.

6.8 (e) The commissioner may use funds
6.9 appropriated in this subdivision for annual
6.10 cost-share payments to resident farmers or
6.11 entities that sell, process, or package
6.12 agricultural products in this state for the costs
6.13 of organic certification. The commissioner
6.14 may allocate these funds for assistance to
6.15 persons transitioning from conventional to
6.16 organic agriculture.

6.17 (f) \$100,000 the first year and \$100,000 the
6.18 second year are for the farm safety grant and
6.19 outreach programs under Minnesota Statutes,
6.20 section 17.1195. Notwithstanding Minnesota
6.21 Statutes, section 16A.28, any unencumbered
6.22 balance does not cancel at the end of the first
6.23 year and is available in the second year. These
6.24 are onetime appropriations.

6.25 (g) \$54,000 the first year and \$109,000 the
6.26 second year are to maintain the current level
6.27 of service delivery.

6.28 (h) \$1,500,000 the second year is available to
6.29 create and implement a program to support
6.30 farmers markets and direct marketing
6.31 producers. Of this amount, \$1,000,000 is for
6.32 a grant to the Minnesota Farmers' Market
6.33 Association for awards to farmers' markets
6.34 not exceeding \$5,000 per market location for
6.35 equipment and infrastructure. The Minnesota

7.1 Farmers' Market Association may use up to
 7.2 6.5 percent of the grant awarded under this
 7.3 paragraph for administrative expenses. This
 7.4 is a onetime appropriation and is available
 7.5 until June 30, 2024.

7.6 (i) \$150,000 the second year is to create and
 7.7 implement a program, including grants and
 7.8 other forms of financial assistance for
 7.9 specialty crop growers and value-added
 7.10 businesses transitioning to sustainable
 7.11 packaging solutions. The commissioner may
 7.12 give preference to producers that must comply
 7.13 with Food Safety Modernization Act
 7.14 requirements. This is a onetime appropriation
 7.15 and is available until June 30, 2024.

7.16	Subd. 4. Agriculture, Bioenergy, and Bioproduct		<u>25,357,000</u>
7.17	Advancement	25,343,000	<u>32,157,000</u>

7.18 (a) \$9,300,000 the first year and \$9,300,000
 7.19 the second year are for transfer to the
 7.20 agriculture research, education, extension, and
 7.21 technology transfer account under Minnesota
 7.22 Statutes, section 41A.14, subdivision 3. Of
 7.23 these amounts: at least \$600,000 the first year
 7.24 and \$600,000 the second year are for the
 7.25 Minnesota Agricultural Experiment Station's
 7.26 agriculture rapid response fund under
 7.27 Minnesota Statutes, section 41A.14,
 7.28 subdivision 1, clause (2); \$2,000,000 the first
 7.29 year and \$2,000,000 the second year are for
 7.30 grants to the Minnesota Agriculture Education
 7.31 Leadership Council to enhance agricultural
 7.32 education with priority given to Farm Business
 7.33 Management challenge grants; \$350,000 the
 7.34 first year and \$350,000 the second year are
 7.35 for potato breeding; and \$450,000 the first

8.1 year and \$450,000 the second year are for the
8.2 cultivated wild rice breeding project at the
8.3 North Central Research and Outreach Center
8.4 to include a tenure track/research associate
8.5 plant breeder. The commissioner shall transfer
8.6 the remaining funds in this appropriation each
8.7 year to the Board of Regents of the University
8.8 of Minnesota for purposes of Minnesota
8.9 Statutes, section 41A.14. Of the amount
8.10 transferred to the Board of Regents, up to
8.11 \$1,000,000 each year is for research on avian
8.12 influenza, salmonella, and other turkey-related
8.13 diseases. By January 15, 2023, entities
8.14 receiving grants for potato breeding and wild
8.15 rice breeding are requested to report to the
8.16 chairs and ranking minority members of the
8.17 legislative committees with jurisdiction over
8.18 agriculture and higher education regarding the
8.19 use of the grant money and to provide an
8.20 update on the status of research and related
8.21 accomplishments.

8.22 To the extent practicable, money expended
8.23 under Minnesota Statutes, section 41A.14,
8.24 subdivision 1, clauses (1) and (2), must
8.25 supplement and not supplant existing sources
8.26 and levels of funding. The commissioner may
8.27 use up to one percent of this appropriation for
8.28 costs incurred to administer the program.

8.29 (b) ~~\$16,028,000~~ the first year and ~~\$16,028,000~~
8.30 \$22,828,000 the second year are for the
8.31 agricultural growth, research, and innovation
8.32 program under Minnesota Statutes, section
8.33 41A.12. Except as provided below, the
8.34 commissioner may allocate the appropriation
8.35 each year among the following areas:

9.1 facilitating the start-up, modernization,
9.2 improvement, or expansion of livestock
9.3 operations including beginning and
9.4 transitioning livestock operations with
9.5 preference given to robotic dairy-milking
9.6 equipment; providing funding not to exceed
9.7 \$800,000 each year to develop and enhance
9.8 farm-to-school markets for Minnesota farmers
9.9 by providing more fruits, vegetables, meat,
9.10 grain, and dairy for Minnesota children in
9.11 school and child care settings including, at the
9.12 commissioner's discretion, reimbursing
9.13 schools for purchases from local farmers;
9.14 assisting value-added agricultural businesses
9.15 to begin or expand, to access new markets, or
9.16 to diversify, including aquaponics systems;
9.17 providing funding not to exceed \$600,000
9.18 each year for urban youth agricultural
9.19 education or urban agriculture community
9.20 development of which \$10,000 each year is
9.21 for transfer to the emerging farmer account
9.22 under Minnesota Statutes, section 17.055,
9.23 subdivision 1a; providing funding not to
9.24 exceed \$450,000 each year for the good food
9.25 access program under Minnesota Statutes,
9.26 section 17.1017; facilitating the start-up,
9.27 modernization, or expansion of other
9.28 beginning and transitioning farms including
9.29 by providing loans under Minnesota Statutes,
9.30 section 41B.056; sustainable agriculture
9.31 on-farm research and demonstration;
9.32 development or expansion of food hubs and
9.33 other alternative community-based food
9.34 distribution systems; enhancing renewable
9.35 energy infrastructure and use; crop research;
9.36 Farm Business Management tuition assistance;

10.1 and good agricultural practices and good
10.2 handling practices certification assistance. The
10.3 commissioner may use up to 6.5 percent of
10.4 this appropriation for costs incurred to
10.5 administer the program.

10.6 Of the amount appropriated for the agricultural
10.7 growth, research, and innovation program
10.8 under Minnesota Statutes, section 41A.12:

10.9 (1) \$1,000,000 the first year and \$1,000,000
10.10 the second year are for distribution in equal
10.11 amounts to each of the state's county fairs to
10.12 preserve and promote Minnesota agriculture;

10.13 (2) \$4,500,000 the first year and \$4,500,000
10.14 the second year are for incentive payments
10.15 under Minnesota Statutes, sections 41A.16,
10.16 41A.17, 41A.18, and 41A.20. Notwithstanding
10.17 Minnesota Statutes, section 16A.28, the first
10.18 year appropriation is available until June 30,
10.19 2023, and the second year appropriation is
10.20 available until June 30, 2024. If this
10.21 appropriation exceeds the total amount for
10.22 which all producers are eligible in a fiscal
10.23 year, the balance of the appropriation is
10.24 available for other purposes under this
10.25 paragraph;

10.26 (3) \$3,000,000 the first year and \$3,000,000
10.27 the second year are for grants that enable retail
10.28 petroleum dispensers, fuel storage tanks, and
10.29 other equipment to dispense biofuels to the
10.30 public in accordance with the biofuel
10.31 replacement goals established under
10.32 Minnesota Statutes, section 239.7911. A retail
10.33 petroleum dispenser selling petroleum for use
10.34 in spark ignition engines for vehicle model
10.35 years after 2000 is eligible for grant money

11.1 under this clause if the retail petroleum
11.2 dispenser has no more than 10 retail petroleum
11.3 dispensing sites and each site is located in
11.4 Minnesota. The grant money must be used to
11.5 replace or upgrade equipment that does not
11.6 have the ability to be certified for E25. A grant
11.7 award must not exceed 65 percent of the cost
11.8 of the appropriate technology. A grant award
11.9 must not exceed \$200,000 per station. The
11.10 commissioner must cooperate with biofuel
11.11 stakeholders in the implementation of the grant
11.12 program. The commissioner, in cooperation
11.13 with any economic or community development
11.14 financial institution and any other entity with
11.15 which it contracts, must submit a report on the
11.16 biofuels infrastructure financial assistance
11.17 program by January 15 of each year to the
11.18 chairs and ranking minority members of the
11.19 legislative committees and divisions with
11.20 jurisdiction over agriculture policy and
11.21 finance. The annual report must include but
11.22 not be limited to a summary of the following
11.23 metrics: (i) the number and types of projects
11.24 financed; (ii) the amount of dollars leveraged
11.25 or matched per project; (iii) the geographic
11.26 distribution of financed projects; (iv) any
11.27 market expansion associated with upgraded
11.28 infrastructure; (v) the demographics of the
11.29 areas served; (vi) the costs of the program;
11.30 and (vii) the number of grants to
11.31 minority-owned or female-owned businesses;
11.32 (4) \$750,000 the first year and ~~\$750,000~~
11.33 \$3,750,000 the second year are for grants to
11.34 facilitate the start-up, modernization, or
11.35 expansion of meat, poultry, egg, and milk
11.36 processing facilities. A grant award under this

12.1 clause must not exceed \$200,000. Any
12.2 unencumbered balance at the end of the second
12.3 year does not cancel until June 30, 2024, and
12.4 may be used for other purposes under this
12.5 paragraph. The appropriations under this
12.6 clause are onetime; ~~and~~
12.7 (5) \$1,400,000 the first year and \$1,400,000
12.8 the second year are for livestock investment
12.9 grants under Minnesota Statutes, section
12.10 17.118. Any unencumbered balance at the end
12.11 of the second year does not cancel until June
12.12 30, 2024, and may be used for other purposes
12.13 under this paragraph. The appropriations under
12.14 this clause are onetime;

12.15 (6) \$250,000 the second year is to expand the
12.16 new markets cost-share program, including
12.17 developing food safety plans, such as HACCP,
12.18 and assisting with businesses moving from
12.19 cottage food exemptions to food handling
12.20 licenses. Any unencumbered balance at the
12.21 end of the second year does not cancel and is
12.22 available until June 30, 2024. The base
12.23 appropriation under this paragraph in fiscal
12.24 year 2024 and thereafter is \$125,000;

12.25 (7) \$1,500,000 the second year is for grants
12.26 to federally recognized economic development
12.27 districts to assist small- to medium-sized meat
12.28 and poultry processors hiring new employees.
12.29 New employees at eligible meat and poultry
12.30 processing plants may receive up to \$10,000
12.31 in the form of sign-on bonuses, relocation
12.32 assistance, retention incentives, child care
12.33 stipends, training reimbursement, and other
12.34 related expenses. To be eligible, meat and
12.35 poultry processors must be licensed by the

13.1 state of Minnesota and have fewer than 150
13.2 employees. No individual processor may
13.3 receive more than \$50,000 under this
13.4 paragraph. The base appropriation under this
13.5 paragraph in fiscal year 2024 and thereafter
13.6 is \$750,000;

13.7 (8) \$1,000,000 the second year is for grants
13.8 that facilitate the start-up, modernization, or
13.9 expansion of grocery stores, corner stores,
13.10 farmers' markets, and related food retailers.
13.11 Eligible activities include purchasing
13.12 equipment or upgrading infrastructure to
13.13 respond to community needs, maintain or
13.14 create service in a community, or improve
13.15 energy efficiency. Any unencumbered balance
13.16 at the end of the second year does not cancel
13.17 until June 30, 2024, and may be used for other
13.18 purposes under this paragraph. The base
13.19 appropriation under this paragraph in fiscal
13.20 year 2024 and thereafter is \$250,000;

13.21 (9) \$250,000 the second year is to expand
13.22 co-packing and shared cold storage capacity
13.23 through grants to co-packers, commercial
13.24 kitchens, restaurants, community entities with
13.25 the capacity to provide commercial production
13.26 space, and cold storage facilities. The base
13.27 appropriation under this paragraph in fiscal
13.28 year 2024 and thereafter is \$125,000;

13.29 (10) \$300,000 the second year is for farm
13.30 business management tuition assistance with
13.31 priority to specialty crop farmers, urban
13.32 farmers, and farmers facing mediation, and
13.33 support for new urban and specialty crop
13.34 instructor positions, including translation and
13.35 outreach. Any unencumbered balance at the

14.1 end of the second year does not cancel and is
14.2 available until June 30, 2024. The base
14.3 appropriation under this paragraph in fiscal
14.4 year 2024 and thereafter is \$100,000; and
14.5 (11) \$500,000 the second year is for grants to
14.6 local governments, regional planning and
14.7 economic development organizations, and
14.8 Tribal governments for planning and plan
14.9 implementation activities for value-added food
14.10 and agricultural economic development.
14.11 Eligible activities include economic
14.12 development planning, reviewing and
14.13 modifying zoning ordinances, assessing and
14.14 addressing infrastructure and capital
14.15 improvement needs such as co-packing and
14.16 community kitchens, increasing access for
14.17 emerging farmers, and similar efforts focused
14.18 on helping communities take advantage of
14.19 local and regional food and agricultural
14.20 resources to revitalize their economies. Any
14.21 unencumbered balance at the end of the second
14.22 year does not cancel and is available until June
14.23 30, 2024. The base appropriation under this
14.24 paragraph in fiscal year 2024 and thereafter
14.25 is \$250,000.

14.26 Notwithstanding Minnesota Statutes, section
14.27 16A.28, any unencumbered balance does not
14.28 cancel at the end of the first year and is
14.29 available for the second year, and
14.30 appropriations encumbered under contract on
14.31 or before June 30, 2023, for agricultural
14.32 growth, research, and innovation grants are
14.33 available until June 30, 2026.

14.34 The base amount for the agricultural growth,
14.35 research, and innovation program is

15.1 ~~\$16,053,000~~ \$17,653,000 in fiscal year 2024
 15.2 and ~~\$16,053,000~~ \$17,653,000 in fiscal year
 15.3 2025, and includes funding for incentive
 15.4 payments under Minnesota Statutes, sections
 15.5 41A.16, 41A.17, 41A.18, and 41A.20.

15.6 (c) \$15,000 the first year and \$29,000 the
 15.7 second year are to maintain the current level
 15.8 of service delivery.

15.9	Subd. 5. Administration and Financial		<u>9,839,000</u>
15.10	Assistance	9,977,000	<u>21,339,000</u>

15.11 (a) \$474,000 the first year and \$474,000 the
 15.12 second year are for payments to county and
 15.13 district agricultural societies and associations
 15.14 under Minnesota Statutes, section 38.02,
 15.15 subdivision 1. Aid payments to county and
 15.16 district agricultural societies and associations
 15.17 shall be disbursed no later than July 15 of each
 15.18 year. These payments are the amount of aid
 15.19 from the state for an annual fair held in the
 15.20 previous calendar year.

15.21 (b) \$387,000 the first year and \$337,000 the
 15.22 second year are for farm advocate services.
 15.23 Of these amounts, \$100,000 the first year and
 15.24 \$50,000 the second year are for a pilot
 15.25 program creating farmland access teams to
 15.26 provide technical assistance to potential
 15.27 beginning farmers. The farmland access teams
 15.28 must assist existing farmers and beginning
 15.29 farmers on transitioning farm ownership and
 15.30 operation. Services provided by teams may
 15.31 include but are not limited to providing
 15.32 mediation assistance, designing contracts,
 15.33 financial planning, tax preparation, estate
 15.34 planning, and housing assistance. Of this
 15.35 amount for farm transitions, up to \$50,000 the

16.1 first year may be used to upgrade the
16.2 Minnesota FarmLink web application that
16.3 connects farmers looking for land with farmers
16.4 looking to transition their land.

16.5 (c) \$47,000 the first year and \$47,000 the
16.6 second year are for grants to the Northern
16.7 Crops Institute that may be used to purchase
16.8 equipment. These are onetime appropriations.

16.9 (d) \$238,000 the first year and \$238,000 the
16.10 second year are for transfer to the Board of
16.11 Trustees of the Minnesota State Colleges and
16.12 Universities for statewide mental health
16.13 counseling support to farm families and
16.14 business operators through the Minnesota State
16.15 Agricultural Centers of Excellence. South
16.16 Central College and Central Lakes College
16.17 shall serve as the fiscal agents.

16.18 (e) \$1,700,000 the first year and \$1,700,000
16.19 the second year are for grants to Second
16.20 Harvest Heartland on behalf of Minnesota's
16.21 six Feeding America food banks for the
16.22 following:

16.23 (1) to purchase milk for distribution to
16.24 Minnesota's food shelves and other charitable
16.25 organizations that are eligible to receive food
16.26 from the food banks. Milk purchased under
16.27 the grants must be acquired from Minnesota
16.28 milk processors and based on low-cost bids.
16.29 The milk must be allocated to each Feeding
16.30 America food bank serving Minnesota
16.31 according to the formula used in the
16.32 distribution of United States Department of
16.33 Agriculture commodities under The
16.34 Emergency Food Assistance Program. Second
16.35 Harvest Heartland may enter into contracts or

17.1 agreements with food banks for shared funding
17.2 or reimbursement of the direct purchase of
17.3 milk. Each food bank that receives funding
17.4 under this clause may use up to two percent
17.5 for administrative expenses;

17.6 (2) to compensate agricultural producers and
17.7 processors for costs incurred to harvest and
17.8 package for transfer surplus fruits, vegetables,
17.9 and other agricultural commodities that would
17.10 otherwise go unharvested, be discarded, or
17.11 sold in a secondary market. Surplus
17.12 commodities must be distributed statewide to
17.13 food shelves and other charitable organizations
17.14 that are eligible to receive food from the food
17.15 banks. Surplus food acquired under this clause
17.16 must be from Minnesota producers and
17.17 processors. Second Harvest Heartland may
17.18 use up to 15 percent of each grant awarded
17.19 under this clause for administrative and
17.20 transportation expenses; and

17.21 (3) to purchase and distribute protein products,
17.22 including but not limited to pork, poultry, beef,
17.23 dry legumes, cheese, and eggs to Minnesota's
17.24 food shelves and other charitable organizations
17.25 that are eligible to receive food from the food
17.26 banks. Second Harvest Heartland may use up
17.27 to two percent of each grant awarded under
17.28 this clause for administrative expenses. Protein
17.29 products purchased under the grants must be
17.30 acquired from Minnesota processors and
17.31 producers.

17.32 Of the amount appropriated under this
17.33 paragraph, at least \$600,000 each year must
17.34 be allocated under clause (1). Notwithstanding
17.35 Minnesota Statutes, section 16A.28, any

18.1 unencumbered balance the first year does not
18.2 cancel and is available in the second year.

18.3 Second Harvest Heartland must submit
18.4 quarterly reports to the commissioner and the
18.5 chairs and ranking minority members of the
18.6 legislative committees with jurisdiction over
18.7 agriculture finance in the form prescribed by
18.8 the commissioner. The reports must include
18.9 but are not limited to information on the
18.10 expenditure of funds, the amount of milk or
18.11 other commodities purchased, and the
18.12 organizations to which this food was
18.13 distributed.

18.14 (f) \$250,000 the first year and \$250,000 the
18.15 second year are for grants to the Minnesota
18.16 Agricultural Education and Leadership
18.17 Council for programs of the council under
18.18 Minnesota Statutes, chapter 41D.

18.19 (g) \$1,437,000 the first year and \$1,437,000
18.20 the second year are for transfer to the
18.21 agricultural and environmental revolving loan
18.22 account established under Minnesota Statutes,
18.23 section 17.117, subdivision 5a, for low-interest
18.24 loans under Minnesota Statutes, section
18.25 17.117. The base for appropriations under this
18.26 paragraph in fiscal year 2024 and thereafter
18.27 is \$1,425,000. The commissioner must
18.28 examine how the department could use up to
18.29 one-third of the amount transferred to the
18.30 agricultural and environmental revolving loan
18.31 account under this paragraph to award grants
18.32 to rural landowners to replace septic systems
18.33 that inadequately protect groundwater. No
18.34 later than February 1, 2022, the commissioner
18.35 must report to the legislative committees with

19.1 jurisdiction over agriculture finance and
19.2 environment finance on the results of the
19.3 examination required under this paragraph.
19.4 The commissioner's report may include other
19.5 funding sources for septic system replacement
19.6 that are available to rural landowners.

19.7 (h) \$150,000 the first year and \$150,000 the
19.8 second year are for grants to the Center for
19.9 Rural Policy and Development. These are
19.10 onetime appropriations.

19.11 (i) \$150,000 the first year is to provide grants
19.12 to Central Lakes College for the purposes of
19.13 designing, building, and offering credentials
19.14 in the area of meat cutting and butchery that
19.15 align with industry needs as advised by local
19.16 industry advisory councils. Notwithstanding
19.17 Minnesota Statutes, section 16A.28, any
19.18 unencumbered balance does not cancel at the
19.19 end of the first year and is available for the
19.20 second year. The commissioner may only
19.21 award a grant under this paragraph if the grant
19.22 is matched by a like amount from another
19.23 funding source. The commissioner must seek
19.24 matching dollars from Minnesota State
19.25 Colleges and Universities or other entities.
19.26 The appropriation is onetime and is available
19.27 until June 30, 2024. Any money remaining on
19.28 June 30, 2024, must be transferred to the
19.29 agricultural growth, research, and innovation
19.30 program under Minnesota Statutes, section
19.31 41A.12, and is available until June 30, 2025.
19.32 Grants may be used for costs including but
19.33 not limited to:

19.34 (1) facility renovation to accommodate meat
19.35 cutting;

- 20.1 (2) curriculum design and approval from the
20.2 Higher Learning Commission;
- 20.3 (3) program operational start-up costs;
- 20.4 (4) equipment required for a meat cutting
20.5 program; and
- 20.6 (5) meat handling start-up costs in regard to
20.7 meat access and market channel building.
- 20.8 No later than January 15, 2023, Central Lakes
20.9 College must submit a report outlining the use
20.10 of grant money to the chairs and ranking
20.11 minority members of the legislative
20.12 committees and divisions with jurisdiction
20.13 over agriculture and higher education.
- 20.14 (j) \$2,000 the first year is for grants to the
20.15 Minnesota State Poultry Association. This is
20.16 a onetime appropriation. Notwithstanding
20.17 Minnesota Statutes, section 16A.28, any
20.18 unencumbered balance does not cancel at the
20.19 end of the first year and is available for the
20.20 second year.
- 20.21 (k) \$17,000 the first year and \$17,000 the
20.22 second year are for grants to the Minnesota
20.23 State Horticultural Society. These are onetime
20.24 appropriations.
- 20.25 (l) \$18,000 the first year and \$18,000 the
20.26 second year are for grants to the Minnesota
20.27 Livestock Breeders Association. These are
20.28 onetime appropriations.
- 20.29 (m) The commissioner shall continue to
20.30 increase connections with ethnic minority and
20.31 immigrant farmers to farming opportunities
20.32 and farming programs throughout the state.

21.1 (n) \$25,000 the first year and \$25,000 the
21.2 second year are for grants to the Southern
21.3 Minnesota Initiative Foundation to promote
21.4 local foods through an annual event that raises
21.5 public awareness of local foods and connects
21.6 local food producers and processors with
21.7 potential buyers.

21.8 (o) \$75,000 the first year and \$75,000 the
21.9 second year are for grants to Greater Mankato
21.10 Growth, Inc., for assistance to
21.11 agriculture-related businesses to promote jobs,
21.12 innovation, and synergy development. These
21.13 are onetime appropriations.

21.14 (p) \$75,000 the first year and \$75,000 the
21.15 second year are for grants to the Minnesota
21.16 Turf Seed Council for basic and applied
21.17 research. The Minnesota Turf Seed Council
21.18 may subcontract with a qualified third party
21.19 for some or all of the basic or applied research.
21.20 No later than January 15, 2023, the Minnesota
21.21 Turf Seed Council must submit a report
21.22 outlining the use of the grant money and
21.23 related accomplishments to the chairs and
21.24 ranking minority members of the legislative
21.25 committees with jurisdiction over agriculture.
21.26 These are onetime appropriations. Any
21.27 unencumbered balance does not cancel at the
21.28 end of the first year and is available for the
21.29 second year.

21.30 (q) \$150,000 the first year and \$150,000 the
21.31 second year are to establish an emerging
21.32 farmer office and hire a full-time emerging
21.33 farmer outreach coordinator. The emerging
21.34 farmer outreach coordinator must engage and
21.35 support emerging farmers regarding resources

22.1 and opportunities available throughout the
22.2 Department of Agriculture and the state. For
22.3 purposes of this paragraph, "emerging farmer"
22.4 has the meaning provided in Minnesota
22.5 Statutes, section 17.055, subdivision 1. Of the
22.6 amount appropriated each year, \$25,000 is for
22.7 translation services for farmers and cottage
22.8 food producers.

22.9 (r) \$222,000 the first year and \$286,000 the
22.10 second year are to maintain the current level
22.11 of service delivery.

22.12 (s) \$2,000,000 the second year is to provide
22.13 culturally appropriate services to emerging
22.14 farmers and food-system-related businesses.

22.15 This is a onetime appropriation and is
22.16 available through June 30, 2024.

22.17 (t) \$2,000,000 the second year is to support
22.18 the IT modernization efforts, including laying
22.19 the technology foundations needed for
22.20 improving customer interactions with the
22.21 department for licensing and payments. This
22.22 is a onetime appropriation and is available
22.23 through June 30, 2025.

22.24 (u) \$1,500,000 the second year is for transfer
22.25 to the agricultural emergency account
22.26 established under Minnesota Statutes, section
22.27 17.041, for emergency preparedness and
22.28 response activities, including for the
22.29 University of Minnesota Veterinary Diagnostic
22.30 Laboratory. This is a onetime appropriation.

22.31 (v) \$3,000,000 the second year is available to
22.32 create and implement a hunger relief program
22.33 with grants to Second Harvest Heartland, on
22.34 behalf of the Feeding America food banks that

23.1 serve Minnesota, and to The Food Group.
23.2 Grants must be allocated using the same
23.3 formula that is used in the distribution of
23.4 United States Department of Agriculture
23.5 commodities under the Emergency Food
23.6 Assistance Program. At least 50 percent of the
23.7 money must be used to purchase food from
23.8 Minnesota producers and processors and
23.9 priority must be given to purchases from
23.10 emerging farmers. Each food bank receiving
23.11 funding under this paragraph may use up to
23.12 ten percent for administrative expenses. The
23.13 base appropriation under this paragraph in
23.14 fiscal year 2024 and thereafter is \$1,000,000.
23.15 (w) \$2,000,000 the second year is for transfer
23.16 to the Board of Trustees of the Minnesota
23.17 State Colleges and Universities to support
23.18 livestock processing technical education at
23.19 Central Lakes College and Ridgewater
23.20 College. Money may be used for the purposes
23.21 included in paragraph (i) and for student
23.22 financial assistance and outreach to
23.23 prospective students and employers. This
23.24 appropriation is available until June 30, 2024.
23.25 The base appropriation under this paragraph
23.26 in fiscal year 2024 and thereafter is \$250,000.
23.27 (x) \$1,000,000 the second year is for a grant
23.28 to The Good Acre for the Local Emergency
23.29 Assistance Farmer Fund (LEAFF) program to
23.30 compensate emerging farmers for crops
23.31 donated to hunger relief organizations in
23.32 Minnesota. The base appropriation under this
23.33 paragraph in fiscal year 2024 and thereafter
23.34 is \$250,000.

24.1

ARTICLE 2

24.2

BROADBAND APPROPRIATIONS

24.3

Section 1. **BROADBAND; APPROPRIATION.**

24.4

\$170,000,000 in fiscal year 2023 is appropriated from the general fund to the

24.5

commissioner of employment and economic development for deposit in the border-to-border

24.6

broadband fund account under Minnesota Statutes, section 116J.396. The appropriation is

24.7

onetime and must be used for grants and the purposes specified under Minnesota Statutes,

24.8

section 116J.395. Up to three percent of this appropriation may be used for administrative

24.9

costs.

24.10

ARTICLE 3

24.11

BOARD OF WATER AND SOIL RESOURCES APPROPRIATION

24.12

Section 1. **[103F.49] SOIL HEALTH COST-SHARE PROGRAM.**

24.13

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision

24.14

have the meanings given.

24.15

(b) "Board" means the Board of Water and Soil Resources.

24.16

(c) "Local units of government" has the meaning given under section 103B.305,

24.17

subdivision 5.

24.18

(d) "Soil health" has the meaning given under section 103C.101, subdivision 10a.

24.19

Subd. 2. **Establishment.** The board must administer a cost-share program consistent

24.20

with section 103C.501 to establish soil health practices that mitigate climate change impacts,

24.21

improve water quality, and provide related public benefits.

24.22

Subd. 3. **Financial assistance.** (a) The board may provide financial assistance to local

24.23

units of government, private sector providers, and farmers for the costs of soil health and

24.24

related water-quality practices consistent with a plan approved according to chapter 103B,

24.25

103C, or 103D. The board must establish costs eligible for financial and technical assistance

24.26

under this section.

24.27

(b) The board may enter into agreements with local units of government receiving

24.28

financial assistance under this subdivision.

24.29

(c) Financial assistance under this subdivision must give priority to multiyear contracts

24.30

and to leveraging contributions from nonstate sources.

25.1 Subd. 4. **Technical assistance; review.** (a) The board may employ or contract with
 25.2 experts to implement the soil health program under this section.

25.3 (b) When implementing the soil health program, the board must:

25.4 (1) assist local units of government in achieving the objectives of the program;

25.5 (2) review and assess practice standards; and

25.6 (3) evaluate the effectiveness of completed practices.

25.7 Subd. 5. **Federal aid availability.** The board must regularly complete an analysis of the
 25.8 availability of federal funds and programs to supplement or complement state and local
 25.9 efforts consistent with the purposes of this section.

25.10 Subd. 6. **Soil health practices.** The board must work with the University of Minnesota's
 25.11 Office for Soil Health, the United States Department of Agriculture's Natural Resources
 25.12 Conservation Service, and other state and federal agencies, academic institutions, local
 25.13 governments, and practitioners to foster mutual understanding and provide recommendations
 25.14 for standardized specifications for soil health and related conservation and climate protection
 25.15 practices, projects, and goals. The board may convene working groups to develop
 25.16 information, education, and recommendations.

25.17 Subd. 7. **Carbon market applicability.** The board and the commissioner of agriculture
 25.18 may cooperate with the United States Department of Agriculture, other federal and state
 25.19 agencies, and private sector organizations to align or incorporate soil health practices with
 25.20 carbon trading, mitigation, or offset markets and related tracking or recognition efforts.

25.21 Sec. 2. **BOARD OF WATER AND SOIL RESOURCES; APPROPRIATION.**

25.22 \$17,000,000 in fiscal year 2023 is appropriated from the general fund to the Board of
 25.23 Water and Soil Resources to accelerate the adoption of soil health practices consistent with
 25.24 Minnesota Statutes, sections 103C.101, subdivision 10a, and 103F.49. This appropriation
 25.25 is available until expended. The base appropriation under this section in fiscal year 2024
 25.26 and thereafter is \$4,500,000.

25.27 **ARTICLE 4**

25.28 **AGRICULTURE STATUTORY CHANGES**

25.29 Section 1. Minnesota Statutes 2020, section 17.041, subdivision 1, is amended to read:

25.30 Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is
 25.31 established in the agricultural fund. Money in the account, including interest, is appropriated

26.1 to the commissioner for emergency preparedness and response activities for agricultural
 26.2 emergencies affecting producers of livestock, poultry, crops, or other agricultural products.
 26.3 Eligible uses include agency costs directly attributed to preparing for and responding to
 26.4 agricultural emergencies and purchasing necessary equipment and reimbursing costs incurred
 26.5 by local units of government that are not eligible for reimbursement from other sources.

26.6 Sec. 2. [17.1016] COOPERATIVE GRANTS.

26.7 Subdivision 1. Definitions. For purposes of this section:

26.8 (1) "agricultural commodity" and "agricultural product processing facility" have the
 26.9 meanings given in section 17.101, subdivision 5; and

26.10 (2) "agricultural service" means an action made under the direction of a farmer that
 26.11 provides value to another entity. Agricultural service includes grazing to manage vegetation.

26.12 Subd. 2. Grant program. (a) The commissioner may establish and implement a grant
 26.13 program to help farmers finance new cooperatives that organize for purposes of operating
 26.14 an agricultural product processing facility or marketing an agricultural product or agricultural
 26.15 service.

26.16 (b) To be eligible for this program, a grantee must:

26.17 (1) be a cooperative organized under chapter 308A;

26.18 (2) certify that all control and equity in the cooperative is from farmers, family farm
 26.19 partnerships, family farm limited liability companies, or family farm corporations as defined
 26.20 in section 500.24, subdivision 2, who are actively engaged in agricultural commodity
 26.21 production;

26.22 (3) be operated primarily to process agricultural commodities or market agricultural
 26.23 products or services produced in Minnesota; and

26.24 (4) receive agricultural commodities produced primarily by shareholders or members
 26.25 of the cooperative.

26.26 (c) The commissioner may receive applications and make grants up to \$50,000 to eligible
 26.27 grantees for feasibility, marketing analysis, assistance with organizational development,
 26.28 financing and managing new cooperatives, product development, development of business
 26.29 and marketing plans, and predesign of facilities including site analysis, development of bid
 26.30 specifications, preliminary blueprints and schematics, and completion of purchase agreements
 26.31 and other necessary legal documents.

27.1 Sec. 3. Minnesota Statutes 2020, section 17.117, subdivision 9, is amended to read:

27.2 Subd. 9. **Allocation rescission.** (a) Continued availability of allocations granted to a
 27.3 local government unit is contingent upon the commissioner's approval of the local
 27.4 government unit's annual report. The commissioner shall review this annual report to ensure
 27.5 that the past and future uses of the funds are consistent with the comprehensive water
 27.6 management plan, other local planning documents, the requirements of the funding source,
 27.7 and compliance to program requirements. If the commissioner concludes the past or intended
 27.8 uses of the money are not consistent with these requirements, the commissioner shall rescind
 27.9 all or part of the allocation awarded to a local government unit.

27.10 (b) The commissioner may rescind funds allocated to the local government unit that are
 27.11 not designated to committed projects or disbursed within one year from the date of the
 27.12 allocation agreement.

27.13 (c) ~~An additional year to use the undisbursed portion of an allocation may be granted~~
 27.14 ~~by the commissioner under extenuating circumstances~~ The commissioner may rescind
 27.15 uncommitted allocations.

27.16 Sec. 4. Minnesota Statutes 2020, section 17.117, subdivision 9a, is amended to read:

27.17 Subd. 9a. **Authority and responsibilities of local government units.** (a) A local
 27.18 government unit that enters into an allocation agreement with the commissioner:

27.19 (1) is responsible for the local administration and implementation of the program in
 27.20 accordance with this section;

27.21 (2) may submit applications for allocations to the commissioner;

27.22 (3) shall identify, develop, determine eligibility, define and approve projects, designate
 27.23 maximum loan amounts for projects, and certify completion of projects implemented under
 27.24 this program. In areas where no local government unit has applied for funds under this
 27.25 program, the commissioner may appoint a local government unit to review and certify
 27.26 projects or the commissioner may assume the authority and responsibility of the local
 27.27 government unit;

27.28 (4) shall certify as eligible only projects that are within its geographic jurisdiction or
 27.29 within the geographic area identified in its local comprehensive water management plans
 27.30 or other local planning documents;

27.31 (5) may require withholding by the local lender of all or a portion of the loan to the
 27.32 borrower until satisfactory completion of all required components of a certified project;

28.1 ~~(6) must identify which account is used to finance an approved project if the local~~
 28.2 ~~government unit has allocations from multiple accounts in the agricultural and environmental~~
 28.3 ~~revolving accounts;~~

28.4 ~~(7)~~ (6) shall report to the commissioner annually the past and intended uses of allocations
 28.5 awarded; and

28.6 ~~(8)~~ (7) may request additional funds in excess of their allocation when funds are available
 28.7 in the agricultural and environmental revolving accounts, as long as all other allocation
 28.8 awards to the local government unit have been used or committed.

28.9 (b) If a local government unit withdraws from participation in this program, the local
 28.10 government unit, or the commissioner in accordance with the priorities established under
 28.11 subdivision 6a, may designate another local government unit that is eligible under subdivision
 28.12 6 as the new local government unit responsible for local administration of this program.
 28.13 This designated local government unit may accept responsibility and administration of
 28.14 allocations awarded to the former responsible local government unit.

28.15 Sec. 5. Minnesota Statutes 2020, section 17.117, subdivision 10, is amended to read:

28.16 Subd. 10. **Authority and responsibilities of local lenders.** (a) Local lenders may enter
 28.17 into lender agreements with the commissioner.

28.18 (b) Local lenders may enter into loan agreements with borrowers to finance eligible
 28.19 projects under this section.

28.20 ~~(e) The local lender shall notify the local government unit of the loan amount issued to~~
 28.21 ~~the borrower after the closing of each loan.~~

28.22 ~~(d)~~ (c) Local lenders with local revolving loan accounts created before July 1, 2001,
 28.23 may continue to retain and use those accounts in accordance with their lending agreements
 28.24 for the full term of those agreements.

28.25 ~~(e)~~ (d) Local lenders, including local government units designating themselves as the
 28.26 local lender, may enter into participation agreements with other lenders.

28.27 ~~(f)~~ (e) Local lenders may enter into contracts with other lenders for the limited purposes
 28.28 of loan review, processing and servicing, or to enter into loan agreements with borrowers
 28.29 to finance projects under this section. Other lenders entering into contracts with local lenders
 28.30 under this section must meet the definition of local lender in subdivision 4, must comply
 28.31 with all provisions of the lender agreement and this section, and must guarantee repayment
 28.32 of the loan funds to the local lender.

29.1 ~~(g)~~ (f) When required by the local government unit, a local lender must withhold all or
 29.2 a portion of the loan disbursement for a project until notified by the local government unit
 29.3 that the project has been satisfactorily completed.

29.4 ~~(h)~~ (g) The local lender is responsible for repaying all funds provided by the commissioner
 29.5 to the local lender.

29.6 ~~(i)~~ (h) The local lender is responsible for collecting repayments from borrowers. If a
 29.7 borrower defaults on a loan issued by the local lender, it is the responsibility of the local
 29.8 lender to obtain repayment from the borrower. Default on the part of borrowers shall have
 29.9 no effect on the local lender's responsibility to repay its obligations to the commissioner
 29.10 whether or not the local lender fully recovers defaulted amounts from borrowers.

29.11 ~~(j)~~ (i) The local lender shall provide sufficient collateral or protection to the commissioner
 29.12 for the funds provided to the local lender. The commissioner must approve the collateral
 29.13 or protection provided.

29.14 Sec. 6. Minnesota Statutes 2020, section 17.117, subdivision 11, is amended to read:

29.15 Subd. 11. **Loans issued to borrower.** (a) Local lenders may issue loans only for projects
 29.16 that are approved and certified by the local government unit as meeting priority needs
 29.17 identified in a comprehensive water management plan or other local planning documents,
 29.18 are in compliance with accepted practices, standards, specifications, or criteria, and are
 29.19 eligible for financing under Environmental Protection Agency or other applicable guidelines.

29.20 (b) The local lender may use any additional criteria considered necessary to determine
 29.21 the eligibility of borrowers for loans.

29.22 (c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

29.23 ~~(1) no loan to a borrower may exceed \$200,000; and~~

29.24 ~~(2) no borrower shall, at any time, have multiple loans from this program with a total~~
 29.25 ~~outstanding loan balance of more than \$200,000.~~

29.26 (d) The maximum term length for projects in this paragraph is ten years.

29.27 (e) Fees charged at the time of closing must:

29.28 (1) be in compliance with normal and customary practices of the local lender;

29.29 (2) be in accordance with published fee schedules issued by the local lender;

29.30 (3) not be based on participation program; and

30.1 (4) be consistent with fees charged other similar types of loans offered by the local
30.2 lender.

30.3 (f) The interest rate assessed to an outstanding loan balance by the local lender must not
30.4 exceed three percent per year.

30.5 Sec. 7. Minnesota Statutes 2020, section 17.117, subdivision 11a, is amended to read:

30.6 Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse
30.7 environmental impacts are eligible if the project is eligible under an allocation agreement.

30.8 (b) A manure management project is eligible if the project remediates or mitigates
30.9 impacts from facilities with less than 1,000 animal units as defined in Minnesota Rules,
30.10 chapter 7020, and otherwise meets the requirements of this section.

30.11 (c) A drinking water project is eligible if the project:

30.12 (1) remediates ~~the~~ or mitigates the inadequate flow, adverse environmental impacts or
30.13 presence of contaminants in ~~private well~~ privately owned water supplies that are used for
30.14 drinking water by people or livestock, privately owned water service lines, or privately
30.15 owned plumbing and fixtures;

30.16 (2) implements best management practices that are intended to achieve drinking water
30.17 standards or adequate flow; and

30.18 (3) otherwise meets the requirements of this section.

30.19 Sec. 8. Minnesota Statutes 2020, section 17.118, subdivision 1, is amended to read:

30.20 Subdivision 1. **Establishment.** The commissioner may award a livestock investment
30.21 grant to a person who raises livestock in this state equal to ten percent of the first ~~\$500,000~~
30.22 \$250,000 of qualifying expenditures, provided the person makes qualifying expenditures
30.23 of at least \$4,000. The commissioner may award multiple livestock investment grants to a
30.24 person over the life of the program ~~as long as the cumulative amount does not exceed~~
30.25 \$50,000.

30.26 Sec. 9. Minnesota Statutes 2020, section 17.118, subdivision 3, is amended to read:

30.27 Subd. 3. **Eligibility.** ~~(a)~~ To be eligible for a livestock investment grant, a person must:

30.28 (1) be a resident of Minnesota or an entity specifically defined in section 500.24,
30.29 subdivision 2, that is eligible to own farmland and operate a farm in this state under section
30.30 500.24;

31.1 (2) be the principal operator of the farm;

31.2 (3) hold a feedlot registration, if required; and

31.3 (4) apply to the commissioner on forms prescribed by the commissioner including a
31.4 statement of the qualifying expenditures made during the qualifying period along with any
31.5 proof or other documentation the commissioner may require.

31.6 ~~(b) The \$50,000 maximum grant applies at the entity level for partnerships, S~~
31.7 ~~corporations, C corporations, trusts, and estates as well as at the individual level. In the case~~
31.8 ~~of married individuals, the grant is limited to \$50,000 for a married couple.~~

31.9 Sec. 10. Minnesota Statutes 2020, section 17.118, subdivision 4, is amended to read:

31.10 Subd. 4. **Process.** The commissioner, in consultation with the chairs and ranking minority
31.11 members of the house of representatives and senate committees with jurisdiction over
31.12 agriculture finance, shall develop competitive eligibility criteria and may allocate grants on
31.13 a needs basis. ~~The commissioner shall place any eligible unfunded applications on a waiting~~
31.14 ~~list and, notwithstanding subdivision 2, paragraph (d), give them consideration during the~~
31.15 ~~next fiscal year in which program funding is available.~~ The commissioner shall notify in
31.16 writing any applicant who applies for a grant and is ineligible under the provisions of this
31.17 section as well as any applicant whose application is received or reviewed after the fiscal
31.18 year funding limit has been reached.

31.19 Sec. 11. **[17.994] SOIL HEALTH FINANCIAL ASSISTANCE PROGRAM.**

31.20 Subdivision 1. **Establishment.** The soil health financial assistance program is established
31.21 to promote soil health practices that mitigate climate change impacts, improve water quality,
31.22 and provide related public benefits.

31.23 Subd. 2. **Financial assistance.** (a) The commissioner may provide financial assistance
31.24 to local governments, private sector providers, or farmers to cover the costs of specialized
31.25 equipment and technology necessary to implement and sustain soil health practices, including
31.26 conservation tillage and seeding equipment, purchases or subscriptions of equipment
31.27 technology, services to landowners, and other equipment purchases or financial assistance
31.28 that the commissioner considers appropriate to promote healthy soil.

31.29 (b) The commissioner must establish costs eligible for financial assistance under this
31.30 section.

31.31 (c) The commissioner must prioritize or weigh program implementation elements based
31.32 on considerations including:

- 32.1 (1) support for soil health principles;
- 32.2 (2) supporting participants or participation in the Minnesota agricultural water quality
- 32.3 certification program established under Minnesota Statutes, sections 17.9891 to 17.993;
- 32.4 (3) reducing or avoiding greenhouse gas emissions; and
- 32.5 (4) other beneficial public or private programs or initiatives to achieve program results.

32.6 Sec. 12. Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 2, is amended

32.7 to read:

32.8 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source

32.9 at least 80 percent of its forest resources raw materials from Minnesota. The facility must

32.10 be located in Minnesota; must begin construction activities by December 31, 2022, for a

32.11 specific location; ~~must begin production~~ have produced at least one OSB square foot on a

32.12 3/8-inch nominal basis at a specific location by June 30, 2025; and must not begin operating

32.13 before January 1, 2022. Eligible facilities must be new OSB construction sites with total

32.14 capital investment in excess of \$250,000,000. Eligible OSB production facilities must

32.15 produce at least ~~200,000,000~~ 50,000,000 OSB square feet on a 3/8-inch nominal basis of

32.16 OSB each ~~year~~ quarter. At least one product produced at the facility should be a wood-based

32.17 wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay

32.18 that serves as a water resistive barrier.

32.19 (b) No payments shall be made for OSB production that occurs after June 30, 2036, for

32.20 those eligible producers under paragraph (a).

32.21 (c) An eligible producer of OSB shall not transfer the producer's eligibility for payments

32.22 under this section to a facility at a different location.

32.23 (d) A producer that ceases production for any reason is ineligible to receive payments

32.24 under this section until the producer resumes production.

32.25 Sec. 13. Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 6, is amended

32.26 to read:

32.27 Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments

32.28 required by this section, not to exceed \$1,500,000, is appropriated from the general fund to

32.29 the commissioner. This is a onetime appropriation.

33.1 (b) From fiscal year 2026 through fiscal year 2034, a sum sufficient to make the payments
 33.2 required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated
 33.3 from the general fund to the commissioner.

33.4 (c) The commissioner may use up to 6.5 percent of this appropriation for costs incurred
 33.5 to administer the program.

33.6 Sec. 14. Minnesota Statutes 2020, section 41B.047, subdivision 3, is amended to read:

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

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

33.9 (2) certify that the damage or loss was (i) sustained within a county that was the subject
 33.10 of a state or federal disaster declaration; (ii) due to the confirmed presence of a highly
 33.11 contagious animal disease in Minnesota; (iii) due to an infectious human disease for which
 33.12 the governor has declared a peacetime emergency; or (iv) due to an emergency as determined
 33.13 by the authority;

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

33.15 (4) have received at least ~~50~~ 20 percent of average annual gross income from farming
 33.16 for the past ~~three years~~ year.

33.17 Sec. 15. Minnesota Statutes 2020, section 223.17, subdivision 7, is amended to read:

33.18 Subd. 7. ~~Action on a bond~~ **Breach of contract.** A producer claiming to be damaged
 33.19 by a breach of a contract for the purchase of grain by a licensed grain buyer may file a
 33.20 written claim with the commissioner. The claim must state the facts constituting the claim.
 33.21 ~~The claim must be filed with the commissioner within 180 days of the breach of the contract.~~
 33.22 If a claim is valid, the commissioner may immediately suspend the license, in which case
 33.23 the licensee shall surrender the license to the commissioner. Within 15 days the licensee
 33.24 may request an administrative hearing subject to chapter 14 to determine whether the license
 33.25 should be revoked. If no request is made within 15 days, the commissioner shall revoke the
 33.26 license.

33.27 Sec. 16. Minnesota Statutes 2020, section 223.17, subdivision 7a, is amended to read:

33.28 Subd. 7a. **Bond requirements; claims.** For entities licensed under this chapter and
 33.29 chapter 232, the bond requirements and claims against the bond are governed under section
 33.30 ~~232.22, subdivision 6a~~ 223.24, subdivision 13.

34.1 Sec. 17. Minnesota Statutes 2020, section 223.175, is amended to read:

34.2 **223.175 WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS;**
 34.3 **FORM.**

34.4 A written confirmation required under section 223.177, subdivision 2, and a written
 34.5 voluntary extension of credit contract must include those items prescribed by the
 34.6 commissioner by rule. A contract shall include a statement of the legal and financial
 34.7 responsibilities of grain buyers and sellers established in this chapter. A contract shall also
 34.8 include the following statement in not less than ten point, all capital type, framed in a box
 34.9 with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A
 34.10 VOLUNTARY EXTENSION OF CREDIT. ~~THIS CONTRACT IS NOT COVERED BY~~
 34.11 ~~ANY GRAIN BUYER'S BOND~~ MAY NOT BE COVERED COMPLETELY BY THE
 34.12 GRAIN INDEMNITY ACCOUNT." If a written contract is provided at the time the grain
 34.13 is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath
 34.14 the statement. A transaction that does not meet the provisions of a voluntary extension of
 34.15 credit, including the issuance and signing of a voluntary extension of credit contract, is a
 34.16 cash sale.

34.17 Sec. 18. Minnesota Statutes 2020, section 223.19, is amended to read:

34.18 **223.19 RULES.**

34.19 The commissioner may make rules pursuant to chapter 14 to carry out the provisions of
 34.20 sections 223.15 to ~~223.23~~ 223.24.

34.21 Sec. 19. **[223.24] GRAIN INDEMNITY ACCOUNT.**

34.22 Subdivision 1. Establishment. (a) The grain indemnity account is established under the
 34.23 direction and control of the commissioner of agriculture. The account shall consist of grain
 34.24 indemnity account premiums, money from any other source, and interest.

34.25 Subd. 2. Account; appropriation. (a) A grain indemnity account is established in the
 34.26 agricultural fund. Money in the account, including interest, is appropriated to the
 34.27 commissioner to pay valid claims and to administer this section.

34.28 (b) The commissioner shall direct payments from the account only for the following
 34.29 purposes:

34.30 (1) the payment of valid claims;

34.31 (2) the payment of grain indemnity premium refunds;

35.1 (3) the payment of administrative expenses under paragraph (c);

35.2 (4) the payment of legal fees and legal expenses under subdivision 6; and

35.3 (5) the payment of a trustee appointed under subdivision 5.

35.4 (c) The commissioner shall allocate money from the account to a separate administrative
35.5 expenses account to pay administrative expenses and to reimburse the agency for producer
35.6 indemnity account expenses. Administrative expenses under this paragraph include the
35.7 actual cost of processing refunds of administrative premiums and producer premiums,
35.8 enforcement, record keeping, ordinary management and investment fees connected with
35.9 the operation of the account, and legal expenses.

35.10 Subd. 3. **Eligibility.** A producer is eligible to receive an indemnity payment from the
35.11 commissioner if the producer sold grain to a licensed grain buyer as defined in chapter 223
35.12 or stored grain with a licensed public grain warehouse operator under chapter 232 and the
35.13 producer is damaged by the licensee's failure to pay for or redeliver grain.

35.14 Subd. 4. **Application.** (a) A producer asserting eligibility under subdivision 3 must file
35.15 a completed claim with the commissioner. The producer must state the facts constituting
35.16 the claim and all other information required by the commissioner.

35.17 (b) Upon receiving a claim, the commissioner must promptly determine the validity of
35.18 the claim and notify the claimant of the commissioner's determination.

35.19 (c) An aggrieved party may appeal the commissioner's determination by requesting,
35.20 within 15 days, that the commissioner initiate a contested case proceeding under chapter
35.21 14.

35.22 Subd. 5. **Payment limitation.** (a) For each failure, the commissioner must pay the eligible
35.23 producer:

35.24 (1) the amount equal to the value of the grain sold on cash sale, grain assigned to
35.25 warehouse receipt, and open storage less than 180 days from deposit;

35.26 (2) the lesser of \$750,000 or 75 percent of the amount owed to the seller for voluntary
35.27 extension of credit contracts originating within 180 days of the breach of contract;

35.28 (3) the lesser of \$500,000 or 50 percent for open storage and the voluntary extension of
35.29 credit contracts originating between 181 days and 18 months from the breach of contract;
35.30 or

35.31 (4) the lesser of \$250,000 or 25 percent for open storage and the voluntary extension of
35.32 credit contracts originating between 19 months and 36 months from the breach of contract.

36.1 (b) Claims filed more than 36 months from the breach of contract are not eligible for
36.2 payment.

36.3 (c) In the event that a licensee holds both a Minnesota grain buyer license, as defined
36.4 in chapter 223, and a license with the United States Department of Agriculture (USDA)
36.5 under the United States Warehouse Act, the seller may only file a claim with the grain
36.6 indemnity account if the seller sold grain as a cash sale or under a voluntary extension of
36.7 credit contract. The commissioner must deny any claims for stored grain from a seller that
36.8 holds both a Minnesota grain buyer license and a license with the USDA under the United
36.9 States Warehouse Act.

36.10 (d) If valid claims exceed the amount of money available in the grain indemnity account,
36.11 the commissioner must pay claims to producers in the order that the claims were received.
36.12 When additional money becomes available, the commissioner must resume issuing indemnity
36.13 payments to each eligible producer until each producer receives the maximum amount
36.14 payable under paragraph (a).

36.15 Subd. 6. **Court order.** (a) The commissioner may apply to the district court for an order
36.16 appointing a trustee or receiver to manage and supervise the operations of a grain buyer or
36.17 public grain warehouse operator in default. The commissioner may participate in any
36.18 resulting court proceeding as an interested party.

36.19 (b) The commissioner may recover the cost of the appointed trustee using money
36.20 appropriated under subdivision 2.

36.21 Subd. 7. **Debt obligation; subrogated claim.** (a) Money paid by the commissioner to
36.22 satisfy a valid claim constitutes a debt obligation of the grain buyer or public grain warehouse
36.23 operator in default. The commissioner may take action against the grain buyer or public
36.24 grain warehouse operator to recover the amount of any claim payment plus reasonable costs,
36.25 attorney fees, and interest computed at the rate provided in section 270C.40. The
36.26 commissioner must deposit any amount recovered under this subdivision in the grain
36.27 indemnity account.

36.28 (b) As a condition of payment from the commissioner, a producer must subrogate the
36.29 producer's interest in a voluntary extension of credit contract to the commissioner in an
36.30 amount equal to any claim payment or payments that the producer received under this
36.31 section.

36.32 (c) The commissioner may recover any debt to the account from a member of the board
36.33 or management who acted negligently or fraudulently.

37.1 Subd. 8. Grain indemnity premiums. (a) Except as provided in subdivision 10,
37.2 beginning on July 1, 2022, sellers of grain must be charged a grain indemnity premium as
37.3 determined and published by the commissioner not to exceed 0.2 percent of the price on all
37.4 marketed grain that is sold to a grain buyer as defined in chapter 223.

37.5 (b) The grain indemnity premiums required under this section are in addition to any
37.6 other fees or assessments required by law.

37.7 Subd. 9. Collection and submission of grain indemnity premiums. (a) When
37.8 purchasing grain, a grain buyer, grain buyer's agent, or grain buyer's representative must:

37.9 (1) deduct the grain indemnity premium described in subdivision 8 from the payment;
37.10 and

37.11 (2) document the grain indemnity premium paid by the seller.

37.12 (b) A grain buyer must submit grain indemnity premiums collected under paragraph (a)
37.13 to the commissioner for the purpose of financing or contributing to the financing of the
37.14 account by:

37.15 (1) January 31 for grain indemnity premiums collected during the months of July, August,
37.16 September, October, November, and December; and

37.17 (2) July 31 for grain indemnity premiums collected during the months of January,
37.18 February, March, April, May, and June.

37.19 (c) The records of each grain buyer must clearly indicate the grain indemnity premiums
37.20 collected by the grain buyer. The portion of the records reflecting the premiums collected
37.21 must be open for inspection by the commissioner during regular business hours.

37.22 (d) All financial statements filed with the commissioner are private or nonpublic data
37.23 as provided in section 13.02.

37.24 Subd. 10. Amount of account; basis for suspension and reinstatement of grain
37.25 indemnity premium collection. (a) The producer premiums required under subdivision 8
37.26 must be collected until the account contains more than \$15,000,000, as of June 30 of any
37.27 given year.

37.28 (b) Except as provided in paragraph (c), after the account reaches \$15,000,000, the
37.29 commissioner may not require the collection of additional grain indemnity premiums until
37.30 the amount in the fund drops below \$9,000,000, as determined under subdivision 8. In a
37.31 year when the commissioner determines that the account is at or below \$9,000,000, the
37.32 commissioner may reinstate the collection described in this section.

38.1 (c) The commissioner shall announce the intention to collect the premiums described
38.2 in this section by May 1 with collection to begin July 1 until the account contains at least
38.3 \$15,000,000. The commissioner must notify the public of the commissioner's intent to
38.4 reinstate collection of additional grain indemnity premiums through publication in the State
38.5 Register and notifying each producer of the producer's obligation to collect premiums.

38.6 Subd. 11. Grain indemnity refund; opt out. (a) Subject to subdivision 9, a producer
38.7 that has paid a grain indemnity premium, either directly or collected by a licensee, may
38.8 receive a refund of that premium from the account by submitting a written demand for a
38.9 refund to the commissioner, delivered personally or by first-class mail within 12 months
38.10 after the producer paid the premium.

38.11 (b) A producer must submit a demand for a refund of a grain indemnity premium under
38.12 paragraph (a) on a demand for refund form developed by the commissioner. The
38.13 commissioner must make the form available to a licensee, producer, or member of the public
38.14 upon request.

38.15 (c) If a producer is entitled to a refund of a grain indemnity premium under this section,
38.16 the commissioner must pay the refund within 90 days of receiving the demand for a refund.

38.17 (d) If the commissioner announces grain indemnity premiums as required under
38.18 subdivision 10 by June 30, the commissioner must send a notice to each producer who
38.19 requested a refund of a grain indemnity premium during the previous three fiscal years. The
38.20 notice must inform the producer of the deadline for and method of submitting a demand for
38.21 a refund to the commissioner under paragraphs (a) and (b) and the method for reentering
38.22 the program under paragraph (e).

38.23 (e) A producer that receives a refund of a grain indemnity premium under paragraph (a)
38.24 is not entitled to participate in the program or to receive any payment under this section
38.25 unless the producer reenters the grain indemnity account by meeting all of the following
38.26 conditions:

38.27 (1) the producer must submit a request for reentry into the grain indemnity account to
38.28 the commissioner. The producer must submit the request on the form required by the
38.29 commissioner and must deliver the request to the commissioner;

38.30 (2) the commissioner must review the producer's request for reentry and approve or deny
38.31 the request; and

38.32 (3) the producer must pay into the account all grain indemnity fund premiums that were
38.33 refunded to the producer and interest on the refunds as determined by the commissioner.

39.1 (f) A producer that reenters the grain indemnity program under paragraph (e) is eligible
39.2 to be reimbursed for claims under the program for any breach of contract that occurs at least
39.3 90 days after reentry.

39.4 (g) A producer is not eligible for a refund of a grain indemnity premium under this
39.5 section if the producer has received reimbursement from the account for a valid claim within
39.6 the preceding 36 months.

39.7 **Subd. 12. Penalties; enforcement action; costs and expenses.** (a) In addition to any
39.8 other penalty or remedy provided by law, a person who knowingly or intentionally commits
39.9 any of the following is guilty of a misdemeanor punishable by a fine as determined by the
39.10 commissioner:

39.11 (1) refusing or failing to collect any grain indemnity premiums as required under this
39.12 section;

39.13 (2) refusing or failing to pay to the commissioner any grain indemnity premiums collected
39.14 under this section;

39.15 (3) making a false statement, representation, or certification, or knowingly failing to
39.16 make a required statement, representation, or certification in a record, report, or other
39.17 document that the person files with the department; and

39.18 (4) resisting, preventing, impeding, or interfering with the commissioner in the
39.19 performance of the commissioner's duties defined in this section.

39.20 (b) In addition to the criminal penalty described in paragraph (a), the commissioner in
39.21 an enforcement action for a violation described in paragraph (a), clause (1) or (2), must
39.22 order the grain buyer to pay into the account any grain indemnity premiums collected by
39.23 the grain dealer that the grain buyer owes to the account and may order the grain buyer to
39.24 pay interest on the amount that the grain buyer owes to the account.

39.25 **Subd. 13. Additional bonds; new license holders.** (a) Except as provided in clause (2),
39.26 before a grain buyer's license is issued, a person who has not been licensed to buy grain in
39.27 the previous licensing period must file with the commissioner a bond in a penal sum of
39.28 \$100,000.

39.29 (1) This bond must remain in effect for the first three years of the grain buyer's license.

39.30 (2) A grain buyer who purchases grain immediately upon delivery solely with cash; a
39.31 certified check; a cashier's check; or a postal, bank, or express money order is exempt from
39.32 this subdivision if the grain buyer's gross annual purchases are \$100,000 or less.

40.1 (b) The commissioner may require a supplemental bond in an amount prescribed by the
 40.2 commissioner based on the financial statements required in section 223.17, subdivision 6.

40.3 (c) The grain bond must be conditioned on a form provided by the commissioner.

40.4 (d) The bond required under paragraphs (a) and (b) must provide for the payment of any
 40.5 loss caused by the grain buyer's failure to pay upon the owner's demand, including loss
 40.6 caused by the grain buyer's failure to pay within the time required. The bond must be
 40.7 conditioned upon the grain buyer being duly licensed.

40.8 (e) The bond must not be cumulative from one licensing period to the next. The maximum
 40.9 liability of the bond must be the bond's face value for the licensing period.

40.10 (f) The bond must be continuous until canceled. To cancel a bond, a surety must provide
 40.11 90 days' written notice of the bond's termination date to the licensee and the commissioner.

40.12 (g) Upon the commissioner's determination that a claim is valid, the surety for any claims
 40.13 against the bond must make payments to the grain indemnity account.

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

40.15 Sec. 20. Minnesota Statutes 2020, section 232.22, subdivision 5, is amended to read:

40.16 Subd. 5. **Statement of grain in storage; reports.** ~~(a) All public grain warehouse operators~~
 40.17 ~~must by February 15 of each year file with the commissioner on a form approved by the~~
 40.18 ~~commissioner a report showing the annual average liability of all grain outstanding on grain~~
 40.19 ~~warehouse receipts, open storage, and grain stored for feed processing that occurred during~~
 40.20 ~~the preceding calendar year. This report shall be used for the purpose of establishing the~~
 40.21 ~~penal sum of the bond.~~

40.22 ~~(b) Warehouse operators that are at a maximum bond and want to continue at maximum~~
 40.23 ~~bond do not need to file this report.~~

40.24 ~~(c) It is a violation of this chapter for any public grain warehouse operator to fail to file~~
 40.25 ~~the report required in paragraph (a).~~

40.26 ~~(d)~~ (a) Every public grain warehouse operator shall keep in a place of safety complete
 40.27 and accurate records and accounts relating to any grain warehouse operated. The records
 40.28 shall reflect each commodity received and shipped daily, the balance remaining in the grain
 40.29 warehouse at the close of each business day, a listing of all unissued grain warehouse receipts
 40.30 in the operator's possession, a record of all grain warehouse receipts issued which remain
 40.31 outstanding and a record of all grain warehouse receipts which have been returned for
 40.32 cancellation. Copies of grain warehouse receipts or other documents evidencing ownership

41.1 of grain by a depositor, or other liability of the grain warehouse operator, shall be retained
41.2 as long as the liability exists but must be kept for a minimum of three years.

41.3 ~~(e)~~ (b) Every public grain warehouse operator must maintain in the grain warehouse at
41.4 all times grain of proper grade and sufficient quantity to meet delivery obligations on all
41.5 outstanding grain warehouse receipts.

41.6 Sec. 21. **REPEALER.**

41.7 Minnesota Statutes 2020, sections 223.17, subdivisions 4 and 8; and 232.22, subdivisions
41.8 4, 6, 6a, and 7, are repealed.

223.17 LICENSES; BONDING; CLAIMS; DISBURSEMENTS.

Subd. 4. **Bond.** (a) Except as provided in paragraphs (c) to (e), before a grain buyer's license is issued, the applicant for the license must file with the commissioner a bond in a penal sum prescribed by the commissioner but not less than the following amounts:

- (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;
- (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but not more than \$750,000;
- (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;
- (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000;
- (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000 but not more than \$6,000,000;
- (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000 but not more than \$12,000,000;
- (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000 but not more than \$24,000,000; and
- (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

(b) The amount of the bond shall be based on the most recent gross annual grain purchase report of the grain buyer.

(c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the commissioner. This bond shall remain in effect for the first year of the license. Thereafter, the licensee shall comply with the applicable bonding requirements contained in paragraph (a), clauses (1) to (8).

(d) In lieu of the bond required by this subdivision the applicant may deposit with the commissioner of management and budget an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

(e) A grain buyer who purchases grain immediately upon delivery solely with cash; a certified check; a cashier's check; or a postal, bank, or express money order is exempt from this subdivision if the grain buyer's gross annual purchases are \$100,000 or less.

(f) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

Subd. 8. **Bond disbursement.** (a) The bond required under subdivision 4 shall provide for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand, the purchase price of grain sold to the grain buyer in the manner provided by subdivision 5, including loss caused by failure to pay within the time required. The bond shall be conditioned upon the grain buyer being duly licensed as provided herein.

(b) The commissioner shall promptly determine the validity of all claims filed and notify the claimants of the determination. An aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety company shall issue payment promptly to those claimants entitled to payment. The commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain buyer in default. The commissioner may participate in any resulting court proceeding as an interested party.

(c) If a grain buyer has become liable to more than one producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay the entire liability to all producers entitled to the protection of the bond, the proceeds of the bond shall be apportioned among the bona fide claimants.

(d) The bond shall not be cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

(e) The bond disbursement shall occur 200 days from the date the commissioner publishes a public notice of a claim. At the end of this time period, the commissioner shall initiate bond payments on all valid claims received by the commissioner.

232.22 LICENSES, BONDING CLAIMS, DISBURSEMENTS.

Subd. 4. **Bonding.** (a) Before a license is issued, except as provided under paragraph (c), the applicant for a public grain warehouse operator's license shall file with the commissioner a bond in a penal sum prescribed by the commissioner based on the annual average storage liability as stated on the statement of grain in storage report or on the gross annual grain purchase report, whichever is greater, and applying the following amounts:

(1) \$10,000 for storages with annual average storage liability of more than \$0 but not more than \$25,000;

(2) \$20,000 for storages with annual average storage liability of more than \$25,001 but not more than \$50,000;

(3) \$30,000 for storages with annual average storage liability of more than \$50,001 but not more than \$75,000;

(4) \$50,000 for storages with annual average storage liability of more than \$75,001 but not more than \$100,000;

(5) \$75,000 for storages with annual average storage liability of more than \$100,001 but not more than \$200,000;

(6) \$125,000 for storages with annual average storage liability of more than \$200,001 but not more than \$300,000;

(7) \$175,000 for storages with annual average storage liability of more than \$300,001 but not more than \$400,000;

(8) \$225,000 for storages with annual average storage liability of more than \$400,001 but not more than \$500,000;

(9) \$275,000 for storages with annual average storage liability of more than \$500,001 but not more than \$600,000;

(10) \$325,000 for storages with annual average storage liability of more than \$600,001 but not more than \$700,000;

(11) \$375,000 for storages with annual average storage liability of more than \$700,001 but not more than \$800,000;

(12) \$425,000 for storages with annual average storage liability of more than \$800,001 but not more than \$900,000;

(13) \$475,000 for storages with annual average storage liability of more than \$900,001 but not more than \$1,000,000; and

(14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

(b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

(c) In lieu of the bond required by this subdivision, the applicant may deposit with the commissioner of management and budget an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

Subd. 6. **Bond claims.** A person claiming to be damaged by a breach of the conditions of a bond of a licensed public grain warehouse operator may file a written claim with the commissioner stating the facts constituting the claim. The claim must be filed with the commissioner within 180 days of the breach of the conditions of the bond. If the commissioner has reason to believe that a claim is valid, the commissioner may immediately suspend the license of the public grain warehouse operator and the licensee must surrender the license to the commissioner. Within 15 days the licensee may request an administrative hearing subject to chapter 14 to determine whether the license should be revoked. If no request is made within 15 days the commissioner shall revoke the license.

Subd. 6a. **Bond determinations.** If a public grain warehouse operator is licensed under both this chapter and chapter 223, the warehouse shall have its bond determined by its gross annual grain

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purchase amount or its annual average grain storage value, whichever is greater. For those entities licensed under this chapter and chapter 223, the entire bond shall be available to any claims against the bond for claims filed under this chapter and chapter 223.

Subd. 7. **Bond disbursement.** (a) The bond of a public grain warehouse operator must be conditioned that the public grain warehouse operator issuing a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade and net quantity of grain called for by the receipt.

(b) Upon notification of default, the commissioner shall determine the validity of all claims and notify all parties having filed claims. Any aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety company shall issue payment to those claimants entitled to payment. If the commissioner determines it is necessary, the commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain warehouse operator in default. The commissioner may participate in any resulting court proceeding as an interested party.

(c) For the purpose of determining the amount of bond disbursement against all valid claims under a condition one bond, all grain owned or stored in the public grain warehouse shall be sold and the combined proceeds deposited in a special fund. Payment shall be made from the special fund satisfying the valid claims of grain warehouse receipt holders.

(d) If a public grain warehouse operator has become liable to more than one depositor or producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid claimants, the proceeds of the bond and special fund shall be apportioned among the valid claimants on a pro rata basis.

(e) A bond is not cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

(f) The bond disbursement shall occur 200 days from the date the commissioner publishes a public notice of a claim. At the end of this time period, the commissioner shall initiate bond payments on all valid claims received by the department.