

CHAPTER 95--H.F.No. 3420

An act relating to state government; appropriating money for drought relief; establishing cooperative grants for farmers; establishing farm down payment assistance grants; establishing a soil health financial assistance pilot program; making policy and technical changes to agricultural provisions; modifying previous appropriations; establishing the broadband line extension program; establishing the lower population density pilot program; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 17.041, subdivision 1; 17.117, subdivisions 9, 9a, 10, 11, 11a; 17.118, subdivisions 1, 3; 18B.051; 18E.03, subdivision 3; 18E.04, subdivisions 3, 4; 28A.21, subdivision 2; 35.05; 40A.18, subdivision 2; 41A.16, subdivision 1, by adding a subdivision; 41A.17, subdivision 1, by adding a subdivision; 41A.18, subdivision 1, by adding a subdivision; 41B.025, by adding a subdivision; 41B.047, subdivision 3; 116J.396, subdivision 2; 223.17, subdivisions 4, 6; 346.155, subdivision 7; Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 2; Laws 2021, First Special Session chapter 3, article 1, sections 2; 4; Laws 2021, First Special Session chapter 10, article 1, section 7; proposing coding for new law in Minnesota Statutes, chapters 17; 116J.

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

ARTICLE 1**AGRICULTURE APPROPRIATIONS**

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

Sec. 2. DEPARTMENT OF AGRICULTURE

Subdivision 1. Total Appropriation	\$	<u>59,303,000</u>	\$	<u>59,410,000</u>
		<u>60,803,000</u>		<u>65,410,000</u>

Appropriations by Fund

	2022	2023
General	58,904,000 <u>60,404,000</u>	59,011,000 <u>65,011,000</u>
Remediation	399,000	399,000

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

Subd. 2. Protection Services

Appropriations by Fund

	2022	2023
--	------	------

		19,610,000
General	19,384,000	<u>20,110,000</u>
Remediation	399,000	399,000

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

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

(c) \$155,000 the first year and \$155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims, as well as for costs associated with training for approved agents. The commissioner may use up to \$20,000 of the appropriation each year to make grants to producers for measures to protect stored crops from elk damage.

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

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

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

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

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

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

(i) \$630,000 is added to the base of fiscal year 2024 and each year thereafter for grants to the Board of Regents of the University of Minnesota to fund the Forever Green Initiative and protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter-annual crops into existing agricultural practices. Eligible uses include but are not limited to (1) equipment and physical infrastructure to support breeding and agronomic activities necessary to develop perennial and winter-annual crops, and (2) to develop enterprises, supply chains, and markets for continuous living cover crops and cropping systems in the early stage of commercial development, Kernza perennial grain, winter camelina, hybrid hazelnuts, and elderberry.

(j) \$500,000 the second year is for the soil health financial assistance pilot program. This is a onetime appropriation and is available until June 30, 2024.

Subd. 3. Agricultural Marketing and Development

4,200,000

4,205,000

4,215,000

(a) \$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations

encumbered under contract on or before June 30, 2023, for Minnesota grown grants in this paragraph are available until June 30, 2025.

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

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

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

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

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

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

(h) \$10,000 the second year is to provide an interim report on the Statewide Cooperative Partnership for Local and Regional Markets, including recommendations for strengthening local and regional food systems. No later than February 1, 2023, the commissioner must submit the report to the legislative committees with jurisdiction over agriculture policy and finance. This is a onetime appropriation.

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	25,343,000	<u>25,357,000</u> <u>27,257,000</u>
--	------------	--

(a) \$9,300,000 the first year and \$9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least \$600,000 the first year and \$600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); \$2,000,000 the first year and \$2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; \$350,000 the first year and \$350,000 the second year are for potato breeding; and \$450,000 the first year and \$450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to \$1,000,000 each year is for research on avian influenza, salmonella, and other turkey-related diseases. By January 15, 2023, entities receiving grants for potato breeding and wild rice breeding are requested to report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and higher education regarding the use of the grant money and to provide an update on the status of research and related accomplishments.

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

(b) \$16,028,000 the first year and ~~\$16,028,000~~ \$17,928,000 the second year are for the agricultural growth, research, and innovation program under

Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; providing funding not to exceed \$800,000 each year to develop and enhance farm-to-school markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota children in school and child care settings including, at the commissioner's discretion, reimbursing schools for purchases from local farmers; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems; providing funding not to exceed \$600,000 each year for urban youth agricultural education or urban agriculture community development of which \$10,000 each year is for transfer to the emerging farmer account under Minnesota Statutes, section 17.055, subdivision 1a; providing funding not to exceed \$450,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

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

- (1) \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;
- (2) \$4,500,000 the first year and \$5,750,000 the second year are for incentive payments

under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2023, and the second year appropriation is available until June 30, 2024. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph. The base appropriation under this clause is \$5,750,000 in fiscal year 2024 and thereafter;

(3) \$3,000,000 the first year and \$3,000,000 the second year are for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 10 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed \$200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses;

(4) \$750,000 the first year and ~~\$750,000~~ \$1,400,000 the second year are for grants to facilitate the start-up,

modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed \$200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2024, and may be used for other purposes under this paragraph. ~~The appropriations under this clause are onetime~~ The base appropriation under this clause is \$250,000 in fiscal year 2024 and thereafter; and

(5) \$1,400,000 the first year and \$1,400,000 the second year are for livestock investment grants under Minnesota Statutes, section 17.118. Any unencumbered balance at the end of the second year does not cancel until June 30, 2024, and may be used for other purposes under this paragraph. The appropriations under this clause are onetime.

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

The base amount for the agricultural growth, research, and innovation program is ~~\$16,053,000~~ \$17,553,000 in fiscal year 2024 and ~~\$16,053,000~~ \$17,553,000 in fiscal year 2025, and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20.

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

	9,977,000	9,839,000
Subd. 5. Administration and Financial Assistance	<u>11,477,000</u>	<u>13,429,000</u>

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

(b) \$387,000 the first year and \$337,000 the second year are for farm advocate services. Of these amounts, \$100,000 the first year and \$50,000 the second year

are for a pilot program creating farmland access teams to provide technical assistance to potential beginning farmers. The farmland access teams must assist existing farmers and beginning farmers on transitioning farm ownership and operation. Services provided by teams may include but are not limited to providing mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance. Of this amount for farm transitions, up to \$50,000 the first year may be used to upgrade the Minnesota FarmLink web application that connects farmers looking for land with farmers looking to transition their land.

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

(d) \$238,000 the first year and ~~\$238,000~~ \$260,000 the second year are for ~~transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through the Minnesota State Agricultural Centers of Excellence. South Central College and Central Lakes College shall serve as the fiscal agents. a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business Management, statewide mental health counseling support to Minnesota farm operators, families, and employees, and individuals who work with Minnesota farmers in a professional capacity. Region Five Development Commission may use up to 6.5 percent of the grant awarded under this paragraph for administration. The base for this appropriation is \$260,000 in fiscal year 2024 and later.~~

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

(1) to purchase milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula

used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this clause may use up to two percent for administrative expenses;

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

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

Of the amount appropriated under this paragraph, at least \$600,000 each year must be allocated under clause (1). Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available in the second year. Second Harvest Heartland must submit quarterly reports to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed.

(f) \$250,000 the first year and \$250,000 the second year are for grants to the Minnesota Agricultural

Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

(g) \$1,437,000 the first year and \$1,437,000 the second year are for transfer to the agricultural and environmental revolving loan account established under Minnesota Statutes, section 17.117, subdivision 5a, for low-interest loans under Minnesota Statutes, section 17.117. The base for appropriations under this paragraph in fiscal year 2024 and thereafter is \$1,425,000. The commissioner must examine how the department could use up to one-third of the amount transferred to the agricultural and environmental revolving loan account under this paragraph to award grants to rural landowners to replace septic systems that inadequately protect groundwater. No later than February 1, 2022, the commissioner must report to the legislative committees with jurisdiction over agriculture finance and environment finance on the results of the examination required under this paragraph. The commissioner's report may include other funding sources for septic system replacement that are available to rural landowners.

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

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

(1) facility renovation to accommodate meat cutting;

- (2) curriculum design and approval from the Higher Learning Commission;
- (3) program operational start-up costs;
- (4) equipment required for a meat cutting program; and
- (5) meat handling start-up costs in regard to meat access and market channel building.

No later than January 15, 2023, Central Lakes College must submit a report outlining the use of grant money to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture and higher education.

(j) \$2,000 the first year is for grants to the Minnesota State Poultry Association. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(k) \$17,000 the first year and \$17,000 the second year are for grants to the Minnesota State Horticultural Society. These are onetime appropriations.

(l) \$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association. These are onetime appropriations.

(m) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

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

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

(p) \$75,000 the first year and \$75,000 the second year are for grants to the Minnesota Turf Seed Council for

basic and applied research. The Minnesota Turf Seed Council may subcontract with a qualified third party for some or all of the basic or applied research. No later than January 15, 2023, the Minnesota Turf Seed Council must submit a report outlining the use of the grant money and related accomplishments to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture. These are onetime appropriations. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(q) \$150,000 the first year and \$150,000 the second year are to establish an emerging farmer office and hire a full-time emerging farmer outreach coordinator. The emerging farmer outreach coordinator must engage and support emerging farmers regarding resources and opportunities available throughout the Department of Agriculture and the state. For purposes of this paragraph, "emerging farmer" has the meaning provided in Minnesota Statutes, section 17.055, subdivision 1. Of the amount appropriated each year, \$25,000 is for translation services for farmers and cottage food producers.

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

(s) \$827,000 the second year is to award and administer grants to:

(1) organizations to provide technical and culturally appropriate services to emerging farmers and related businesses;

(2) organizations to help emerging farmers pay for up to 65 percent of premium expenses each year up to two years under the federal micro farm insurance program; and

(3) The Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) program to compensate emerging farmers for crops donated to hunger relief organizations in Minnesota.

This is a onetime appropriation and is available until June 30, 2024.

(t) \$750,000 the second year is to support the IT modernization efforts, including laying the technology

foundations needed for improving customer interactions with the department for licensing and payments. The base for this appropriation is \$584,000 in fiscal year 2024 and \$0 in fiscal year 2025.

(u) \$1,500,000 the first year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041. This is a onetime transfer. This transfer is in addition to the appropriations made in Laws 2022, chapter 47, section 2.

Notwithstanding Minnesota Statutes, section 17.041, the commissioner may use the amount to be transferred for the purposes identified under Laws 2022, chapter 47, section 2, paragraph (b). This paragraph expires on December 31, 2022.

(v) \$250,000 in the second year is for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. The Veterinary Diagnostic Laboratory must report expenditures under this paragraph to the legislative committees with jurisdiction over agriculture finance and higher education with initial reports completed by January 3, 2023, and January 3, 2024, and a final report by September 1, 2025. The reports must include a list of equipment purchased, including the cost of each item. The base for this appropriation is \$250,000 in fiscal year 2024 and \$0 in fiscal year 2025.

(w) \$141,000 the second year is for additional funding to administer the beginning farmer tax credit. The base for this appropriation is \$56,000 in fiscal year 2024 and later.

(x) \$750,000 the second year is for a grant to the Ag Innovation Campus to continue construction of a soybean processing and research facility. This is a onetime appropriation.

The commissioner shall submit a report on the utilization of the grants to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance by February 1, 2024.

(y) \$50,000 is added to the base for fiscal year 2024 and \$0 for fiscal year 2025 to provide technical assistance and leadership in the development of a comprehensive and well-documented state aquaculture plan. The commissioner must provide the state aquaculture plan to the legislative committees with jurisdiction over agriculture finance and policy by February 15, 2025.

(z) \$500,000 the second year is to award and administer down payment assistance grants under Minnesota Statutes, section 17.133. The base for this appropriation is \$750,000 in fiscal year 2024 and thereafter.

(aa) \$350,000 the second year is to provide grants to secondary career and technical education programs for the purpose of offering instruction in meat cutting and butchery. By January 15, 2023, the commissioner must report to the chairs and ranking minority members of the committees with jurisdiction over agriculture finance and education finance by listing the grants made under this paragraph by county and noting the number and amount of grant requests not fulfilled. The report may include additional information as determined by the commissioner, including but not limited to information regarding the outcomes produced by these grants. If additional grants are awarded under this paragraph that were not covered in the report due by January 15, 2023, the commissioner must submit an additional report to the chairs and ranking minority members of the committees with jurisdiction over agriculture finance and education finance regarding all grants issued under this paragraph by November 1, 2023. This is a onetime appropriation. Grants may be used for costs, including but not limited to:

- (1) equipment required for a meat cutting program;
- (2) facility renovation to accommodate meat cutting; and
- (3) training faculty to teach the fundamentals of meat processing.

A grant recipient may be awarded a grant of up to \$70,000 and may use up to ten percent of the grant for faculty training.

Priority may be given to applicants who are coordinating with meat cutting and butchery programs at Minnesota State Colleges and Universities system and local industry partners.

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

Sec. 2. Laws 2021, First Special Session chapter 3, article 1, section 4, is amended to read:

Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE

\$ 4,543,000 \$ 4,043,000

(a) \$150,000 the first year and \$150,000 the second year are for a meat scientist.

(b) \$500,000 the first year is for grants to organizations to acquire, host, and operate a mobile slaughter unit. The mobile unit must coordinate with Minnesota state two-year colleges that have meat cutting programs to accommodate training as it relates to animal slaughter. The mobile unit may coordinate with livestock producers who desire to provide value-added meat products by utilizing the mobile slaughter unit. The mobile unit may be used for research, training outside of the two-year colleges, and other activities that align with industry needs. The Agricultural Utilization Research Institute may only award a grant under this paragraph if the grant amount is matched by a like amount from another funding source. The Agricultural Utilization Research Institute must seek matching dollars from Minnesota State Colleges and Universities or other entities for purposes of this paragraph. The appropriation under this paragraph is onetime and is available until June 30, 2024. Any money remaining on June 30, 2024, must be transferred to the commissioner of agriculture for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12, and is available until June 30, 2025. By January 15, 2023, the institute must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture regarding the status of the project, including the status of the use of any state or matching dollars to complete the project.

(c) \$300,000 is added to the base in fiscal year 2024 and \$0 in fiscal year 2025 for equipment upgrades, equipment replacement, installation expenses, and laboratory infrastructure at the Agricultural Utilization

Research Institute's laboratories in Crookston, Marshall, and Waseca.

(d) \$200,000 is added to the base for fiscal year 2024 and thereafter to maintain the current level of service delivery.

ARTICLE 2

AGRICULTURE POLICY

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

Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is established in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for emergency preparedness and response activities for agricultural emergencies affecting producers of livestock, poultry, crops, or other agricultural products. Eligible emergency response uses include agency costs directly attributed to responding to agricultural emergencies and purchasing necessary equipment and reimbursing costs incurred by local units of government that are not eligible for reimbursement from other sources. Eligible emergency preparedness uses are limited to training and the procurement of equipment and supplies.

Sec. 2. [17.1016] COOPERATIVE GRANTS.

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

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

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

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

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

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

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

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

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

(c) The commissioner may receive applications and make grants up to \$50,000 to eligible grantees for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities,

including site analysis, the development of bid specifications, preliminary blueprints and schematics, and the completion of purchase agreements and other necessary legal documents.

(d) Grants must be matched dollar-for-dollar with other money or in-kind contributions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) not be based on participation program; and

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

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

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

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

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

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

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

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

(3) otherwise meets the requirements of this section.

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

Subdivision 1. **Establishment.** The commissioner may award a livestock investment grant to a person who raises livestock in this state equal to ten percent of the first \$500,000 of qualifying expenditures, provided the person makes qualifying expenditures of at least \$4,000. The commissioner may award multiple livestock investment grants to a person over the life of the program as long as the cumulative amount does not exceed \$50,000 and shall give preference to applicants who have not previously received a grant under this section.

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

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

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

(2) be the principal operator of the farm;

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

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

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

Sec. 10. **[17.133] FARM DOWN PAYMENT ASSISTANCE GRANTS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible farmer" means an individual who at the time that the grant is awarded:

(1) is a resident of Minnesota who intends to acquire farmland located within the state and provide the majority of the day-to-day physical labor and management of the farm;

(2) grosses no more than \$250,000 per year from the sale of farm products; and

(3) has not, and whose spouse has not, at any time had a direct or indirect ownership interest in farmland.

(c) "Farm down payment" means an initial, partial payment required by a lender or seller to purchase farmland.

Subd. 2. **Grants.** The commissioner must award farm down payment assistance grants of up to \$15,000 per eligible farmer. An eligible farmer must match the grant with at least an equivalent amount of other funding. An eligible farmer must commit to own and farm the land purchased with assistance provided under this section for at least five years. For each year that a grant recipient does not own and farm the land during the five-year period, the grant recipient must pay a penalty to the commissioner equal to 20 percent of the grant amount.

Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture and rural development, in compliance with sections 3.195 and 3.197, on the farm down payment assistance grants under this section. The report must include:

(1) background information on beginning farmers in Minnesota and any other information that the commissioner and authority find relevant to evaluating the effect of the grants on increasing opportunities for and the number of beginning farmers;

(2) the number and amount of grants;

(3) the geographic distribution of grants by county;

(4) the number of grant recipients who are emerging farmers;

(5) the number of farmers who cease to own land and are subject to payment of a penalty, along with the reasons for the land ownership cessation; and

(6) the number and amount of grant applications that exceeded the allocation available in each year.

Sec. 11. Minnesota Statutes 2020, section 18B.051, is amended to read:

18B.051 POLLINATOR HABITAT AND RESEARCH ACCOUNT.

Subdivision 1. **Account established.** A pollinator ~~habitat and~~ research account is established in the agricultural fund. Money in the account, including interest, is appropriated to the Board of Regents of the University of Minnesota for pollinator research and outreach including, but not limited to, science-based best practices and the identification and establishment of habitat beneficial to pollinators.

Subd. 2. **Expiration.** This section expires July 1, ~~2022~~ 2025.

Sec. 12. Minnesota Statutes 2020, section 18E.03, subdivision 3, is amended to read:

Subd. 3. **Determination of response and reimbursement fee.** (a) The commissioner shall determine the amount of the response and reimbursement fee under subdivision 4 after a public hearing based on:

(1) the amount needed to maintain an unencumbered balance in the account of ~~\$1,000,000~~ \$2,000,000;

(2) the amount estimated to be needed for responses to incidents as provided in subdivision 2, clauses (1) and (2); and

(3) the amount needed for payment and reimbursement under section 18E.04.

(b) The commissioner shall determine the response and reimbursement fee so that the total balance in the account does not exceed ~~\$5,000,000~~ \$6,500,000.

(c) Money from the response and reimbursement fee shall be deposited in the treasury and credited to the agricultural chemical response and reimbursement account.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 13. Minnesota Statutes 2020, section 18E.04, subdivision 3, is amended to read:

Subd. 3. **Partial reimbursement.** (a) If the unencumbered balance of the account drops below ~~\$2,000,000~~ \$3,000,000, the board may only pay or reimburse an eligible person up to \$100,000 within the same fiscal year.

(b) If the board determines that an incident was caused by a violation of chapter 18B, 18C, or 18D, the board may reimburse or pay a portion of the corrective action costs of the eligible person based on the culpability of the eligible person and the percentage of the costs not attributable to the violation.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 14. Minnesota Statutes 2020, section 18E.04, subdivision 4, is amended to read:

Subd. 4. **Reimbursement payments.** (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for 80 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to ~~\$350,000~~ \$550,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

(g) Except for an emergency incident, the board may not reimburse or pay for more than 60 percent of the corrective action costs of an eligible person or for an incident within five years of a previous incident at a single site resulting from a site recontamination.

(h) The deduction of \$1,000 and 20 percent from the ~~\$350,000~~ \$550,000 remuneration may be waived by the board if the incident took place on or after August 18, 2007, and was caused by flooding associated with Presidential Declaration of Major Disaster DR-1717.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 15. Minnesota Statutes 2020, section 28A.21, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) The Food Safety and Defense Task Force consists of:

(1) the commissioner of agriculture or the commissioner's designee;

(2) the commissioner of health or the commissioner's designee;

(3) a representative of the United States Food and Drug Administration;

(4) a representative of the United States Department of Agriculture;

(5) a representative of the Agricultural Utilization Research Institute;

(6) one member of the Minnesota Grocers Association;

(7) one member from the University of Minnesota knowledgeable in food and food safety issues; and

(8) ~~nine~~ ten members appointed by the governor who are interested in food and food safety, of whom:

(i) two persons are health or food professionals;

(ii) one person represents a statewide general farm organization;

(iii) one person represents a local food inspection agency;

(iv) one person represents a food-oriented consumer group; ~~and~~

(v) one person represents a Minnesota-based manufacturer of microbial detection equipment and remediation products; and

(vi) one person is knowledgeable in cybersecurity.

(b) Members shall serve without compensation. Members appointed by the governor shall serve four-year terms.

Sec. 16. Minnesota Statutes 2020, section 35.05, is amended to read:

35.05 AUTHORITY OF STATE BOARD.

(a) The state board may quarantine or kill any domestic animal infected with, or which has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect the health of the domestic animals of the state.

(b) The board may regulate or prohibit the arrival in and departure from the state of infected or exposed animals and, in case of violation of any rule or prohibition, may detain any animal at its owner's expense. The board may regulate or prohibit the importation of domestic animals which, in its opinion, may injure the health of Minnesota livestock.

(c) When the governor declares an emergency under section 35.0661, the board, through its executive director, may assume control of such resources within the University of Minnesota's Veterinary Diagnostic Laboratory as necessary to effectively address the disease outbreak. The director of the laboratory and other laboratory personnel must cooperate fully in performing necessary functions related to the outbreak or threatened outbreak.

(d) The board may test or require tests of any bovine or cervidae in the state when the board deems it necessary to achieve or maintain bovine tuberculosis accredited free state or zone status under the regulations and laws administered by the United States Department of Agriculture.

(e) Notwithstanding section 3.3005, subdivision 2, the board may apply for, receive, and disburse federal money made available to the state for animal disease response. All federal money received by the board for this purpose must be deposited in the state treasury and, except as provided in section 35.156, subdivision 2, is appropriated to the board for the purposes for which it was received. By January 15 each year, the board must report to the senate Committee on Finance, the house of representatives Committee on Ways and Means, and the legislative committees with jurisdiction over the board's operating budget regarding the amount of federal money received and spent in the previous fiscal year under this paragraph and the board's use of these funds.

Sec. 17. Minnesota Statutes 2020, section 40A.18, subdivision 2, is amended to read:

Subd. 2. **Allowed commercial and industrial operations.** (a) Commercial and industrial operations are not allowed on land within an agricultural preserve except:

(1) small on-farm commercial or industrial operations normally associated with and important to farming in the agricultural preserve area;

(2) storage use of existing farm buildings that does not disrupt the integrity of the agricultural preserve;

(3) small commercial use of existing farm buildings for trades not disruptive to the integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop, and similar activities that a farm operator might conduct; ~~and~~

(4) wireless communication installments and related equipment and structure capable of providing technology potentially beneficial to farming activities. A property owner who installs wireless communication equipment does not violate a covenant made prior to January 1, 2018, under section 40A.10, subdivision 1; and

(5) solar energy generating systems with an output capacity of one megawatt or less.

(b) For purposes of paragraph (a), clauses (2) and (3), "existing" means existing on August 1, 1989.

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

Sec. 18. Minnesota Statutes 2020, section 41A.16, subdivision 1, is amended to read:

Subdivision 1. **Eligibility for participants on or before April 1, 2023.** (a) A facility eligible for payment under this section must source from Minnesota at least 80 percent of the biomass used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from the state border, biomass used to produce an advanced biofuel may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility or from within Minnesota. The facility must be located in Minnesota, must begin production at a specific location ~~by June 30, 2025~~ on or before April 1, 2023, and must not begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least 1,500 MMbtu of advanced biofuel quarterly.

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

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

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

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

(f) Biobutanol is eligible under this section.

Sec. 19. Minnesota Statutes 2020, section 41A.16, is amended by adding a subdivision to read:

Subd. 7. **Eligibility for participants after April 1, 2023.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location after April 1, 2023, and before June 30, 2025, and must not begin operating above 23,750 MMbtu of quarterly biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least 23,750 MMbtu of biofuel quarterly.

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

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

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

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

(f) Biobutanol is eligible under this section.

Sec. 20. Minnesota Statutes 2020, section 41A.17, subdivision 1, is amended to read:

Subdivision 1. **Eligibility for participants on or before April 1, 2023.** (a) A facility eligible for payment under this section must source from Minnesota at least 80 percent of the biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or less from the state border, biomass used to produce a renewable chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility or from within Minnesota. The facility must be located in Minnesota, must begin production at a specific location ~~by June 30, 2025~~ on or before April 1, 2023, and must not begin production of 250,000 pounds of chemicals quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least 250,000 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

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

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

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

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

Sec. 21. Minnesota Statutes 2020, section 41A.17, is amended by adding a subdivision to read:

Subd. 6. Eligibility for participants after April 1, 2023. (a) A facility eligible for payment under this program must source at least 80 percent biobased content from Minnesota. For the purposes of this subdivision, "biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866. If a facility is sited 50 miles or less from the state border, biobased content must be sourced from within a 100-mile radius. Biobased content must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location after April 1, 2023, and before June 30, 2025, and must not begin production of 750,000 pounds or more of chemicals quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least 750,000 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

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

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

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

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

Sec. 22. Minnesota Statutes 2020, section 41A.18, subdivision 1, is amended to read:

Subdivision 1. Eligibility for participants on or before April 1, 2023. (a) A facility eligible for payment under this section must source from Minnesota at least 80 percent of the biomass used for biomass thermal production, except that, if a facility is sited 50 miles or less from the state border, biomass used for biomass thermal production may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility, or from within Minnesota. Biomass must be from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location ~~by June 30, 2025~~ on or before April 1, 2023, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least 250 MMbtu of biomass thermal quarterly.

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

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

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

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

Sec. 23. Minnesota Statutes 2020, section 41A.18, is amended by adding a subdivision to read:

Subd. 6. Eligibility for participants after April 1, 2023. (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials should be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location after April 1, 2023, and before June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least 250 MMbtu of biomass thermal quarterly.

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

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

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

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

Sec. 24. Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 2, is amended to read:

Subd. 2. Eligibility. (a) A facility eligible for payment under this section must source at least 80 percent of its forest resources raw materials from Minnesota. The facility must be located in Minnesota; must begin construction activities by December 31, ~~2022~~ 2023, for a specific location; ~~must begin production~~ must have produced at least one OSB square foot on a 3/8-inch nominal basis at a specific location by June 30, 2025 2026; and must not begin operating before January 1, 2022. Eligible facilities must be new OSB construction sites with total capital investment in excess of \$250,000,000. Eligible OSB production facilities must produce at least ~~200,000,000~~ 50,000,000 OSB square feet on a 3/8-inch nominal basis of OSB each ~~year~~ quarter. At least one product produced at the facility should be a wood-based wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay that serves as a water resistive barrier.

(b) No payments shall be made for OSB production that occurs after June 30, 2036, for those eligible producers under paragraph (a).

(c) An eligible producer of OSB shall not transfer the producer's eligibility for payments under this section to a facility at a different location.

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

Sec. 25. Minnesota Statutes 2020, section 41B.025, is amended by adding a subdivision to read:

Subd. 10. Timely decisions. When feasible, the authority must make a decision on a completed loan application submitted by a borrower or eligible agricultural lender within ten business days.

Sec. 26. Minnesota Statutes 2020, section 223.17, subdivision 4, is amended to read:

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~~ \$1,000,000 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.

Sec. 27. Minnesota Statutes 2020, section 223.17, subdivision 6, is amended to read:

Subd. 6. **Financial statements.** (a) Except as allowed in paragraph (c), a grain buyer licensed under this chapter must annually submit to the commissioner a financial statement prepared in accordance with generally accepted accounting principles. The annual financial statement required under this subdivision must also:

(1) include, but not be limited to the following:

(i) a balance sheet;

(ii) a statement of income (profit and loss);

(iii) a statement of retained earnings;

(iv) a statement of changes in financial position; and

(v) a statement of the dollar amount of grain purchased in the previous fiscal year of the grain buyer;

(2) be accompanied by a compilation report of the financial statement that is prepared by a grain commission firm or a management firm approved by the commissioner or by an independent public accountant, in accordance with standards established by the American Institute of Certified Public Accountants;

(3) be accompanied by a certification by the chief executive officer or the chief executive officer's designee of the licensee, and where applicable, all members of the governing board of directors under penalty of perjury, that the financial statement accurately reflects the financial condition of the licensee for the period specified in the statement;

(4) for grain buyers purchasing under ~~\$5,000,000~~ \$7,500,000 of grain annually, be reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, and must show that the financial statements are free from material misstatements; and

(5) for grain buyers purchasing ~~\$5,000,000~~ \$7,500,000 or more of grain annually, be audited by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants and must include an opinion statement from the certified public accountant.

(b) Only one financial statement must be filed for a chain of warehouses owned or operated as a single business entity, unless otherwise required by the commissioner. All financial statements filed with the commissioner are private or nonpublic data as provided in section 13.02.

(c) 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~~ \$1,000,000 or less.

(d) The commissioner shall annually provide information on a person's fiduciary duties to each licensee. To the extent practicable, the commissioner must direct each licensee to provide this information to all persons required to certify the licensee's financial statement under paragraph (a), clause (3).

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

Sec. 28. Minnesota Statutes 2020, section 346.155, subdivision 7, is amended to read:

Subd. 7. **Exemptions.** This section does not apply to:

- (1) institutions accredited by the American Zoo and Aquarium Association;
- (2) a wildlife sanctuary;
- (3) fur-bearing animals, as defined in section 97A.015, possessed by a game farm that is licensed under section 97A.105, or bears possessed by a game farm that is licensed under section 97A.105;
- (4) the Department of Natural Resources, or a person authorized by permit issued by the commissioner of natural resources pursuant to section 97A.401, subdivision 3;
- (5) a licensed or accredited research or medical institution; ~~or~~
- (6) a United States Department of Agriculture licensed exhibitor of regulated animals while transporting or as part of a circus, carnival, rodeo, or fair; or
- (7) a zoo that: (i) is a United States Department of Agriculture-licensed exhibitor of regulated animals; (ii) houses animals owned by institutions accredited by the American Zoo and Aquarium Association; and (iii) participates in the American Zoo and Aquarium Association Species Survival Plan.

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

Sec. 29. **SOIL HEALTH FINANCIAL ASSISTANCE PILOT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of agriculture must establish and administer a pilot program to support healthy soil management practices in accordance with this section.

Subd. 2. **State healthy soil management plan.** The commissioner must develop a healthy soil management plan in consultation with the University of Minnesota, the United States Department of Agriculture Natural Resources Conservation Service, the Board of Water and Soil Resources, the Minnesota Pollution Control Agency, and nongovernmental environmental and agricultural organizations. By December 31, 2023, and December 31, 2024, the commissioner must report the plan to the governor and to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture, the environment, and natural resources. The plan must include all of the following:

- (1) an assessment of the current state of healthy soil management practices statewide;
- (2) a statewide five- and ten-year goal for healthy soil management practice implementation, denominated in acres;
- (3) an explanation of how the commissioner will make grant award decisions based on the eligibility categories described in subdivision 3;
- (4) an explanation of how the commissioner will ensure a geographically fair distribution of funding across a broad group of crop types, soil management practices, and farm sizes;
- (5) a strategy for leveraging other public and private sources of money to expand healthy soil management practices in the state;
- (6) a summary of the operations of the program, including a summary of state, federal, and private money spent, the total number of projects and acres, and an estimate of carbon sequestered or carbon emissions reduced during that period; and
- (7) any other matter that the commissioner deems relevant.

Subd. 3. **Eligible projects.** The commissioner may award a grant under this section for any project on agricultural land in Minnesota that will:

(1) increase the quantity of organic carbon in soil through practices, including but not limited to reduced tillage, cover cropping, manure management, precision agriculture, crop rotations, and changes in grazing management;

(2) integrate perennial vegetation into the management of agricultural lands;

(3) reduce nitrous oxide and methane emissions through changes to livestock, soil management, or nutrient optimization;

(4) increase the usage of precision agricultural practices;

(5) enable the development of site-specific management plans; or

(6) enable the purchase of equipment, parts and materials, technology, subscriptions, technical assistance, seeds, seedlings, or amendments that will further any of the purposes in clauses (1) to (5).

Subd. 4. **Grant eligibility.** Any owner or lessee of farmland may apply for a grant under this section. Local government units, including cities, towns, counties, soil and water conservation districts, Tribal nations, and joint powers boards, are also eligible for a grant. A local government unit that receives a grant for equipment or technology must make those purchases available for use by the public.

Subd. 5. **Funding limitations.** Every appropriation for the soil health financial assistance pilot program is subject to the following limitations:

(1) the commissioner may award no more than ten percent of the appropriation to a single recipient; and

(2) the commissioner may use no more than five percent of the appropriation to cover the costs of administering the program.

Subd. 6. **Expiration.** This section expires June 30, 2024.

Sec. 30. **REPORT REQUIRED; GRAIN ADVISORY GROUP.**

The commissioner of agriculture may convene members of the Grain Advisory Group and develop recommendations to improve the grain licensing program, including changes to protect farmers who sell grain, and report back to the legislative committees with jurisdiction over agriculture by February 15, 2023. Participating stakeholders must be given an opportunity to include written testimony to the legislative committees in the commissioner's report.

ARTICLE 3

DISASTER RELIEF

Section 1. Minnesota Statutes 2020, section 41B.047, subdivision 3, is amended to read:

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

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

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

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

(4) have received at least ~~50~~ 25 percent of ~~average~~ annual gross income from farming ~~for~~ in the past ~~three years~~ year.

Sec. 2. DROUGHT RELIEF GRANTS; APPROPRIATION.

Subdivision 1. Appropriation. \$8,100,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of agriculture to award grants and other forms of financial assistance to livestock farmers and specialty crop producers impacted by drought during 2021. For the purposes of this section, "specialty crop" means an eligible crop under the United States Department of Agriculture's specialty crop block grant program. The commissioner may use up to 6.5 percent of this appropriation to administer this section. This appropriation is available until June 30, 2024.

Subd. 2. Eligibility. (a) To be eligible under this section, a farmer or producer must:

(1) be located in a county designated by the United States Department of Agriculture as a primary natural disaster area after July 19, 2021, and before January 1, 2022, or in a county contiguous to a designated county; and

(2) provide to the commissioner an inventory of expenses incurred by the farmer or producer and attest that the farmer or producer incurred these expenses in response to the drought.

(b) Eligible expenses under paragraph (a), clause (2), include but are not limited to costs incurred by a livestock farmer to transport feed or feed ingredients up to 25 miles to and from the farm if the farmer is not compensated for the same expenses through the United States Department of Agriculture's Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish program.

Subd. 3. Payment amount. The commissioner may award an eligible farmer or producer a grant or other form of financial assistance equal to the total amount attested to under subdivision 2, paragraph (a), clause (2), or \$7,500, whichever is less.

Subd. 4. Application process. (a) The commissioner must accept applications under this section for at least ten business days and may accept any additional applications postmarked during this same period.

(b) If total eligible applications received during the initial application period exceed the amount appropriated under subdivision 1, the commissioner must award grants or other forms of financial assistance to eligible applicants on a pro rata basis.

(c) If total eligible applications received during the initial application period do not exceed the amount appropriated under subdivision 1, the commissioner must solicit and accept additional applications until any remaining amount is exhausted or cancels to the general fund.

Subd. 5. Report. Beginning January 10, 2023, and annually thereafter until January 10, 2025, the commissioner must report on expenditures and activities under this section to the legislative committees and divisions with jurisdiction over agriculture finance. The reports must include a breakdown of grants by type of farm, either livestock or specialty crop, and by county.

Sec. 3. TRANSFER; RURAL FINANCE AUTHORITY.

\$2,500,000 in fiscal year 2022 is transferred from the general fund to the Rural Finance Authority Revolving Loan account established under Minnesota Statutes, section 41B.06, with priority given to drought relief loans under Minnesota Statutes, section 41B.047. Beginning January 10, 2023, and annually thereafter until January 10, 2025, the commissioner of agriculture must report expenditures and activities under this section to the legislative committees and divisions with jurisdiction over agriculture finance.

Sec. 4. APPROPRIATION; VETERINARY DISEASE TESTING EQUIPMENT.

\$1,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of agriculture for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. The Veterinary Diagnostic Laboratory must include expenditures and activities under this section in the reports required by article 1, section 1, subdivision 5, paragraph (v). This appropriation is available until June 30, 2023.

Sec. 5. TRANSFER; AGRICULTURAL EMERGENCY ACCOUNT.

(a) \$1,500,000 in fiscal year 2022 is transferred from the general fund to the agricultural emergency account established under Minnesota Statutes, section 17.041. This transfer is in addition to the transfer under Laws 2022, chapter 47, section 2.

(b) Notwithstanding Minnesota Statutes, section 17.041, the commissioner may use the amount transferred under this section for the purposes identified in Laws 2022, chapter 47, section 2. This paragraph expires on December 31, 2022.

Sec. 6. APPROPRIATIONS; DROUGHT RELIEF.

(a) \$300,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of natural resources for costs associated with resolving well interferences confirmed by the Department of Natural Resources that occurred after April 30, 2021, and before December 31, 2021. This appropriation is available until June 30, 2026.

(b) \$5,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of natural resources to replace drought-killed seedlings on lands managed by the Department of Natural Resources and to administer grants to Tribal, county, and private forestland owners to replace drought-killed seedlings on their land. Seedling replacement includes site prep, replanting, and tending seedlings. This is a onetime appropriation and is available until June 30, 2027.

Sec. 7. EFFECTIVE DATE.

This article is effective the day following final enactment.

ARTICLE 4**BROADBAND APPROPRIATIONS**

Section 1. Laws 2021, First Special Session chapter 10, article 1, section 7, is amended to read:

Sec. 7. BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.

(a) The commissioner of employment and economic development must prepare and submit an application to the United States Department of the Treasury requesting that \$70,000,000 of Minnesota's capital projects fund allocation under Public Law 117-2 be awarded to the state. The commissioner must submit the application required under this paragraph by the later of September 30, 2021, or 90 days after the date on which the United States Department of the Treasury begins accepting capital projects fund applications. The commissioner must specify in the application that the award will be used for grants ~~and~~ that satisfy the purposes specified under Minnesota Statutes, section 116J.395.

(b) Of the amount awarded to the state of Minnesota pursuant to the application required in paragraph (a), notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, 50 percent in fiscal year 2022 and 50 percent in fiscal year 2023 are appropriated to the commissioner of employment and economic development. This is a onetime appropriation and must be used for grants ~~and~~ that satisfy the purposes specified under Minnesota Statutes, section 116J.395. All money awarded under this section must be spent by December 31, 2026.

(c) The commissioner of employment and economic development may temporarily modify program standards under Minnesota Statutes, section 116J.395, to the degree necessary to comply with federal standards for funding received under this section.

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

Sec. 2. LOWER POPULATION DENSITY PILOT PROGRAM.

(a) The commissioner of employment and economic development must establish a pilot program to provide broadband service to unserved and underserved areas, as defined in Minnesota Statutes, section 116J.394, of the state where a 50 percent match formula is not adequate to make a business case for the extension of broadband facilities. Grants awarded under this section shall adhere to all other requirements of Minnesota Statutes, section 116J.395, subdivisions 1 to 6, and may fund up to 75 percent of the total cost of a project, notwithstanding Minnesota Statutes section 116J.395, subdivision 7. Grants awarded to a single project under this section may not exceed \$10,000,000.

(b) The commissioner of employment and economic development may use up to \$30,000,000 from the appropriations in sections 3 and 4 for the lower population density pilot program under paragraph (a).

(c) No later than December 31, 2023, the Office of Broadband Development must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over broadband policy and finance analyzing the impacts of this section on the number and amounts of grants awarded under Minnesota Statutes, section 116J.395.

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

Sec. 3. BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.

(a) The commissioner of employment and economic development must prepare and submit a grant plan application to the United States Department of the Treasury requesting that \$60,703,000 of Minnesota's capital projects fund allocation under Public Law 117-2 be used for grants that satisfy the purposes specified under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article. The commissioner must submit the application required under this paragraph by September 24, 2022.

(b) Notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, the amount awarded to Minnesota pursuant to the application required in paragraph (a) is appropriated to the commissioner of employment and economic development. This appropriation (1) must be used only for grants that satisfy the purposes specified under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article, and (2) is available until December 31, 2026.

(c) The commissioner of employment and economic development may temporarily modify program standards under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article to the extent necessary to comply with federal standards that apply to funding received under this section.

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

Sec. 4. BROADBAND DEVELOPMENT; APPROPRIATION.

(a) Notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, if Minnesota receives federal money for broadband development under Public Law 117-58, the Infrastructure Investment and Jobs Act, the money is appropriated to the commissioner of employment and economic development for grants that satisfy the purposes specified under Minnesota Statutes, section 116J.395, and sections 2 and 6 of this article.

(b) The commissioner of employment and economic development may temporarily modify program standards under Minnesota Statutes, section 116J.395, and sections 2 and 6 of this article to the extent necessary to comply with federal standards that apply to funding received under this section.

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

Sec. 5. BROADBAND LINE EXTENSION PROGRAM; APPROPRIATION.

The commissioner of employment and economic development may use up to \$15,000,000 from the appropriations in section 3 for the broadband line extension program in Minnesota Statutes, section 116J.3951.

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

Sec. 6. BROADBAND; MAPPING.

The commissioner of employment and economic development may use up to \$15,000,000 from the appropriations in sections 3 and 4 for comprehensive statewide mapping if the commissioner determines that comprehensive statewide mapping is an eligible expense under federal law.

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

Sec. 7. **TRANSFER.**

\$25,000,000 in fiscal year 2023 is transferred from the general fund to the border-to-border broadband fund account established in Minnesota Statutes, section 116J.396. The base for this transfer is \$25,000,000 in fiscal year 2024 and \$0 in fiscal year 2025 and later.

ARTICLE 5

BROADBAND POLICY

Section 1. **[116J.3951] BROADBAND LINE EXTENSION PROGRAM.**

Subdivision 1. **Program established.** A broadband line extension grant program is established in the Department of Employment and Economic Development. The purpose of the broadband line extension grant program is to award grants to eligible applicants in order to extend existing broadband infrastructure to unserved locations.

Subd. 2. **Portal.** No later than November 1, 2022, the department must develop and implement a portal on the department's website that allows a person to report (1) that broadband service is unavailable at the physical address of the person's residence or business, and (2) any additional information that the department deems necessary to ensure that the broadband line extension grant program functions effectively. The department must develop a form that allows the information identified in this subdivision to be submitted on paper.

Subd. 3. **Data sharing.** (a) Beginning no later than six months after the date that the portal is implemented and every six months thereafter, the department must send to each broadband service provider serving Minnesota customers: (1) a list of addresses submitted to the portal under subdivision 2 during the previous six months; and (2) any additional information that the department deems necessary to ensure that the broadband line extension grant program functions effectively. The department must send the information required under this section via e-mail.

(b) No later than ten days after the date that the list in paragraph (a) is provided, a broadband service provider may notify the department of any posted address at which the broadband service provider's broadband service is available. The department must provide persons residing or doing business at those addresses with contact information for:

(1) the broadband service provider with broadband service available at that address; and

(2) programs administered by government agencies, nonprofit organizations, or the applicable broadband service provider that reduce the cost of broadband service and for which the persons may be eligible.

Subd. 4. **Reverse auction process.** (a) No later than ten days after the date that the notice requirement in subdivision 3, paragraph (b), expires, the department must notify each broadband service provider that the broadband service provider may participate in the reverse auction process under this subdivision. Within 60 days of the date that the notification is received, a broadband service provider may submit a bid to the department to extend the broadband service provider's existing broadband infrastructure to a location where broadband service is currently unavailable.

(b) A bid submitted under this subdivision must include:

(1) a proposal to extend broadband infrastructure to one or more of the addresses on the list sent by the department to the broadband service provider under subdivision 3, paragraph (a), at which broadband service is unavailable;

(2) the amount of the broadband infrastructure extension's total cost that the broadband service provider proposes to pay;

(3) the amount of the broadband infrastructure extension's total cost that the broadband service provider proposes that the department is responsible for paying; and

(4) any additional information required by the department.

(c) Financial assistance that the department provides under this section must be in the form of a grant issued to the broadband service provider. A grant issued under this section must not exceed \$25,000 per line extension.

(d) Within 60 days of the date that the bidding period closes, the department must review the bids submitted and select the broadband service provider bids that request the least amount of financial support from the state, provided that the department determines that the selected bids represent a cost-effective expenditure of state resources.

Subd. 5. **Line extension agreement.** The department must enter into a line extension agreement with each winning bidder identified under subdivision 4, except that the department may not enter into a line extension agreement to serve any customer located within an area that will be served by a grant already awarded by the department under section 116J.395.

Subd. 6. **Contents of agreement.** A line extension agreement under subdivision 5 must contain the following terms:

(1) the broadband service provider agrees to extend broadband infrastructure to support broadband service scalable to speeds of at least 100 megabits per second download and 100 megabits per second upload to each address included in the broadband service provider's winning bid;

(2) the department agrees to pay the state's portion of the line extension cost in a grant issued to the broadband service provider upon the completion of the broadband infrastructure extension to each address in the broadband service provider's winning bid; and

(3) the winning bidder has an exclusive right to apply the grant to the cost of the broadband infrastructure extension for a period of one year after the date that the agreement is executed.

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

Sec. 2. Minnesota Statutes 2020, section 116J.396, subdivision 2, is amended to read:

Subd. 2. **Expenditures.** Money in the account may be used only:

(1) for grant awards made under ~~section~~ sections 116J.395 and 116J.3951, including costs incurred by the Department of Employment and Economic Development to administer that section;

(2) to supplement revenues raised by bonds sold by local units of government for broadband infrastructure development; or

(3) to contract for the collection of broadband deployment data from providers and the creation of maps showing the availability of broadband service.

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

Sec. 3. **[116J.399] BROADBAND EASEMENTS.**

Subdivision 1. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "broadband infrastructure" has the meaning given in section 116J.394, paragraph (c);

(2) "broadband service" has the meaning given in section 116J.394, paragraph (b); and

(3) "provider" means a broadband service provider, but does not include an electric cooperative association organized under chapter 308A that provides broadband service.

Subd. 2. **Use of existing easements for broadband services.** (a) A provider, provider's affiliate, or another entity that has entered into an agreement with a provider, may use the provider, affiliate, or entity's existing or subsequently acquired easements to install broadband infrastructure and provide broadband service, which may include an agreement to lease fiber capacity.

(b) Before exercising rights granted under this subdivision, a provider must provide notice to the property owner on which the easement is located, as described in subdivision 3.

(c) Use of an easement to install broadband infrastructure and provide broadband service vests and runs with the land beginning six months after the first notice is provided under subdivision 3, unless a court action challenging the use of the easement has been filed before that time by the property owner as provided under subdivision 4. The provider must also file copies of the notices with the county recorder.

Subd. 3. **Notice to property owner.** (a) A provider must send two written notices to impacted property owners declaring that the provider intends to use the easements to install broadband infrastructure and provide broadband service. The notices must be sent at least two months apart and must be sent by first class mail to the last known address of the owner of the property on which the easement is located or, if the property owner is an existing customer of the provider, by separate printed insertion in the property owner's monthly invoice or included as a separate page on a property owner's electronic invoice.

(b) The notice must include:

(1) the provider's name and mailing address;

(2) a narrative describing the nature and purpose of the intended easement use;

(3) a description of any trenching or other underground work expected to result from the intended use, and the anticipated time frame for the work;

(4) a phone number for an employee of the provider that the property owner may contact regarding the easement; and

(5) the following statement, in bold red lettering: "It is important to make any challenge by the deadline to preserve any legal rights you may have."

(c) The provider must file copies of the notices with the county recorder.

Subd. 4. Action for damages. (a) Notwithstanding any other law to the contrary, this subdivision governs an action under this section and is the exclusive means to bring a claim for compensation with respect to a notice of intent to use a provider's existing easement to install broadband infrastructure and provide broadband service.

(b) Within six months after the date notice is received under subdivision 3, a property owner may file an action seeking to recover damages for a provider's use of an existing easement to install broadband infrastructure and provide broadband service. Claims for damages under \$15,000 may be brought in conciliation court.

(c) To initiate an action under this subdivision, a property owner must serve a complaint upon the provider in the same manner as in a civil action and must file the complaint with the district court for the county in which the easement is located. The complaint must state whether the property owner:

(1) challenges the provider's right to use the easement for broadband services or infrastructure as provided under subdivision 5, paragraph (a);

(2) seeks damages as provided under subdivision 5, paragraph (b); or

(3) seeks to proceed under both clauses (1) and (2).

Subd. 5. Deposit and hearing required. (a) If a property owner files a complaint challenging a provider's right to use an easement to install broadband infrastructure and provide broadband service, after the provider answers the complaint, the district court must promptly hold a hearing on the complaint. If the district court denies the property owner's complaint, the provider may proceed to use the easement to install broadband infrastructure and provide broadband service, unless the complaint also seeks damages. If the complaint seeks damages, the provider may proceed under paragraph (b).

(b) If a property owner files a claim for damages, a provider may, after answering the complaint, deposit with the court administrator an amount equal to the provider's estimate of damages. A provider's estimate of damages must be no less than \$1. After the estimated damages are deposited, the provider may use the existing easement to install broadband infrastructure and provide broadband service, conditioned on an obligation, filed with the court administrator, to pay the amount of damages determined by the court.

Subd. 6. Calculation of damages; burden of proof. (a) In an action under this section involving a property owner's claim for damages:

(1) the property owner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, adjusted to reflect any increase in the property's fair market value resulting from access to broadband service;

(2) a court is prohibited from awarding consequential or special damages; and

(3) evidence of estimated revenue, profits, fees, income, or similar benefits accruing to the provider, the provider's affiliate, or a third party as a result of use of the easement is inadmissible.

(b) Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs, except that a provider is responsible for a property owner's attorney fees if the final judgment or award of damages by the court exceeds 140 percent of the provider's damage deposit made under subdivision 5, if applicable.

Subd. 7. **No limits on existing easement.** Nothing in this section limits in any way a provider's existing easement rights.

Subd. 8. **Local governmental right-of-way management preserved.** The placement of broadband infrastructure to provide broadband service under subdivisions 2 to 7 is subject to local government permitting and right-of-way management authority under section 237.163, and must be coordinated with the relevant local government unit in order to minimize potential future relocations. The provider must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

Subd. 9. **Railroad rights-of-way crossing.** The placement of broadband infrastructure for use to provide broadband service under subdivisions 1 to 7 or section 308A.201, subdivision 12, in any portion of an existing easement located in a railroad right-of-way is subject to sections 237.04 and 237.045.

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

Presented to the governor May 24, 2022

Signed by the governor May 26, 2022, 10:34 a.m.