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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-NINTH SESSION

**H. F. No. 153**

01/12/2015 Authored by Clark; Hamilton; Dehn, R.; Hornstein; Slocum and others  
The bill was read for the first time and referred to the Committee on Agriculture Policy  
03/23/2015 Adoption of Report: Amended and re-referred to the Committee on Agriculture Finance

1.1 A bill for an act  
1.2 relating to state government; establishing urban agriculture development grants;  
1.3 appropriating money; amending Minnesota Statutes 2014, section 17.115,  
1.4 subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapter 17.

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

1.6 Section 1. **[17.1095] URBAN AGRICULTURE DEVELOPMENT GRANTS.**

1.7 Subdivision 1. **Establishment.** (a) The commissioner shall establish and administer  
1.8 a grant program to provide financial and technical assistance to cities, organizations, or  
1.9 individuals for urban agriculture projects. Grant applications must be submitted to the  
1.10 commissioner on forms provided by the commissioner. The commissioner shall award  
1.11 grants to meritorious projects within the limits of available funding.

1.12 (b) For purposes of this section, "eligible city" means a Minnesota home rule or  
1.13 statutory city located in:

1.14 (1) the seven-county metropolitan area, as defined under section 473.121,  
1.15 subdivision 2; or

1.16 (2) the core county or counties of a metropolitan statistical area.

1.17 Subd. 2. **Grants to organizations or individuals.** The commissioner shall solicit  
1.18 grant applications from individuals and organizations for projects located in urban  
1.19 agriculture development zones in eligible cities. The commissioner shall rank applications  
1.20 based on the project's ability to:

1.21 (1) increase fresh food access, including access to affordable organic foods,  
1.22 to improve both local and regional food security through the development of urban  
1.23 agriculture projects; and

1.24 (2) reduce or eliminate health disparities related to food access.

2.1            Subd. 3. **Grants to cities.** The commissioner shall solicit grant applications from  
2.2 eligible cities that have adopted a zoning ordinance that designates urban agriculture  
2.3 development zones. Applicant cities must certify to the commissioner that the ordinance  
2.4 will remain in effect for at least ten years and must repay any grant funds received under  
2.5 this section if the ordinance is repealed or amended to prohibit urban agriculture during  
2.6 the ten-year period.

2.7            Sec. 2. Minnesota Statutes 2014, section 17.115, subdivision 2, is amended to read:

2.8            Subd. 2. **Loan criteria.** (a) The shared savings loan program ~~must~~ may provide  
2.9 loans for purchase of new or used machinery, urban agriculture development, and  
2.10 installation of equipment for projects that make environmental improvements and enhance  
2.11 farm profitability. Eligible loan uses do not include seed, fertilizer, or fuel.

2.12            (b) Loans may not exceed \$40,000 per individual or organization applying for a loan  
2.13 and may not exceed \$160,000 for loans to four or more individuals or to two or more  
2.14 organizations on joint projects. The loan repayment period may be up to seven years as  
2.15 determined by project cost and energy savings. The interest rate on the loans must not  
2.16 exceed six percent.

2.17            (c) Loans may only be made to residents and organizations of this state engaged in  
2.18 farming.

2.19            Sec. 3. Minnesota Statutes 2014, section 17.115, subdivision 3, is amended to read:

2.20            Subd. 3. **Awarding of loans.** (a) Applications for loans must be made to the  
2.21 commissioner on forms prescribed by the commissioner.

2.22            (b) The applications must be reviewed, ranked, and recommended by a loan review  
2.23 panel appointed by the commissioner. The loan review panel shall consist of two  
2.24 lenders with agricultural experience, two resident farmers of the state using sustainable  
2.25 agriculture methods, two resident farmers of the state using organic agriculture methods,  
2.26 a farm management specialist, two residents of the state practicing urban agriculture, a  
2.27 representative from a postsecondary education institution, and a chair from the department.

2.28            (c) The loan review panel shall rank applications according to the following criteria:

2.29            (1) realize savings to the cost of agricultural production;

2.30            (2) reduce or make more efficient use of energy or inputs;

2.31            (3) increase overall farm profitability; and

2.32            (4) result in environmental benefits.

2.33            (d) A loan application must show that the loan can be repaid by the applicant.

3.1 (e) The commissioner must consider the recommendations of the loan review panel  
3.2 and may make loans for eligible projects.

3.3 Sec. 4. **APPROPRIATION.**

3.4 \$3,000,000 in fiscal year 2016 and \$3,000,000 in fiscal year 2017 are appropriated  
3.5 from the general fund to the commissioner of agriculture for urban agriculture  
3.6 development grants under section 1. Between July 1 and January 1 in each fiscal  
3.7 year, \$1,000,000 is reserved for grants to cities, \$1,000,000 is reserved for grants to  
3.8 organizations, and \$1,000,000 is reserved for grants to individuals. From January 2 to  
3.9 June 30 in each fiscal year, the commissioner may award remaining funds to any eligible  
3.10 city, organization, or individual.