A bill for an act

relating to agriculture; creating a livestock investment grant program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Section 1. **[17.118] LIVESTOCK INVESTMENT GRANT PROGRAM.**

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 $40,000. 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.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae, ratitae, bison, and llamas.

(c) "Qualifying expenditures" means the amount spent for:

(1) the acquisition, construction, or improvement of buildings or facilities for the production of livestock or livestock products; or

(2) the acquisition of equipment for livestock housing, confinement, feeding, and waste management including, but not limited to, the following:

(i) freestall barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

(vi) scales;

(vii) milk storage and cooling facilities;

(viii) bulk tanks;

(ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;

(x) manure pumping and storage facilities;

(xi) swine farrowing facilities;

(xii) swine and cattle finishing barns;

(xiii) calving facilities;

(xiv) digesters;

(xv) equipment used to produce energy; and

(xvi) on-farm processing facilities and equipment.

Qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

(d) "Qualifying period" means, for a grant awarded during a fiscal year, that full calendar year of which the first six months precede the first day of the current fiscal year. For example, an eligible person who makes qualifying expenditures during calendar year 2008 is eligible to receive a livestock investment grant between July 1, 2008, and June 30, 2009.

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

(1) be a resident of Minnesota or an entity authorized to farm in this state under section 500.24, subdivision 3;

(2) be the principal operator of the farm;

(3) hold an appropriate feedlot registration; and

(4) apply to the commissioner on forms prescribed by the commissioner including a statement of the qualifying expenditures of at least $40,000 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, 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.

Subd. 4. **Process.** The commissioner shall review completed applications and award grants to eligible applicants in the order in which applications were received by

the commissioner. The commissioner shall certify eligible applications up to the amount appropriated for a fiscal year. The commissioner must place any additional eligible applications on a waiting list and, notwithstanding subdivision 2, paragraph (c), give them priority during the next fiscal year. The commissioner shall notify in writing any applicant who applies for a grant and is ineligible under the provisions of this section as well as any applicant whose application is received or reviewed after the fiscal year funding limit has been reached.

Subd. 5. **Livestock investment grant account.** A livestock investment grant account is hereby established in the agricultural fund to receive general fund appropriations and money transferred from other accounts. Any interest earned on money in the account accrues to the account. Money in the account is appropriated to the commissioner for the purposes of the livestock investment grant program, including costs incurred to administer the program.

Sec. 2. **APPROPRIATION.**

$..... is appropriated from the general fund in fiscal year 2009 to the commissioner of agriculture for the purposes of section 1.