

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 5355

(SENATE AUTHORS: MORRISON)

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OFFICIAL STATUS
Introduction and first reading
Referred to Agriculture, Broadband, and Rural Development

1.1 A bill for an act
1.2 relating to agriculture; establishing clean water, climate-smart, and soil-healthy
1.3 farming goals; creating a pilot program to provide financial incentives for certain
1.4 farming practices in southeastern Minnesota; extending a fertilizer fee; requiring
1.5 data collection; classifying data; requiring a report; appropriating money; amending
1.6 Minnesota Statutes 2022, section 13.643, by adding a subdivision; Minnesota
1.7 Statutes 2023 Supplement, section 18C.425, subdivision 6; proposing coding for
1.8 new law in Minnesota Statutes, chapter 103C.

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

1.10 Section 1. Minnesota Statutes 2022, section 13.643, is amended by adding a subdivision
1.11 to read:

1.12 Subd. 9. Clean water, climate-smart, and soil-healthy farming data. (a) Farmer
1.13 names, locations, and contact information collected and maintained by the Board of Water
1.14 and Soil Resources or soil and water conservation districts that are associated with soil
1.15 health data or water quality collected under section 103C.705 are classified as private or
1.16 nonpublic data. Farmer names, locations, and contact information collected and maintained
1.17 by the Board of Water and Soil Resources or soil and water conservation districts that are
1.18 associated with financial assistance applications or payments under section 103C.703 are
1.19 public data.

1.20 (b) The Board of Water and Soil Resources and soil and water conservation districts
1.21 may disclose data under paragraph (a):

1.22 (1) with the written consent of the subject of the data; or

2.1 (2) if the Board of Water and Soil Resources or a soil and water conservation district
2.2 determines that there is a substantive threat to human health and safety or to the environment
2.3 to aid in the law enforcement process.

2.4 Sec. 2. Minnesota Statutes 2023 Supplement, section 18C.425, subdivision 6, is amended
2.5 to read:

2.6 **Subd. 6. Payment of inspection fee.** (a) The person who registers and distributes in the
2.7 state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall
2.8 pay the inspection fee to the commissioner.

2.9 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person
2.10 not required to be so licensed shall pay the inspection fee to the commissioner, except as
2.11 exempted under section 18C.421, subdivision 1, paragraph (b).

2.12 (c) The person responsible for payment of the inspection fees for fertilizers, soil
2.13 amendments, or plant amendments sold and used in this state must pay the inspection fee
2.14 set under paragraph (e), and ~~until June 30, 2024~~, an additional 40 cents per ton, of fertilizer,
2.15 soil amendment, and plant amendment sold or distributed in this state, with a minimum of
2.16 \$10 on all tonnage reports. Notwithstanding section 18C.131, until June 30, 2024, the
2.17 commissioner must deposit all revenue from the additional 40 cents per ton fee in the
2.18 agricultural fertilizer research and education account in section 18C.80; after June 30, 2024,
2.19 the commissioner must deposit all revenue from the additional 40 cents per ton fee in the
2.20 clean water, climate-smart, and soil-healthy farming account established in section 103C.703.
2.21 Products sold or distributed to manufacturers or exchanged between them are exempt from
2.22 the inspection fee imposed by this subdivision if the products are used exclusively for
2.23 manufacturing purposes.

2.24 (d) A registrant or licensee must retain invoices showing proof of fertilizer, plant
2.25 amendment, or soil amendment distribution amounts and inspection fees paid for a period
2.26 of three years.

2.27 (e) By commissioner's order, the commissioner must set the inspection fee at no less
2.28 than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a
2.29 public meeting before increasing the fee by more than five cents per ton.

3.1 Sec. 3. [103C.701] CLEAN WATER, CLIMATE-SMART, AND SOIL-HEALTHY
3.2 FARMING GOALS.

3.3 To increase farm income, improve soil health, prevent or minimize erosion and runoff,
3.4 retain and clean water, increase vegetation on the landscape, sequester carbon, and foster
3.5 healthier rural residents, pollinators, and other wildlife, the state of Minnesota's clean water,
3.6 climate-smart, and soil-healthy farming goals are that:

3.7 (1) by 2030, at least 50 percent of the state's tillable acres use or are enrolled in a public
3.8 or private program that requires cover cropping and no-till or strip-till;

3.9 (2) by 2030, at least 40 percent of the state's tillable acres use or are enrolled in a public
3.10 or private program that requires precision nutrient management; and

3.11 (3) by 2040, 100 percent of the state's tillable acres use or are enrolled in a public or
3.12 private program that requires cover cropping, no-till or strip-till, and precision nutrient
3.13 management.

3.14 Sec. 4. [103C.703] KARST REGION CLEAN WATER, CLIMATE-SMART, AND
3.15 SOIL-HEALTHY FARMING PILOT PROGRAM.

3.16 Subdivision 1. Definitions. (a) For the purposes of this section and section 103C.705,
3.17 the following terms have the meanings given.

3.18 (b) "Clean water, climate-smart, and soil-healthy farming" means:

3.19 (1) farming that protects groundwater and surface water, prevents or minimizes
3.20 greenhouse gas emissions, and improves soil health by using all of the following practices:

3.21 (i) cover cropping;

3.22 (ii) no-till or strip-till; and

3.23 (iii) precision nutrient management; and

3.24 (2) farming that further protects groundwater and surface water, prevents or minimizes
3.25 greenhouse gas emissions, and improves soil health by using one or more of the following
3.26 additional practices:

3.27 (i) perennial cropping;

3.28 (ii) interseeding;

3.29 (iii) organic production;

3.30 (iv) roll crimping; and

- 4.1 (v) managed rotational grazing.
- 4.2 (c) "Cover crop mix" means a planted seed mix of at least three species of cover crop.
- 4.3 (d) "Cover cropping" means producing annual or perennial grasses, nonlegume
4.4 broadleaves, or legumes on agricultural land in conjunction with or after cash crops.
- 4.5 (e) "Eligible farmer" means an individual, a household, or an entity eligible to own or
4.6 operate farmland under section 500.24.
- 4.7 (f) "Household" means an individual; the individual's spouse or unmarried partner;
4.8 dependents and children of the individual, spouse, or partner; and all others who live with
4.9 the individual.
- 4.10 (g) "Individual" means a person at least 18 years of age who cannot be claimed as a
4.11 dependent on another person's tax return and who is not a partner in a partnership.
- 4.12 (h) "Interseeding" means planting a cover crop on the same field as a cash crop in the
4.13 vegetative growth stage.
- 4.14 (i) "Managed rotational grazing" means dividing pastures, cover-cropped fields, or
4.15 perennial fields into smaller paddocks using lightweight, portable fencing where animals
4.16 are moved frequently and grazed vegetation is maintained at a minimum height of four
4.17 inches to allow adequate regrowth. Managed rotational grazing includes mob or flash grazing
4.18 for which animals are kept in smaller areas for short periods to supercharge soil biology
4.19 and control invasive species.
- 4.20 (j) "No-till" means planting seeds in soil that has not been plowed or otherwise disturbed
4.21 since the previous crop was harvested.
- 4.22 (k) "Organic production" has the meaning given in section 31.92.
- 4.23 (l) "Perennial cropping" means producing a crop that grows for at least three consecutive
4.24 years without being reseeded or replanted each year.
- 4.25 (m) "Precision nutrient management" means the timely, precise, and site-specific
4.26 application of fertilizer or other crop nutrient sources to meet plant needs while preventing
4.27 or minimizing greenhouse gas emissions and nutrient loss to the environment.
- 4.28 (n) "Roll crimping" means flattening a high-biomass cover crop to produce a thick,
4.29 uniform mat of mulch before no-tilling a cash crop into the mulch.
- 4.30 (o) "Soil health" has the meaning given in section 103C.101.

5.1 (p) "Strip-till" means planting seeds in narrow, tilled strips in soil that has not otherwise
5.2 been plowed or disturbed since the previous crop was harvested.

5.3 Subd. 2. **Pilot program.** (a) To further the goals in section 103C.701, the Board of Water
5.4 and Soil Resources, in consultation with the commissioner of agriculture, must administer
5.5 a pilot program to provide technical assistance and award funding to soil and water
5.6 conservation districts that provide direct payments to eligible farmers to support the long-term
5.7 use and maintenance of clean water, climate-smart, and soil-healthy farming practices.

5.8 (b) The pilot program is available only to eligible farmers in Dodge, Fillmore, Goodhue,
5.9 Houston, Mower, Olmsted, Wabasha, and Winona Counties; one or more of the following
5.10 townships in Dakota County: Nininger, Empire, Vermillion, Marshan, Ravenna, Eureka,
5.11 Castle Rock, Hampton, Douglas, Greenvale, Waterford, Sciota, and Randolph; and one or
5.12 more of the following townships in Rice County: Bridgewater, Northfield, Cannon City,
5.13 Wheeling, Walcott, or Richland.

5.14 (c) Application forms for direct payments must be written in plain language and
5.15 accessible.

5.16 Subd. 3. **Direct payments.** (a) Participating soil and water conservation districts must
5.17 award ongoing direct payments to participating farmers as provided in this subdivision.
5.18 Payments must be made for each acre farmed with clean water, climate-smart, and
5.19 soil-healthy farming practices. Eligible farmers must use at least the three clean water,
5.20 climate-smart, and soil-healthy farming practices identified in subdivision 1, paragraph (b),
5.21 clause (1). A farmer currently participating in a comparable private direct payment program,
5.22 as determined by the Board of Water and Soil Resources, is not eligible under this
5.23 subdivision.

5.24 (b) Payments must equal \$15 per acre using the practices in subdivision 1, paragraph
5.25 (b), clause (1). Payments must equal \$20 per acre using the practices in subdivision 1,
5.26 paragraph (b), clause (1), plus one or more of the additional practices in subdivision 1,
5.27 paragraph (b), clause (1). Of this amount, participating soil and water conservation districts
5.28 must award a portion each February, and the remainder the following January. Districts
5.29 may award the January remainder to an eligible farmer only after the farmer's acres are
5.30 verified to be in compliance with this subdivision in a manner approved by the commissioner
5.31 of agriculture.

5.32 Subd. 4. **Carbon credits.** The commissioner of agriculture must explore and may
5.33 establish a Minnesota carbon credit market for farmers participating in the clean water,

6.1 climate-smart, and soil-healthy farming program. The commissioner may spend no more
6.2 than \$..... under this subdivision.

6.3 Subd. 5. **Dedicated account; appropriation.** A clean water, climate-smart, and
6.4 soil-healthy farming account is established in the special revenue fund. Money in the account,
6.5 including interest, is appropriated to the Board of Water and Soil Resources for direct
6.6 payments awarded and administrative costs incurred by the Board of Water and Soil
6.7 Resources and the commissioner of agriculture under this section and section 103C.705.

6.8 Subd. 6. **Additional enrollment; equity.** The Board of Water and Soil Resources, in
6.9 consultation with the commissioner of agriculture, must develop a process to enroll additional
6.10 acres, select eligible farmers, and award program money if the demand exceeds available
6.11 funding. The state board's process must include an equity component.

6.12 Sec. 5. **[103C.705] DATA COLLECTION AND REPORTING.**

6.13 Subdivision 1. **Data collection.** (a) The Board of Water and Soil Resources, in
6.14 consultation with the commissioner of agriculture, must measure how soil health indicators
6.15 change based on the practices implemented on fields for which a payment was received
6.16 under section 103C.703.

6.17 (b) The commissioner of agriculture must monitor groundwater and surface water quality
6.18 indicators at least annually to determine to what extent the implementation of clean water,
6.19 climate-smart, and soil-healthy farming practices under section 103C.703 affects groundwater
6.20 and surface water quality.

6.21 Subd. 2. **Reporting.** No later than February 1 each year, the Board of Water and Soil
6.22 Resources, in consultation with the commissioner of agriculture, must report program
6.23 outcomes, including but not limited to the number of enrolled acres, the amount of carbon
6.24 sequestered and greenhouse gas emissions reduced, and the data collected under subdivision
6.25 1, to the legislative committees with jurisdiction over agriculture and the environment. In
6.26 the February 1, 2025, report, the commissioner of agriculture must report on the
6.27 commissioner's exploration or establishment of a new carbon credit market under section
6.28 103C.703, subdivision 4.