CHAPTER 41A

AGRICULTURAL RESOURCE LOAN AND ETHANOL DEVELOPMENT

41A.02 DEFINITIONS; ACTIONS BY THE STATE.

[For text of subds 1 to 16, see M.S.2008]

Subd. 17. **Small business development loan.** "Small business development loan" means a loan to a business that is an "eligible small business" to finance:

(1) capital expenditures on an interim or long-term basis to acquire or improve land, acquire, construct, rehabilitate, remove, or improve buildings, or to acquire and install fixtures and equipment useful to conduct a small business, including facilities of a capital nature useful or suitable for a business engaged in an enterprise promoting employment including, without limitation, facilities included within the meaning of the term "project" as defined in sections 469.153, subdivision 2, and 469.155, subdivision 4;

(2) working capital; and

(3) intangible property, such as any patent, copyright, formula, process, design, pattern, know-how, format, or other similar item.

History: *2009 c 78 art 6 s 2*

41A.036 SMALL BUSINESS DEVELOPMENT LOANS.

[For text of subds 1 to 3, see M.S.2008]

Subd. 4. **Exemption from limitation.** If the board determines that an eligible small business is eligible for special assistance, the $1,000,000 limitation established in subdivision 1 does not apply.

Subd. 5. **Designation; criteria.** An eligible small business is not eligible to receive special assistance unless the board has passed a resolution designating the eligible small business as being in need of special assistance. The resolution must include findings that the designation and receipt of the special assistance will be of exceptional benefit to the state of Minnesota in that at least three of the following criteria are met:

(1) to expand or remain in Minnesota, the eligible small business has demonstrated that it cannot obtain suitable financing from other sources;

(2) special assistance will enable an eligible small business not currently located in Minnesota to locate a facility in Minnesota that directly increases the number of jobs in the state;

(3) the eligible small business will create or retain significant numbers of jobs in a Minnesota community;

(4) the eligible small business has a significant potential for growth in jobs or economic activities in Minnesota during the ensuing five-year period; and

(5) the eligible small business will maintain a significant level of productivity in Minnesota during the ensuing five-year period.

History: *2009 c 78 art 6 s 3,4*

41A.09 ETHANOL DEVELOPMENT.

[For text of subds 1a and 2a, see M.S.2008]

Subd. 3a. **Ethanol producer payments.** (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production at a specific location by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced at a specific location on or before June 30, 2000, or ten years after the start of production, whichever is later. Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. Subsequent annual reports must affirm that majority ownership of the entity is held by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant. The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. A producer of ethanol shall not transfer the producer's eligibility for payments under this section to an ethanol plant at a different location.

(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a) applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed $3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol production in Minnesota during the quarter covered by the claim. For each claim and statement of total ethanol production filed under this subdivision, the volume of ethanol production must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (g), the total quarterly payment to a producer under this paragraph may not exceed $750,000.

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because of unallotment or because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full, except the commissioner shall not make a deficiency payment to an entity that no longer produces ethanol on a commercial scale at the location for which the entity qualified for producer payments or to an assignee of the entity, or an entity that is not majority owned by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant.

(i) The commissioner may provide financial assistance under the agricultural growth, research, and innovation program in section 41A.12 with any amount of the annual appropriation for ethanol producer payments that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments under paragraphs (a) to (h).

[For text of subds 4 and 10, see M.S.2008]

History: *2009 c 94 art 1 s 82*

41A.12 AGRICULTURAL GROWTH, RESEARCH, AND INNOVATION PROGRAM.

Subdivision 1. **Establishment.** The agricultural growth, research, and innovation program is established in order to promote the advancement of the state's agricultural and renewable energy industries.

Subd. 2. **Activities authorized.** For the purposes of this program, the commissioner may issue grants, loans, or other forms of financial assistance. Eligible activities include, but are not limited to, grants to livestock producers under the livestock investment grant program under section 17.118, bioenergy awards made by the NextGen Energy Board under section 41A.105, and financial assistance to support other rural economic infrastructure activities.

Subd. 3. **Oversight.** The commissioner, in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agriculture finance, must allocate available funds among eligible uses, develop competitive eligibility criteria, and award funds on a needs basis.

Subd. 4. **Sunset.** This section expires on June 30, 2013.

History: *2009 c 94 art 1 s 83*