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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4538

1.1 A bill for an act

1.2 relating to agriculture; establishing a farm safety grant and outreach program;

1.3 increasing funding for farm and rural mental health services; making policy and

1.4 technical changes to various agriculture-related provisions including provisions

1.5 related to farm products, loans, and food; appropriating money; amending

1.6 Minnesota Statutes 2018, sections 27.001; 27.01; 27.03, subdivisions 3, 4; 27.0405,

1.7 subdivision 1; 27.06; 27.07; 27.08; 27.09; 27.10; 27.11; 27.13; 27.131; 27.133;

1.8 27.137, subdivisions 5, 7, 9, 10; 27.138; 27.19, subdivision 1; 31.175; 41B.056,

1.9 subdivision 4; Laws 2019, First Special Session chapter 1, article 1, section 2,

1.10 subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 17;

1.11 repealing Minnesota Statutes 2018, sections 13.6435, subdivision 5; 27.03,

1.12 subdivision 1; 27.04; 27.041.

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

1.14 ARTICLE 1

1.15 AGRICULTURE APPROPRIATIONS

1.16 Section 1. Laws 2019, First Special Session chapter 1, article 1, section 2, subdivision 3,

1.17 is amended to read:

1.18	Subd. 3. Agricultural Marketing and		3,996,000
1.19	Development	3,996,000	<u>4,046,000</u>

1.20 (a) \$186,000 the first year and \$186,000 the

1.21 second year are for transfer to the Minnesota

1.22 grown account and may be used as grants for

1.23 Minnesota grown promotion under Minnesota

1.24 Statutes, section 17.102. Grants may be made

1.25 for one year. Notwithstanding Minnesota

1.26 Statutes, section 16A.28, the appropriations

2.1 encumbered under contract on or before June
2.2 30, 2021, for Minnesota grown grants in this
2.3 paragraph are available until June 30, 2023.

2.4 (b) \$100,000 the first year and \$100,000 the
2.5 second year are to expand domestic and
2.6 international marketing opportunities for
2.7 farmers and value-added processors, including
2.8 staffing to facilitate farm-to-school sales and
2.9 new markets for Minnesota-grown hemp.

2.10 (c) \$634,000 the first year and \$634,000 the
2.11 second year are for continuation of the dairy
2.12 development and profitability enhancement
2.13 and dairy business planning grant programs
2.14 established under Laws 1997, chapter 216,
2.15 section 7, subdivision 2, and Laws 2001, First
2.16 Special Session chapter 2, section 9,
2.17 subdivision 2. The commissioner may allocate
2.18 the available sums among permissible
2.19 activities, including efforts to improve the
2.20 quality of milk produced in the state, in the
2.21 proportions that the commissioner deems most
2.22 beneficial to Minnesota's dairy farmers. The
2.23 commissioner must submit a detailed
2.24 accomplishment report and a work plan
2.25 detailing future plans for, and anticipated
2.26 accomplishments from, expenditures under
2.27 this program to the chairs and ranking minority
2.28 members of the legislative committees and
2.29 divisions with jurisdiction over agriculture
2.30 policy and finance on or before the start of
2.31 each fiscal year. If significant changes are
2.32 made to the plans in the course of the year,
2.33 the commissioner must notify the chairs and
2.34 ranking minority members.

3.1 (d) \$50,000 the first year and ~~\$50,000~~
 3.2 \$100,000 the second year are for additional
 3.3 community outreach on farms and rural mental
 3.4 health services including the 24-hour hotline,
 3.5 service availability, and mental health forums.
 3.6 Of this appropriation, \$12,000 each year is to
 3.7 provide professional development training for
 3.8 Farm Business Management instructors in the
 3.9 Minnesota State system. The appropriations
 3.10 under this paragraph are onetime.

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

3.20 **Sec. 2. FARM SAFETY GRANT AND OUTREACH; APPROPRIATION.**

3.21 \$250,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
 3.22 of agriculture for farm safety grants and outreach programs under Minnesota Statutes,
 3.23 section 17.1195. This is a onetime appropriation.

3.24 **ARTICLE 2**
 3.25 **DEPARTMENT OF AGRICULTURE; STATUTORY CHANGES**

3.26 **Section 1. [17.1195] FARM SAFETY GRANT AND OUTREACH PROGRAMS.**

3.27 Subdivision 1. **Tractor rollover grants; eligibility.** (a) The commissioner must award
 3.28 grants to Minnesota farmers and Minnesota schools that retrofit eligible tractors with eligible
 3.29 rollover protective structures.

3.30 (b) Grants for farmers are limited to 70 percent of the farmer's documented cost to
 3.31 purchase, ship, and install an eligible rollover protective structure. The commissioner must
 3.32 increase a farmer's grant award amount over the 70 percent grant limitation requirement if
 3.33 necessary to limit a farmer's cost per tractor to no more than \$500.

4.1 (c) Schools are eligible for grants that cover the full amount of a school's documented
 4.2 cost to purchase, ship, and install an eligible rollover protective structure.

4.3 (d) A rollover protective structure is eligible if it is certified to appropriate national or
 4.4 international rollover protection structure standards with a seat belt.

4.5 (e) "Eligible tractor" means a tractor that was built before 1987.

4.6 Subd. 2. Grain storage facility safety grants and outreach programs. (a) The
 4.7 commissioner may award grants to Minnesota farmers who purchase grain storage facility
 4.8 safety protection equipment. Grants are limited to 75 percent of the farmer's documented
 4.9 cost to purchase, ship, and install grain storage facility safety protection equipment.

4.10 (b) Eligible grain storage facility safety protection equipment includes:

4.11 (1) fall protection systems;

4.12 (2) engineering controls to prevent contact with an auger or other moving parts;

4.13 (3) dust collection systems to minimize explosion hazards; and

4.14 (4) other grain storage facility safety protection equipment approved by the commissioner.

4.15 (c) The commissioner may create a farm safety outreach campaign, including but not
 4.16 limited to development and distribution of safety educational materials related to grain bins,
 4.17 silos, and other agricultural confined spaces.

4.18 Subd. 3. Promotion; administration. The commissioner may spend up to six percent
 4.19 of total program dollars each fiscal year to promote and administer the program to Minnesota
 4.20 farmers and schools.

4.21 Subd. 4. Nonstate sources; appropriation. The commissioner must accept contributions
 4.22 from nonstate sources to supplement state appropriations for this program. Contributions
 4.23 received under this subdivision are appropriated to the commissioner for purposes of this
 4.24 section.

4.25 Sec. 2. Minnesota Statutes 2018, section 27.001, is amended to read:

4.26 **27.001 PUBLIC POLICY.**

4.27 The legislature recognizes that perishable ~~agricultural~~ farm products are important
 4.28 sources of revenue to a large number of citizens of this state engaged in producing,
 4.29 processing, manufacturing, or selling such products and that such products cannot be
 4.30 repossessed in case of default. It is therefore declared to be the policy of the legislature that
 4.31 certain financial protection be afforded those who are producers on the farm; ~~farmer~~

5.1 ~~cooperatives which are not wholesale produce dealers as described in section 27.01,~~
 5.2 ~~subdivision 8; and licensed wholesale produce dealers, including the retail merchant~~
 5.3 ~~purchasing produce directly from farmers~~ and suppliers of perishable farm products. The
 5.4 provisions of this chapter which relate to perishable agricultural commodities shall be
 5.5 liberally construed to achieve these ends and shall be administered and enforced with a view
 5.6 to carrying out the above declaration of policy. A person who handles perishable farm
 5.7 products in a manner described under this chapter is required to comply with all applicable
 5.8 rules adopted by the commissioner.

5.9 Sec. 3. Minnesota Statutes 2018, section 27.01, is amended to read:

5.10 **27.01 DEFINITIONS.**

5.11 Subd. 2. ~~Produce~~ **Perishable farm products.** ~~"Produce"~~ "Perishable farm products"
 5.12 means:

5.13 (1) ~~perishable produce, including fresh fruits and,~~ vegetables, and mushrooms;

5.14 (2) milk and cream and products manufactured from milk and cream; and

5.15 (3) poultry and poultry products, including eggs.

5.16 Subd. 4. **Voluntary extension of credit.** The term "voluntary extension of credit" means
 5.17 a written agreement between ~~the~~ a seller and the licensee a buyer wherein the time of payment
 5.18 for the purchase price of ~~produce~~ perishable farm products is extended beyond ~~the~~ a due
 5.19 date.

5.20 Subd. 5. **Due date.** (a) "Due date" means ~~ten~~ 30 days from the date of delivery of ~~produce~~
 5.21 perishable farm products by ~~the~~ a seller to the licensee a buyer if the due date is not specified
 5.22 in the contract. For purposes of this definition a signed invoice with a due date is a contract.

5.23 (b) ~~If produce is~~ perishable farm products are consigned, "due date" means ~~ten~~ 30 days
 5.24 from the date the sale is made by the broker or handler, except as to milk processing plants,
 5.25 where the due date means 15 days following the monthly day of accounting subsequent to
 5.26 deliveries following the date fixed by each milk processing plant for that accounting.

5.27 Subd. 7. **Commissioner.** "Commissioner" means the commissioner of ~~the Department~~
 5.28 ~~of~~ agriculture.

5.29 Subd. 8. ~~Wholesale produce~~ **Farm products dealer.** (a) ~~"Wholesale produce dealer"~~
 5.30 ~~or "dealer at wholesale"~~ "Farm products dealer," "dealer of farm products," or "dealer"
 5.31 means:

6.1 ~~(1) a any person operating as a retail food handler, wholesale food handler, wholesale~~
 6.2 ~~food processor or manufacturer, or food broker who buys from or contracts with a seller~~
 6.3 ~~for production or sale of produce in wholesale lots perishable farm products for resale;~~

6.4 ~~(2) a person engaging in the business of a broker or agent, who handles or deals in~~
 6.5 ~~produce for a commission or fee;~~

6.6 ~~(3) a truck owner or operator who buys produce in wholesale lots for resale; and~~

6.7 ~~(4) a person engaged in the business of a cannery, food manufacturer, or food processor,~~
 6.8 ~~who purchases produce in wholesale lots as a part of that business.~~

6.9 ~~(b) For purposes of paragraph (a), "wholesale lots" means purchases from Minnesota~~
 6.10 ~~sellers must total more than \$12,000 annually.~~

6.11 ~~(e) "Wholesale produce dealer" or "dealer at wholesale" (b) "Farm products dealer,"~~
 6.12 ~~"dealer of farm products," or "dealer" does not include:~~

6.13 (1) a truck owner and operator who regularly engages in the business of transporting
 6.14 freight, including produce perishable farm products, for a transportation fee only, and who
 6.15 does not purchase, contract to purchase, or sell produce;

6.16 ~~(2) a marketing cooperative association in which substantially all of the voting stock is~~
 6.17 ~~held by patrons who patronize the association and in which at least 75 percent of the business~~
 6.18 ~~of the association is transacted with member or stockholder patrons;~~

6.19 ~~(3) (2) a person who purchases Minnesota seasonally grown perishable fresh fruits and~~
 6.20 ~~vegetables, perishable farm products and pays in cash, including lawful money of the United~~
 6.21 ~~States, a cashier's check, a certified check, or a bank draft; or~~

6.22 ~~(4) (3) a person who handles and deals in only canned, packaged, or processed produce~~
 6.23 ~~or packaged dairy perishable farm products that are no longer perishable as determined by~~
 6.24 ~~the commissioner by rule; or.~~

6.25 ~~(5) retail merchants who purchase produce, defined in subdivision 2, directly from~~
 6.26 ~~farmers, which in the aggregate does not exceed \$500 per month.~~

6.27 Subd. 10. **Seller.** "Seller" means a farmer or ~~wholesale produce dealer~~ perishable farm
 6.28 products supplier, whether the person is the owner of the ~~produce~~ perishable farm products
 6.29 or produces it for another person who holds title to it.

6.30 Subd. 11. **Person.** "Person" has the meaning given in section 34A.01, subdivision 10.

7.1 Subd. 12. **Miscellaneous terms.** "Retail food handler," "wholesale food handler,"
 7.2 "wholesale food processor or manufacturer," and "food broker" have the meanings given
 7.3 in section 28A.05.

7.4 Sec. 4. Minnesota Statutes 2018, section 27.03, subdivision 3, is amended to read:

7.5 Subd. 3. **Brokers.** (a) A ~~wholesale produce~~ farm products dealer operating as a broker,
 7.6 upon negotiating the sale of perishable farm products, ~~shall~~ must issue to both buyer and
 7.7 seller a written memorandum of sale before the close of the next business day showing the
 7.8 price, date of delivery, quality, and other details of the transaction.

7.9 (b) The memorandum required in paragraph (a) must have an individual identifying
 7.10 number printed upon it. Numbers must be organized and printed on the memoranda so that
 7.11 each memorandum can be identified and accounted for sequentially. Unused or damaged
 7.12 memoranda must be retained by the broker for accounting purposes.

7.13 (c) A ~~wholesale produce~~ dealer operating as a broker may not alter the terms of a
 7.14 transaction specified on the original memorandum of sale required in paragraph (a) without
 7.15 the consent of both parties to the transaction. Upon making a change, the broker is required
 7.16 to issue a clearly marked corrected memorandum of sale indicating the date and time when
 7.17 the adjustment or change was made. The broker shall transmit the corrected memorandum
 7.18 to both the buyer and seller before the close of the next business day.

7.19 Sec. 5. Minnesota Statutes 2018, section 27.03, subdivision 4, is amended to read:

7.20 Subd. 4. **Payments for ~~produce~~ perishable farm products.** If there is a contract between
 7.21 a seller and a ~~wholesale produce~~ farm products dealer to buy ~~produce~~ perishable farm
 7.22 products, the ~~wholesale produce~~ farm products dealer must pay for the ~~produce that is~~
 7.23 perishable farm products delivered to the ~~wholesale produce~~ farm products dealer at the
 7.24 time and in the manner specified in the contract with the seller. If the due date is not set by
 7.25 the contract, the ~~wholesale produce~~ farm products dealer ~~shall~~ must pay for the ~~produce by~~
 7.26 ~~ten~~ perishable farm products within 30 days after delivery or taking possession of the ~~produce~~
 7.27 perishable farm products. A payment received after the due date must include payment of
 7.28 12 percent annual interest prorated for the number of days past the due date.

7.29 Sec. 6. Minnesota Statutes 2018, section 27.0405, subdivision 1, is amended to read:

7.30 Subdivision 1. **Production and review of information.** (a) Upon special order, the
 7.31 commissioner may require ~~persons engaged in the business of a~~ farm products dealer at
 7.32 ~~wholesale~~ to file at the time and in the manner the commissioner directs, sworn or unsworn

8.1 reports or answers in writing to specific questions on any matter which the commissioner
8.2 may investigate.

8.3 (b) For the purposes of this section, the commissioner or the commissioner's authorized
8.4 agents may audit and review any records relating to the financial condition of any farm
8.5 products dealer at wholesale and any transactions between the dealer and persons entitled
8.6 to the protections of this chapter, if the records are in the possession of or under the case,
8.7 custody, or control of the dealer or the dealer's authorized agent.

8.8 Sec. 7. Minnesota Statutes 2018, section 27.06, is amended to read:

8.9 **27.06 COMPLAINTS TO COMMISSIONER, HEARING; ACTION ON BOND.**

8.10 A person claiming to be damaged by a breach of the conditions of a ~~bond given by a~~
8.11 ~~licensee~~ sales contract may submit a complaint to the commissioner within 40 days after
8.12 the due date. The complaint must be a written statement of the facts constituting the
8.13 complaint. After receiving a filed complaint, the commissioner ~~shall~~ must investigate the
8.14 charges made and may have the matter heard as a contested case pursuant to chapter 14 if
8.15 an affected party requests a hearing.

8.16 Sec. 8. Minnesota Statutes 2018, section 27.07, is amended to read:

8.17 **27.07 GRADES ESTABLISHED; INSPECTION.**

8.18 Subdivision 1. **Commissioner's power.** The commissioner shall have power to establish
8.19 grades on all ~~produce~~ perishable farm products and when ~~deemed~~ necessary shall provide
8.20 for inspecting and grading ~~produce~~ perishable farm products subject to sale at ~~such~~ marketing
8.21 points within the state as the commissioner may designate.

8.22 Subd. 2. **Certificates.** The commissioner shall ~~provide for the issuing of~~ issue certificates
8.23 of inspection showing the grade, quality, and conditions of ~~the produce~~ perishable farm
8.24 products, and may charge and collect a reasonable fee ~~therefor, a schedule thereof to be~~
8.25 ~~adopted and published from time to time.~~ Such certificates for the issuance of a certificate
8.26 of inspection. A certificate of inspection ~~shall be~~ is prima facie evidence in all courts of this
8.27 state as to the grade, quality, and condition of ~~the produce~~ perishable farm products at the
8.28 time the inspection was made.

8.29 Subd. 3. **Application for inspector's services.** Any person who wants ~~produce~~ perishable
8.30 farm products or a perishable farm products sales transaction to be inspected may apply to
8.31 the commissioner for the service of an inspector and, if it appears to the commissioner that
8.32 the perishable farm products volume ~~of the produce~~ is sufficient to justify the request, the

9.1 commissioner may grant the service upon terms and conditions fixed by the commissioner
9.2 and this section.

9.3 Subd. 4. **Deposit agreement.** The commissioner may require an agreement, prior to the
9.4 establishment of the inspection service, requiring the user of the inspection service to at all
9.5 times have on deposit with the department a sufficient amount of money to pay the estimated
9.6 costs of such inspection service for a period of not less than 15 days in advance. When any
9.7 such agreement shall terminate by action of either party thereto, the commissioner shall pay
9.8 to the depositor any money remaining to the depositor's credit after the deduction of the
9.9 costs at the time such agreement terminates.

9.10 Subd. 5. **Fees.** Fees for inspection shall be determined by the commissioner and shall
9.11 be reviewed and adjusted every six months. In determining the fees to be charged, the
9.12 commissioner shall take into consideration fees charged in other states offering similar
9.13 inspection services to the end that the fees charged will provide a competitive marketing
9.14 position for Minnesota ~~produce~~ perishable farm products.

9.15 Subd. 6. **Cooperative agreements; fees; account.** The commissioner may collect fees
9.16 as provided for in cooperative agreements between the commissioner and the United States
9.17 Department of Agriculture for the inspection of ~~fresh fruits, vegetables, and other~~ perishable
9.18 farm products. The fees and interest attributable to money in the account must be deposited
9.19 in the agricultural fund and credited to a fruit and vegetables inspection account. Money in
9.20 the account, including interest earned, is appropriated to the commissioner to administer
9.21 the cooperative agreements.

9.22 Sec. 9. Minnesota Statutes 2018, section 27.08, is amended to read:

9.23 **27.08 FILING BRAND OR LABEL; PERMIT.**

9.24 Any person producing, manufacturing, or handling, perishable farm products in this
9.25 state, ~~any of the products mentioned in section 27.01~~, except cheese and butter, and preparing,
9.26 packing, and offering ~~the same~~ perishable farm products for sale, may file with the
9.27 commissioner a brand or label, ~~and~~. The applicant may place upon this brand or label ~~such~~
9.28 a descriptive or locative matter, as ~~shall be~~ approved by the commissioner. The commissioner
9.29 may issue to ~~such~~ an applicant for brands and labels a permit to use the same, subject to
9.30 ~~such~~ the rules and restrictions as to quality of product so branded as the commissioner may
9.31 determine. The brand or label shall be recorded in the office of the commissioner and any
9.32 person who shall, without authority of the commissioner, brand and label therewith products
9.33 or commodities of a quality below the standard permitted under the brand or label, shall be
9.34 subject to the penal provisions of section 27.19.

10.1 Sec. 10. Minnesota Statutes 2018, section 27.09, is amended to read:

10.2 **27.09 INSPECTION CERTIFICATE.**

10.3 When ~~produce is~~ perishable farm products are ready for sale, or ~~is on its~~ are on the way
 10.4 to market, the owner ~~thereof, or the conveyor, or the prospective buyer, or any other interested~~
 10.5 ~~party, person with an interest in the perishable farm products~~ may ~~call for and shall be~~
 10.6 ~~entitled to request an inspection of such produce and to an inspection certificate, as provided~~
 10.7 ~~for in~~ the perishable farm products under section 27.07.

10.8 Sec. 11. Minnesota Statutes 2018, section 27.10, is amended to read:

10.9 **27.10 ~~PRODUCE EXAMINED, WHEN~~ PERISHABLE FARM PRODUCTS**
 10.10 **EXAMINATION.**

10.11 (a) When ~~produce is~~ perishable farm products are shipped to or received by a farm
 10.12 products dealer at wholesale for handling, purchase, or sale in this state ~~at any market point~~
 10.13 ~~therein giving inspection service, as provided for in section 27.07,~~ and the farm products
 10.14 ~~dealer at wholesale~~ finds the ~~same~~ perishable farm products to be in a spoiled, damaged,
 10.15 unmarketable, or unsatisfactory condition, ~~unless both parties shall waive inspection before~~
 10.16 ~~sale or other disposition thereof,~~ the dealer ~~shall cause the same to be~~ must have the
 10.17 perishable farm products examined by an inspector assigned by the commissioner for that
 10.18 purpose, ~~and~~. The inspector ~~shall~~ must execute and deliver a certificate to the ~~applicant~~
 10.19 ~~thereof~~ farm products dealer stating the day, the time and place of the inspection, and the
 10.20 condition of the produce and mail or deliver a copy of the certificate to the shipper ~~thereof~~
 10.21 of the perishable farm products.

10.22 (b) This section does not apply when the parties to the perishable farm products sales
 10.23 contract waive the inspection requirement.

10.24 Sec. 12. Minnesota Statutes 2018, section 27.11, is amended to read:

10.25 **27.11 SHIPMENTS ON CONSIGNMENT.**

10.26 When any farm products dealer at wholesale to whom ~~produce has~~ perishable farm
 10.27 products have been shipped or consigned for sale on a commission basis or on consignment
 10.28 or under any circumstances ~~wherein~~ where the title to the ~~produce~~ perishable farm products
 10.29 remains with the shipper, ~~has received the same,~~ the dealer ~~shall~~ must, within a reasonable
 10.30 time ~~thereafter, make a written,~~ report to the shipper, ~~which report shall include~~ the exact
 10.31 time of arrival, and the quantity, quality, and price per unit of the ~~produce and at the same~~

11.1 ~~time shall~~ perishable farm products. The dealer must pay the shipper the net amount due at
 11.2 the time the report required under this section is made.

11.3 Sec. 13. Minnesota Statutes 2018, section 27.13, is amended to read:

11.4 **27.13 INVESTIGATION OF COMPLAINTS; ~~SUSPENSION OR REVOCATION~~**
 11.5 **OF LICENSE.**

11.6 (a) The commissioner is authorized to: (1) receive complaints against any persons person
 11.7 dealing in, shipping, transporting, storing, or selling produce, and shall have authority to
 11.8 perishable farm products; (2) make any and all necessary investigations relative to the
 11.9 handling of, or storing, shipping, or dealing in produce at wholesale and shall, at all times,
 11.10 have access to perishable farm products; and (3) enter with reasonable notice all buildings,
 11.11 yards, warehouses, storage and transportation facilities in which any produce is perishable
 11.12 farm products are kept, stored, handled or transacted. For the purpose of enforcing the
 11.13 provisions of sections 27.01 to 27.14 and 27.19, the commissioner shall have the authority,
 11.14 upon complaint being filed for any alleged violation of the provisions thereof, or the rules
 11.15 issued thereunder, or upon information furnished by an inspector of the Department of
 11.16 Agriculture, to suspend while violation continues or revoke any license issued by the
 11.17 commissioner upon ten days notice to the licensee and an opportunity to be heard. Where
 11.18 the public interest requires it the commissioner may suspend a license after such notice
 11.19 pending hearing and decision.

11.20 (b) The commissioner shall have, and is hereby granted, full authority to may: (1) issue
 11.21 subpoenas requiring the attendance of witnesses before the commissioner, with books,
 11.22 papers, and other documents, articles, or instruments, and to; (2) compel the disclosure by
 11.23 such witnesses of all facts known to them relative to the a matter under investigation, and
 11.24 shall have full authority to; and (3) administer oaths and to take testimony; and.

11.25 (c) The commissioner shall thereafter give the must provide a complainant a written
 11.26 report of the investigation conducted under this section. Such report shall be The report is
 11.27 prima facie evidence of the matters therein contained in the report. All parties disobeying
 11.28 the orders or subpoenas of the commissioner shall be A party violating a commissioner's
 11.29 order or subpoena is guilty of contempt as in proceedings in district courts of the state and
 11.30 may be punished in like manner.

12.1 Sec. 14. Minnesota Statutes 2018, section 27.131, is amended to read:

12.2 **27.131 MEDIATION AND ARBITRATION.**

12.3 A contract for ~~produce~~ perishable farm products between a buyer and a seller must
 12.4 contain language providing for resolution of contract disputes by either mediation or
 12.5 arbitration. If there is a contract dispute, either party may make a written request to the
 12.6 ~~department~~ commissioner for mediation or arbitration, as specified in the contract to facilitate
 12.7 resolution of the dispute.

12.8 Sec. 15. Minnesota Statutes 2018, section 27.133, is amended to read:

12.9 **27.133 PARENT COMPANY LIABILITY.**

12.10 If a ~~wholesale produce~~ farm products dealer is a subsidiary of another corporation,
 12.11 partnership, or association, the parent corporation, partnership, or association is liable to a
 12.12 seller for the amount of any unpaid claim or contract performance claim if the ~~wholesale~~
 12.13 ~~produce~~ farm products dealer fails to pay or perform according to the terms of the contract
 12.14 and this chapter.

12.15 Sec. 16. Minnesota Statutes 2018, section 27.137, subdivision 5, is amended to read:

12.16 Subd. 5. **Proceeds.** "Proceeds" means whatever is received upon the sale, exchange,
 12.17 collection, or transfer of ~~produce, products of produce, or proceeds from the produce or~~
 12.18 ~~products of produce~~ perishable farm products or manufactured farm products.

12.19 Sec. 17. Minnesota Statutes 2018, section 27.137, subdivision 7, is amended to read:

12.20 Subd. 7. ~~**Products of produce**~~ **Manufactured farm products.** "~~Products of produce~~"
 12.21 "Manufactured farm products" means products derived from ~~produce~~ perishable farm
 12.22 products through manufacturing, processing, or packaging.

12.23 Sec. 18. Minnesota Statutes 2018, section 27.137, subdivision 9, is amended to read:

12.24 Subd. 9. **Trust assets.** "Trust assets" means ~~produce, products of produce, and proceeds~~
 12.25 ~~from the produce or products of produce~~ perishable farm products or manufactured farm
 12.26 products and proceeds from the perishable or manufactured farm products.

13.1 Sec. 19. Minnesota Statutes 2018, section 27.137, subdivision 10, is amended to read:

13.2 Subd. 10. ~~Wholesale produce~~ Farm products dealer. "~~Wholesale produce~~ Farm
13.3 products dealer" has the meaning given in section 27.01, subdivision 8, ~~and includes the~~
13.4 ~~person whether or not the person is licensed.~~

13.5 Sec. 20. Minnesota Statutes 2018, section 27.138, is amended to read:

13.6 **27.138 ~~WHOLESALE PRODUCE~~ FARM PRODUCTS DEALERS' TRUST.**

13.7 Subdivision 1. **Trust establishment and maintenance.** (a) ~~The produce and products~~
13.8 ~~of produce of a wholesale produce dealer~~ A farm products dealer's perishable farm products
13.9 and manufactured farm products and proceeds related to the sale of a farm products dealer's
13.10 perishable farm products or manufactured farm products are held in trust for the benefit of
13.11 unpaid sellers.

13.12 (b) The trust assets are to be maintained as a nonsegregated floating trust. Commingling
13.13 of the trust assets is contemplated.

13.14 (c) ~~The wholesale produce~~ farm products dealer must maintain the trust assets in a
13.15 manner that makes the trust assets freely available to satisfy the amounts owed to unpaid
13.16 sellers and may not divert trust assets in a manner that impairs the ability of unpaid sellers
13.17 to recover amounts due.

13.18 (d) ~~A wholesale produce~~ farm products dealer must maintain the trust assets in trust until
13.19 payment has been made in full to unpaid sellers. Payment is not made if a seller receives a
13.20 payment instrument that is dishonored.

13.21 (e) ~~A wholesale produce~~ farm products dealer holds trust assets in trust for the seller,
13.22 except that the ~~wholesale produce~~ farm products dealer may transfer title to trust assets if
13.23 the proceeds of the transfer are maintained as trust assets. Until a seller is paid, a ~~wholesale~~
13.24 ~~produce~~ farm products dealer ~~does~~ must not transfer title to trust assets:

13.25 (1) in a transaction made to another ~~wholesale produce~~ farm products dealer;

13.26 (2) in a transaction intended to impair the ability of unpaid sellers to recover amounts
13.27 due; or

13.28 (3) for which the value is inadequate to satisfy filed beneficiaries notices.

13.29 Subd. 2. **Sellers' rights to trust assets.** (a) An unpaid seller may recover trust assets for
13.30 the net amount unpaid after the due date after allowing deductions of contemplated expenses
13.31 or advances made in connection with the transaction. An amount is considered unpaid if a
13.32 seller receives a payment instrument that is dishonored.

14.1 (b) An unpaid seller may recover trust assets after filing a beneficiaries notice with the
 14.2 ~~wholesale produce~~ farm products dealer to whom the ~~produce was~~ perishable farm products
 14.3 were transferred and the commissioner, and after filing in the central filing system under
 14.4 section 336.9-501 as if the trust were a security interest in the trust assets by 40 days after
 14.5 the due date for the payment to the seller or 40 days after a payment instrument to the seller
 14.6 for the ~~produce~~ perishable farm products is dishonored, whichever is later.

14.7 Subd. 3. **Beneficiaries notice.** (a) A beneficiaries notice must be in writing and in a
 14.8 form prescribed by the commissioner.

14.9 (b) The beneficiaries notice must contain:

14.10 (1) the name and address of the seller;

14.11 (2) the name and address of the ~~wholesale produce~~ farm products dealer maintaining
 14.12 the trust assets;

14.13 (3) the ~~produce~~ perishable farm products, amount of ~~produce~~ product, amount to be paid
 14.14 the seller, and the due date of transactions that are unpaid or, if appropriate, the date a
 14.15 payment instrument was dishonored; and

14.16 (4) a description of the trust assets.

14.17 (c) The filing officer ~~shall~~ must enter on the initial financing statement filed pursuant
 14.18 to this section the time of day and date of filing. The filing officer ~~shall~~ must accept filings,
 14.19 amendments, and terminations of an initial financing statement filed pursuant to this section
 14.20 and charge the same filing fees as provided in section 336.9-525. An initial financing
 14.21 statement filed pursuant to this section is void and may be removed from the filing system
 14.22 18 months after the date of filing. The beneficiaries notice may be physically destroyed 30
 14.23 months after the date of filing.

14.24 Subd. 4. **Priority of unpaid sellers' interests in trust assets.** (a) The unpaid seller's
 14.25 interest in trust assets is paramount to all other liens, security interests, and encumbrances
 14.26 in the trust assets. An unpaid seller who recovers trust assets recovers them free of any liens,
 14.27 security interests, or encumbrances.

14.28 (b) If the trust assets are inadequate to pay unpaid sellers the amount due, the unpaid
 14.29 sellers shall share proportionately in the trust assets.

14.30 Subd. 5. **Recovery actions.** An action to recover trust assets may be brought in district
 14.31 court in a county where trust assets are located after the beneficiaries notice is filed. The
 14.32 beneficiaries notice may be amended, except the amount due, by leave of the court in

15.1 furtherance of justice. An action to recover trust assets is barred if it is not brought by 18
15.2 months after the date the beneficiaries notice is filed.

15.3 Subd. 6. **Terminations of beneficiaries notice.** A seller must terminate a beneficiaries
15.4 notice by ten days after the amount due for the ~~wholesale produce~~ farm products dealer is
15.5 paid. The commissioner may terminate a beneficiaries notice upon request and demonstration
15.6 by the ~~wholesale produce~~ farm products dealer that the amounts due under the beneficiaries
15.7 notice have been paid.

15.8 Sec. 21. Minnesota Statutes 2018, section 27.19, subdivision 1, is amended to read:

15.9 Subdivision 1. **Prohibited acts.** (a) A person subject to the provisions of this section
15.10 and sections 27.01 to 27.14 ~~may~~ must not:

15.11 ~~(1) operate or advertise to operate as a dealer at wholesale without a license;~~

15.12 ~~(2) (1)~~ make any false statement or report as to the grade, condition, markings, quality,
15.13 or quantity of produce, as defined in section 27.069, received or delivered, or act in any
15.14 manner to deceive a consignor or purchaser;

15.15 ~~(3) (2)~~ refuse to accept a shipment contracted for by the person, unless the refusal is
15.16 based upon the showing of a state inspection certificate secured with reasonable promptness
15.17 after the receipt of the shipment showing that the kind and quality of produce, as defined
15.18 in section 27.069, is other than that purchased or ordered by the person;

15.19 ~~(4) (3)~~ fail to account or make a settlement for ~~produce~~ perishable farm products within
15.20 the required time;

15.21 ~~(5) (4)~~ violate or fail to comply with the terms or conditions of a contract entered into
15.22 by the person for the purchase, production, or sale of ~~produce~~ perishable farm products;

15.23 ~~(6) (5)~~ purchase for a person's own account any produce received on consignment, either
15.24 directly or indirectly, without the consent of the consignor;

15.25 ~~(7) (6)~~ issue a false or misleading market quotation, or cancel a quotation during the
15.26 period advertised by the person;

15.27 ~~(8) (7)~~ increase the sales charges on ~~produce~~ perishable farm products shipped to the
15.28 person by means of "dummy" or fictitious sales;

15.29 ~~(9) (8)~~ receive decorative forest products and the products of farms and waters from
15.30 foreign states or countries for sale or resale, either within or outside of the state, and give
15.31 the purchaser the impression, through any method of advertising or description, that the
15.32 ~~produce is~~ perishable farm products are of Minnesota origin;

16.1 ~~(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers~~
 16.2 ~~by the person's licensee bond, including: availability of a bond, notice requirements, and~~
 16.3 ~~any other conditions of the bond;~~

16.4 ~~(11) make a false statement to the commissioner on an application for license or bond~~
 16.5 ~~or in response to written questions from the commissioner regarding the license or bond;~~

16.6 ~~(12)~~ (9) commit to pay and not pay in full for all produce perishable farm products
 16.7 committed for. A processor may not pay an amount less than the full contract price if the
 16.8 crop produced is satisfactory for processing and is not harvested for reasons within the
 16.9 processor's control. If the processor sets the date for planting, then bunching, unusual yields,
 16.10 and a processor's inability or unwillingness to harvest must be considered to be within the
 16.11 processor's control. Under this clause growers must be compensated for passed acreage at
 16.12 the same rate for grade and yield as they would have received had the crop been harvested
 16.13 in a timely manner minus any contractual provision for green manure or feed value. Both
 16.14 parties are excused from payment or performance for crop conditions that are beyond the
 16.15 control of the parties; or

16.16 ~~(13)~~ (10) discriminate between different sections, localities, communities, or cities, or
 16.17 between persons in the same community, by purchasing produce perishable farm products
 16.18 from farmers of the same grade, quality, and kind, at different prices, except that price
 16.19 differentials are allowed if directly related to the costs of transportation, shipping, and
 16.20 handling of the produce perishable farm products and a person is allowed to meet the prices
 16.21 of a competitor in good faith, in the same locality for the same grade, quality, and kind of
 16.22 produce perishable farm products. A showing of different prices by the commissioner is
 16.23 prima facie evidence of discrimination.

16.24 (b) Any person violating any provision of this chapter, or any rule adopted under this
 16.25 chapter, is guilty of a misdemeanor.

16.26 ~~(b)~~ (c) A separate violation occurs with respect to each different person involved, each
 16.27 purchase or transaction involved, and each false statement.

16.28 (d) Any prosecuting officer to whom the commissioner reports a violation of this chapter,
 16.29 or a violation of any rule adopted under this chapter, must bring appropriate proceedings
 16.30 in a proper court without delay for the enforcement of the penalties under this chapter.

17.1 Sec. 22. Minnesota Statutes 2018, section 31.175, is amended to read:

17.2 **31.175 WATER, PLUMBING, AND SEWAGE.**

17.3 A person who is required by statutes administered by the Department of Agriculture, or
17.4 by rules adopted pursuant to those statutes, to provide a suitable water supply, or plumbing
17.5 or sewage disposal system shall not engage in the business of manufacturing, processing,
17.6 selling, handling, or storing food at wholesale or retail unless the person's water supply is
17.7 satisfactory pursuant to rules adopted by the Department of Health, the person's plumbing
17.8 is satisfactory pursuant to rules adopted by the Department of Labor and Industry, and the
17.9 person's sewage disposal system satisfies the rules of the Pollution Control Agency. This
17.10 section does not limit the commissioner's ability to issue a food handler's license when an
17.11 investigation completed pursuant section 28A.07 has determined the requirements of this
17.12 section are not relevant and the applicant is considered fit to engage in business as described
17.13 in the license application.

17.14 Sec. 23. Minnesota Statutes 2018, section 41B.056, subdivision 4, is amended to read:

17.15 Subd. 4. **Loans.** (a) The authority may disburse loans through an intermediary to farmers
17.16 who are eligible under subdivision 3. The total accumulative loan principal must not exceed
17.17 ~~\$10,000~~ \$20,000 per loan.

17.18 (b) Refinancing an existing debt is not an eligible purpose.

17.19 (c) The loan may be disbursed over a period not to exceed six years.

17.20 (d) A borrower may receive loans, depending on the availability of funds, up to 70
17.21 percent of the estimated value of the crop or livestock.

17.22 (e) Security for the loan must be a personal note executed by the borrower and any other
17.23 security required by the intermediary or the authority.

17.24 (f) The authority may prescribe forms and establish an application process for applicants
17.25 to apply for a loan.

17.26 (g) The interest payable on loans for the pilot agricultural microloan program must be
17.27 at a rate determined by the authority.

17.28 (h) Loans under this program will be made using money in the revolving loan account
17.29 established under section 41B.06.

17.30 (i) Repayments of financial assistance under this section, including principal and interest,
17.31 must be deposited into the revolving loan account established under section 41B.06.

18.1 Sec. 24. **REPEALER.**

18.2 Minnesota Statutes 2018, sections 13.6435, subdivision 5; 27.03, subdivision 1; 27.04;

18.3 and 27.041, are repealed.

13.6435 AGRICULTURAL DATA CODED ELSEWHERE.

Subd. 5. **Wholesale produce dealers.** Financial data submitted by a license applicant are classified under section 27.04, subdivision 2.

27.03 DEALER REGULATION.

Subdivision 1. **License.** A person may not engage in, or purport to be engaged in, or hold out as being engaged in, the business of a dealer at wholesale, or as being a dealer at wholesale, unless licensed and bonded by the commissioner.

27.04 APPLICATION FOR LICENSE.

Subdivision 1. **Issuance.** The commissioner shall issue a wholesale produce dealer's license to engage in the business of a dealer at wholesale to persons submitting an application, paying the prescribed fee, and complying with the conditions in this section.

Subd. 2. **Application contents.** (a) The application must be in writing, accompanied by the prescribed fee, and state:

(1) the place or places where the applicant intends to carry on the business for which the license is desired;

(2) the estimated amount of business to be done monthly;

(3) the amount of business done during the preceding year, if any;

(4) the full names of the persons constituting the firm for a partnership, and for a corporation the names of the officers of the corporation and where incorporated; and

(5) any other information relevant to the conduct of its business as a wholesale produce dealer in the previous five years, as the commissioner may require.

(b) If a contract is used in a transaction, a copy of the contract must also be filed with the commissioner.

(c) Financial data required of an applicant under this section is classified as private data with regard to data on individuals and as nonpublic data with regard to data not on individuals under section 13.02.

Subd. 3. **Filing.** Applications shall be filed annually.

27.041 BONDS; LICENSES.

Subdivision 1. **Bonds.** (a) The applicant required to be bonded shall execute and file with the commissioner a surety bond to the state of Minnesota to be approved by the commissioner, the amount, form, and effective date to be determined by the commissioner with the maximum not to exceed \$1,000,000. In lieu of the surety bond, the commissioner may accept a duly executed letter of credit. The bond or letter of credit shall be conditioned on the faithful performance of the applicant's duties as a dealer at wholesale, including:

(1) the observance of all laws relating to the carrying on of the business of a dealer at wholesale;

(2) payment when due, unless it appears to the commissioner that a voluntary extension of credit has been given on the produce by the seller to the licensee beyond the due date;

(3) the prompt settlement and payment of all claims and charges due the state for services rendered or otherwise;

(4) the prompt reporting of sales as required by law to all persons consigning produce to the licensee for sale on commission; and

(5) the prompt payment to the persons entitled thereto of the proceeds of the sales, less lawful charges, disbursements, and commissions.

(b) The bond shall cover all wholesale produce business subject to the protection outlined in section 27.001 which is:

(1) transacted within this state; or

(2) transacted in part within this state and in part within the states and provinces contiguous with this state and sold by Minnesota sellers.

APPENDIX
Repealed Minnesota Statutes: 20-7717

Subd. 1a. **Additional bonds.** (a) The commissioner, after determining a bond given by a licensee is inadequate for the proper protection of the public, may require the licensee to give additional bonds in amounts as determined by the commissioner, with sureties to be approved by the commissioner, and conditioned as provided in this section.

(b) To set or change the amount of a bond, the commissioner may require a licensee to provide verified statements of the licensee's business.

(c) Failure of the licensee to furnish the information or to give a new or additional bond is cause for:

(1) suspension of the licensee's license for as long as the failure continues; or

(2) revocation of the license, on ten days' notice to the licensee and opportunity to be heard.

(d) If the commissioner determines it is in the public's interest, the commissioner may suspend the license after giving notice and holding a hearing.

Subd. 2. **Licenses.** (a) The license, or a certified copy of the license, must be kept posted in the office of the licensee at each place within the state where the licensee transacts business. A wholesale produce dealer may not appoint, delegate, or authorize a person, firm, or company to purchase produce unless a certified copy, identification card, or truck decal has been issued at the request of the wholesale produce dealer to that person, firm, or company acting as the buyer or agent.

(b) A license expires June 30 following its issuance and must be renewed July 1 of each year.

(c) A license issued under this subdivision is automatically void upon the termination of the surety bond covering the licensed operation.

(d) The fee for each license must include a \$75 registration fee and an additional fee of .045 percent of the total annual dollar amount of produce purchased the previous year from sellers within the state of Minnesota subject to this chapter. Fees may not exceed \$2,000 per license. In addition, a fee of \$20 shall be charged for each certified copy of a license, \$5 for each license identification card, and \$10 for each license identification truck decal.

(e) A penalty amounting to ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

(f) A licensee who sells, disposes of, or discontinues the licensee's business during the lifetime of a license shall, at the time the action is taken, notify the commissioner in writing, and upon demand produce before the commissioner a full statement of all assets and liabilities as of the date of transfer or discontinuance of the business.

Subd. 3. **Account; appropriation.** A wholesale produce dealers account is created in the agricultural fund. All fees, charges, and penalties collected under sections 27.01 to 27.069 and 27.11 to 27.19, including interest attributable to that money, must be deposited in the wholesale produce dealers account. Money in the account is appropriated to the commissioner for the purposes of sections 27.01 to 27.069 and 27.11 to 27.19.