

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

S.F. No. 4775

(SENATE AUTHORS: DRAZKOWSKI)

DATE
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Introduction and first reading
Referred to Agriculture, Broadband, and Rural Development

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to agriculture; expanding eligible uses of the agricultural growth, research,
1.3 and innovation program appropriation to include precision agriculture projects in
1.4 the Karst region; amending Laws 2023, chapter 43, article 1, section 2, subdivision
1.5 4.

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

1.7 Section 1. Laws 2023, chapter 43, article 1, section 2, subdivision 4, is amended to read:

1.8 Subd. 4. **Agriculture, Bioenergy, and Bioproduct**
1.9 **Advancement** 37,809,000 33,809,000

1.10 (a) \$10,702,000 the first year and \$10,702,000
1.11 the second year are for the agriculture
1.12 research, education, extension, and technology
1.13 transfer program under Minnesota Statutes,
1.14 section 41A.14. Except as provided below,
1.15 the appropriation each year is for transfer to
1.16 the agriculture research, education, extension,
1.17 and technology transfer account under
1.18 Minnesota Statutes, section 41A.14,
1.19 subdivision 3, and the commissioner shall
1.20 transfer funds each year to the Board of
1.21 Regents of the University of Minnesota for
1.22 purposes of Minnesota Statutes, section
1.23 41A.14. To the extent practicable, money
1.24 expended under Minnesota Statutes, section

2.1 41A.14, subdivision 1, clauses (1) and (2),
2.2 must supplement and not supplant existing
2.3 sources and levels of funding. The
2.4 commissioner may use up to one percent of
2.5 this appropriation for costs incurred to
2.6 administer the program.

2.7 Of the amount appropriated for the agriculture
2.8 research, education, extension, and technology
2.9 transfer grant program under Minnesota
2.10 Statutes, section 41A.14:

2.11 (1) \$600,000 the first year and \$600,000 the
2.12 second year are for the Minnesota Agricultural
2.13 Experiment Station's agriculture rapid
2.14 response fund under Minnesota Statutes,
2.15 section 41A.14, subdivision 1, clause (2);

2.16 (2) up to \$1,000,000 the first year and up to
2.17 \$1,000,000 the second year are for research
2.18 on avian influenza, salmonella, and other
2.19 turkey-related diseases and disease prevention
2.20 measures;

2.21 (3) \$2,250,000 the first year and \$2,250,000
2.22 the second year are for grants to the Minnesota
2.23 Agricultural Education Leadership Council to
2.24 enhance agricultural education with priority
2.25 given to Farm Business Management
2.26 challenge grants;

2.27 (4) \$450,000 the first year is for the cultivated
2.28 wild rice breeding project at the North Central
2.29 Research and Outreach Center to include a
2.30 tenure track/research associate plant breeder;

2.31 (5) \$350,000 the first year and \$350,000 the
2.32 second year are for potato breeding;

2.33 (6) \$802,000 the first year and \$802,000 the
2.34 second year are to fund the Forever Green

3.1 Initiative and protect the state's natural
3.2 resources while increasing the efficiency,
3.3 profitability, and productivity of Minnesota
3.4 farmers by incorporating perennial and
3.5 winter-annual crops into existing agricultural
3.6 practices. The base for the allocation under
3.7 this clause is \$802,000 in fiscal year 2026 and
3.8 each year thereafter. By February 1 each year,
3.9 the dean of the College of Food, Agricultural
3.10 and Natural Resource Sciences must submit
3.11 a report to the chairs and ranking minority
3.12 members of the legislative committees with
3.13 jurisdiction over agriculture finance and policy
3.14 and higher education detailing uses of the
3.15 funds in this paragraph, including
3.16 administrative costs, and the achievements
3.17 these funds contributed to; and

3.18 (7) \$350,000 each year is for farm-scale winter
3.19 greenhouse research and development
3.20 coordinated by University of Minnesota
3.21 Extension Regional Sustainable Development
3.22 Partnerships. The allocation in this clause is
3.23 onetime.

3.24 (b) The base for the agriculture research,
3.25 education, extension, and technology transfer
3.26 program is \$10,352,000 in fiscal year 2026
3.27 and \$10,352,000 in fiscal year 2027.

3.28 (c) \$27,107,000 the first year and \$23,107,000
3.29 the second year are for the agricultural growth,
3.30 research, and innovation program under
3.31 Minnesota Statutes, section 41A.12. Except
3.32 as provided below, the commissioner may
3.33 allocate this appropriation each year among
3.34 the following areas: facilitating the start-up,
3.35 modernization, improvement, or expansion of

4.1 livestock operations, including beginning and
4.2 transitioning livestock operations with
4.3 preference given to robotic dairy-milking
4.4 equipment; assisting value-added agricultural
4.5 businesses to begin or expand, to access new
4.6 markets, or to diversify, including aquaponics
4.7 systems, with preference given to hemp fiber
4.8 processing equipment; facilitating the start-up,
4.9 modernization, or expansion of other
4.10 beginning and transitioning farms, including
4.11 by providing loans under Minnesota Statutes,
4.12 section 41B.056; sustainable agriculture
4.13 on-farm research and demonstration; the
4.14 development or expansion of food hubs and
4.15 other alternative community-based food
4.16 distribution systems; enhancing renewable
4.17 energy infrastructure and use; crop research,
4.18 including basic and applied turf seed research;
4.19 Farm Business Management tuition assistance;
4.20 reducing nitrogen fertilizer use in the Karst
4.21 region as specified in paragraph (d); and good
4.22 agricultural practices and good handling
4.23 practices certification assistance. The
4.24 commissioner may use up to 6.5 percent of
4.25 this appropriation for costs incurred to
4.26 administer the program.

4.27 Of the amount appropriated for the agricultural
4.28 growth, research, and innovation program
4.29 under Minnesota Statutes, section 41A.12:

4.30 (1) \$1,000,000 the first year and \$1,000,000
4.31 the second year are for distribution in equal
4.32 amounts to each of the state's county fairs to
4.33 preserve and promote Minnesota agriculture;
4.34 (2) \$5,750,000 the first year and \$5,750,000
4.35 the second year are for incentive payments

5.1 under Minnesota Statutes, sections 41A.16,
5.2 41A.17, 41A.18, and 41A.20. Notwithstanding
5.3 Minnesota Statutes, section 16A.28, the first
5.4 year appropriation is available until June 30,
5.5 2025, and the second year appropriation is
5.6 available until June 30, 2026. If this
5.7 appropriation exceeds the total amount for
5.8 which all producers are eligible in a fiscal
5.9 year, the balance of the appropriation is
5.10 available for other purposes under this
5.11 paragraph. The base under this clause is
5.12 \$3,000,000 in fiscal year 2026 and each year
5.13 thereafter;

5.14 (3) \$3,375,000 the first year and \$3,375,000
5.15 the second year are for grants that enable retail
5.16 petroleum dispensers, fuel storage tanks, and
5.17 other equipment to dispense biofuels to the
5.18 public in accordance with the biofuel
5.19 replacement goals established under
5.20 Minnesota Statutes, section 239.7911. A retail
5.21 petroleum dispenser selling petroleum for use
5.22 in spark ignition engines for vehicle model
5.23 years after 2000 is eligible for grant money
5.24 under this clause if the retail petroleum
5.25 dispenser has no more than 10 retail petroleum
5.26 dispensing sites and each site is located in
5.27 Minnesota. The grant money must be used to
5.28 replace or upgrade equipment that does not
5.29 have the ability to be certified for E25. A grant
5.30 award must not exceed 65 percent of the cost
5.31 of the appropriate technology. A grant award
5.32 must not exceed \$200,000 per station. The
5.33 commissioner must cooperate with biofuel
5.34 stakeholders in the implementation of the grant
5.35 program. The commissioner, in cooperation
5.36 with any economic or community development

6.1 financial institution and any other entity with
6.2 which the commissioner contracts, must
6.3 submit a report on the biofuels infrastructure
6.4 financial assistance program by January 15 of
6.5 each year to the chairs and ranking minority
6.6 members of the legislative committees and
6.7 divisions with jurisdiction over agriculture
6.8 policy and finance. The annual report must
6.9 include but not be limited to a summary of the
6.10 following metrics: (i) the number and types
6.11 of projects financed; (ii) the amount of dollars
6.12 leveraged or matched per project; (iii) the
6.13 geographic distribution of financed projects;
6.14 (iv) any market expansion associated with
6.15 upgraded infrastructure; (v) the demographics
6.16 of the areas served; (vi) the costs of the
6.17 program; and (vii) the number of grants to
6.18 minority-owned or female-owned businesses.
6.19 The base under this clause is \$3,000,000 for
6.20 fiscal year 2026 and each year thereafter;

6.21 (4) \$1,250,000 the first year and \$1,250,000
6.22 the second year are for grants to facilitate the
6.23 start-up, modernization, or expansion of meat,
6.24 poultry, egg, and milk processing facilities. A
6.25 grant award under this clause must not exceed
6.26 \$200,000. Any unencumbered balance at the
6.27 end of the second year does not cancel until
6.28 June 30, 2026, and may be used for other
6.29 purposes under this paragraph. The base under
6.30 this clause is \$250,000 in fiscal year 2026 and
6.31 each year thereafter;

6.32 (5) \$1,150,000 the first year and \$1,150,000
6.33 the second year are for providing more fruits,
6.34 vegetables, meat, poultry, grain, and dairy for
6.35 children in school and early childhood

7.1 education centers, including, at the
7.2 commissioner's discretion, providing grants
7.3 to reimburse schools and early childhood
7.4 education centers for purchasing equipment
7.5 and agricultural products. Of the amount
7.6 appropriated, \$150,000 each year is for a
7.7 statewide coordinator of farm-to-institution
7.8 strategy and programming. The coordinator
7.9 must consult with relevant stakeholders and
7.10 provide technical assistance and training for
7.11 participating farmers and eligible grant
7.12 recipients. The base under this clause is
7.13 \$1,294,000 in fiscal year 2026 and each year
7.14 thereafter;

7.15 (6) \$4,000,000 the first year is for Dairy
7.16 Assistance, Investment, Relief Initiative
7.17 (DAIRI) grants and other forms of financial
7.18 assistance to Minnesota dairy farms that enroll
7.19 in coverage under a federal dairy risk
7.20 protection program and produced no more
7.21 than 16,000,000 pounds of milk in 2022. The
7.22 commissioner must make DAIRI payments
7.23 based on the amount of milk produced in
7.24 2022, up to 5,000,000 pounds per participating
7.25 farm, at a rate determined by the commissioner
7.26 within the limits of available funding. Any
7.27 unencumbered balance does not cancel at the
7.28 end of the first year and is available in the
7.29 second year. Any unencumbered balance at
7.30 the end of the second year does not cancel
7.31 until June 30, 2026, and may be used for other
7.32 purposes under this paragraph. The allocation
7.33 in this clause is onetime;

7.34 (7) \$2,000,000 the first year and \$2,000,000
7.35 the second year are for urban youth

8.1 agricultural education or urban agriculture
8.2 community development; and
8.3 (8) \$1,000,000 the first year and \$1,000,000
8.4 the second year are for the good food access
8.5 program under Minnesota Statutes, section
8.6 17.1017.

8.7 Notwithstanding Minnesota Statutes, section
8.8 16A.28, any unencumbered balance does not
8.9 cancel at the end of the first year and is
8.10 available for the second year, and
8.11 appropriations encumbered under contract on
8.12 or before June 30, 2025, for agricultural
8.13 growth, research, and innovation grants are
8.14 available until June 30, 2028.

8.15 (d) The commissioner may develop parameters
8.16 and provide financial assistance to applicants
8.17 in Dodge, Fillmore, Goodhue, Houston,
8.18 Mower, Olmsted, Wabasha, or Winona County
8.19 for precision agriculture projects when the
8.20 commissioner reasonably anticipates a project
8.21 will result in a measurable reduction in the
8.22 amount of nitrogen fertilizer applied.

8.23 ~~(d)~~ (e) The base for the agricultural growth,
8.24 research, and innovation program is
8.25 \$16,294,000 in fiscal year 2026 and each year
8.26 thereafter and includes \$200,000 each year for
8.27 cooperative development grants.