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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 1545

- 02/22/2017 Authored by Hamilton
- The bill was read for the first time and referred to the Committee on Agriculture Policy
- 03/01/2017 Adoption of Report: Re-referred to the Committee on Government Operations and Elections Policy
- 03/09/2017 Adoption of Report: Re-referred to the Committee on Ways and Means
- 03/23/2017 Adoption of Report: Placed on the General Register
- Read for the Second Time
- 05/01/2017 Calendar for the Day
- Read for the Third Time
- Passed by the House and transmitted to the Senate
- 05/16/2017 Returned to the House as Amended by the Senate
- Refused to concur and a Conference Committee was appointed
- 05/20/2017 Conference Committee Report Adopted
- Read Third Time as Amended by Conference and repassed by the House
- 05/21/2017 Read Third Time as Amended by Conference and repassed by the Senate

1.1 A bill for an act

1.2 relating to agriculture; establishing a budget for the Department of Agriculture,

1.3 the Board of Animal Health, and the Agricultural Utilization Research Institute;

1.4 making policy, technical, and conforming changes to various agriculture-related

1.5 provisions including provisions related to pesticides, noxious weeds, nursery law,

1.6 inspections, commercial feed, grain, food, and agricultural development;

1.7 reorganizing dairy law; establishing and modifying agriculture-related programs;

1.8 modifying partition fence law; modifying certain fees; modifying the Farmer-Lender

1.9 Mediation Act; requiring reports; appropriating money; amending Minnesota

1.10 Statutes 2016, sections 3.7371; 13.6435, subdivision 8; 15.985; 17.119, subdivisions

1.11 1, 2; 17.53, subdivisions 2, 8, 13; 17.983, subdivision 1; 17.984, subdivision 1;

1.12 18.79, subdivision 18; 18B.01, by adding subdivisions; 18B.065, subdivision 8;

1.13 18B.26, subdivision 1; 18B.28, subdivisions 1, 3; 18B.305; 18B.33, subdivision

1.14 1; 18B.34, subdivision 1; 18B.36, subdivision 1; 18B.37, subdivision 3; 18C.70,

1.15 subdivision 5; 18C.71, subdivision 4; 18H.06, subdivision 2; 18H.07, subdivisions

1.16 2, 3; 21.111, subdivisions 2, 3; 21.113; 21.117; 25.32; 25.33, subdivisions 5, 10,

1.17 21; 25.341, subdivisions 1, 2; 25.35; 25.371, subdivision 2; 25.38; 25.39,

1.18 subdivisions 1, 1a, 2, 3; 25.40, subdivision 2; 25.41, subdivisions 1, 2, 3, 5, 7a;

1.19 25.42; 27.04; 28A.03, by adding a subdivision; 28A.05; 28A.081; 28A.085,

1.20 subdivision 1; 28A.152, subdivision 2; 28A.21, subdivision 6; 31A.02, subdivision

1.21 4; 32C.02, subdivision 2; 32C.06; 34A.01, subdivision 1; 41A.12, subdivision 3;

1.22 41A.20, subdivision 2; 41B.03, subdivisions 2, 3; 41B.043, subdivision 5; 41B.045,

1.23 subdivision 2; 41C.02, subdivision 12; 116V.01, subdivisions 1, 2, 3, 4, 7, 10, 11,

1.24 13, 14; 223.17, subdivision 8; 232.22, subdivision 7; 336.9-601; 344.03, subdivision

1.25 1; 550.365, subdivision 1; 559.209, subdivision 1; 582.039, subdivision 1; 583.215;

1.26 583.24, subdivision 4, by adding a subdivision; 583.26, subdivisions 2, 3, 3a, 4,

1.27 10; 583.27, subdivision 1; Laws 2015, First Special Session chapter 4, article 1,

1.28 section 2, subdivision 4, as amended; proposing coding for new law in Minnesota

1.29 Statutes, chapter 18B; proposing coding for new law as Minnesota Statutes, chapter

1.30 32D; repealing Minnesota Statutes 2016, sections 18B.01, subdivisions 10a, 10b,

1.31 22a; 18B.285; 25.371, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15;

1.32 32.01, subdivisions 1, 2, 6, 8, 9, 10, 11, 12; 32.021; 32.071; 32.072; 32.073; 32.074;

1.33 32.075; 32.076; 32.078; 32.10; 32.102; 32.103; 32.105; 32.106; 32.21; 32.212;

1.34 32.22; 32.25; 32.391, subdivisions 1, 1d, 1e, 1f, 1g, 2, 3; 32.392; 32.393; 32.394,

1.35 subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 8b, 8c, 8d, 8e, 9, 11, 12; 32.395; 32.397;

1.36 32.398, subdivision 1; 32.401, subdivisions 1, 2, 3, 5; 32.415; 32.416; 32.475;

1.37 32.481, subdivision 1; 32.482; 32.483; 32.484; 32.486; 32.55, subdivisions 1, 2,

1.38 3, 4, 5, 12, 13, 14; 32.555; 32.56; 32.61; 32.62; 32.63; 32.64; 32.645; 32.70; 32.71;

3.1 cottage food license exemption outreach and
3.2 training materials.

3.3 (b) \$75,000 the first year and \$75,000 the
3.4 second year are to coordinate the correctional
3.5 facility vocational training program and to
3.6 assist entities that have explored the feasibility
3.7 of establishing a USDA-certified or state
3.8 "equal to" food processing facility within 30
3.9 miles of the Northeast Regional Corrections
3.10 Center.

3.11 (c) \$125,000 the first year and \$125,000 the
3.12 second year are for additional funding for the
3.13 noxious weed and invasive plant program.
3.14 These are onetime appropriations.

3.15 (d) \$250,000 the first year and \$250,000 the
3.16 second year are for transfer to the pollinator
3.17 habitat and research account in the agricultural
3.18 fund. These are onetime transfers.

3.19 (e) \$393,000 the first year and \$397,000 the
3.20 second year are from the remediation fund for
3.21 administrative funding for the voluntary
3.22 cleanup program.

3.23 (f) \$200,000 the first year and \$200,000 the
3.24 second year are for the industrial hemp pilot
3.25 program under Minnesota Statutes, section
3.26 18K.09. These are onetime appropriations.

3.27 (g) \$175,000 the first year and \$175,000 the
3.28 second year are for compensation for
3.29 destroyed or crippled livestock under
3.30 Minnesota Statutes, section 3.737. This
3.31 appropriation may be spent to compensate for
3.32 livestock that were destroyed or crippled
3.33 during fiscal year 2017. If the amount in the

4.1 first year is insufficient, the amount in the
4.2 second year is available in the first year.

4.3 (h) \$155,000 the first year and \$155,000 the
4.4 second year are for compensation for crop
4.5 damage under Minnesota Statutes, section
4.6 3.7371. If the amount in the first year is
4.7 insufficient, the amount in the second year is
4.8 available in the first year. The commissioner
4.9 may use up to \$30,000 of the appropriation
4.10 each year to reimburse expenses incurred by
4.11 the commissioner or the commissioner's
4.12 approved agent to investigate and resolve
4.13 claims.

4.14 If the commissioner determines that claims
4.15 made under Minnesota Statutes, section 3.737
4.16 or 3.7371, are unusually high, amounts
4.17 appropriated for either program may be
4.18 transferred to the appropriation for the other
4.19 program.

4.20 (i) \$250,000 the first year and \$250,000 the
4.21 second year are to expand current capabilities
4.22 for rapid detection, identification, containment,
4.23 control, and management of high priority plant
4.24 pests and pathogens. These are onetime
4.25 appropriations.

4.26 (j) \$300,000 the first year and \$300,000 the
4.27 second year are for transfer to the noxious
4.28 weed and invasive plant species assistance
4.29 account in the agricultural fund to award
4.30 grants to local units of government under
4.31 Minnesota Statutes, section 18.90, with
4.32 preference given to local units of government
4.33 responding to Palmer amaranth or other weeds
4.34 on the eradicate list. These are onetime
4.35 transfers.

5.1 (k) \$120,000 the first year and \$120,000 the
 5.2 second year are for wolf-livestock conflict
 5.3 prevention grants under article 2, section 89.
 5.4 The commissioner must submit a report to the
 5.5 chairs and ranking minority members of the
 5.6 legislative committees with jurisdiction over
 5.7 agriculture policy and finance by January 15,
 5.8 2020, on the outcomes of the wolf-livestock
 5.9 conflict prevention grants and whether
 5.10 livestock compensation claims were reduced
 5.11 in the areas that grants were awarded. These
 5.12 are onetime appropriations.

5.13 **Subd. 3. Agricultural Marketing and**
 5.14 **Development**

3,996,000

3,996,000

5.15 (a) The commissioner must provide outreach
 5.16 to urban farmers regarding the department's
 5.17 financial and technical assistance programs
 5.18 and must assist urban farmers in applying for
 5.19 assistance.

5.20 (b) \$186,000 the first year and \$186,000 the
 5.21 second year are for transfer to the Minnesota
 5.22 grown account and may be used as grants for
 5.23 Minnesota grown promotion under Minnesota
 5.24 Statutes, section 17.102. Grants may be made
 5.25 for one year. Notwithstanding Minnesota
 5.26 Statutes, section 16A.28, the appropriations
 5.27 encumbered under contract on or before June
 5.28 30, 2019, for Minnesota grown grants in this
 5.29 paragraph are available until June 30, 2021.

5.30 (c) \$634,000 the first year and \$634,000 the
 5.31 second year are for continuation of the dairy
 5.32 development and profitability enhancement
 5.33 and dairy business planning grant programs
 5.34 established under Laws 1997, chapter 216,
 5.35 section 7, subdivision 2, and Laws 2001, First

6.1 Special Session chapter 2, section 9,
 6.2 subdivision 2. The commissioner may allocate
 6.3 the available sums among permissible
 6.4 activities, including efforts to improve the
 6.5 quality of milk produced in the state, in the
 6.6 proportions that the commissioner deems most
 6.7 beneficial to Minnesota's dairy farmers. The
 6.8 commissioner must submit a detailed
 6.9 accomplishment report and a work plan
 6.10 detailing future plans for, and anticipated
 6.11 accomplishments from, expenditures under
 6.12 this program to the chairs and ranking minority
 6.13 members of the legislative committees with
 6.14 jurisdiction over agriculture policy and finance
 6.15 on or before the start of each fiscal year. If
 6.16 significant changes are made to the plans in
 6.17 the course of the year, the commissioner must
 6.18 notify the chairs and ranking minority
 6.19 members.

6.20 (d) The commissioner may use funds
 6.21 appropriated in this subdivision for annual
 6.22 cost-share payments to resident farmers or
 6.23 entities that sell, process, or package
 6.24 agricultural products in this state for the costs
 6.25 of organic certification. The commissioner
 6.26 may allocate these funds for assistance for
 6.27 persons transitioning from conventional to
 6.28 organic agriculture.

6.29 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 6.30 **Advancement**

22,581,000

22,636,000

6.31 (a) \$9,300,000 the first year and \$9,300,000
 6.32 the second year are for transfer to the
 6.33 agriculture research, education, extension, and
 6.34 technology transfer account under Minnesota
 6.35 Statutes, section 41A.14, subdivision 3. Of
 6.36 these amounts: at least \$600,000 the first year

7.1 and \$600,000 the second year are for the
7.2 Minnesota Agricultural Experiment Station's
7.3 agriculture rapid response fund under
7.4 Minnesota Statutes, section 41A.14,
7.5 subdivision 1, clause (2); \$2,000,000 the first
7.6 year and \$2,000,000 the second year are for
7.7 grants to the Minnesota Agriculture Education
7.8 Leadership Council to enhance agricultural
7.9 education with priority given to Farm Business
7.10 Management challenge grants; \$350,000 the
7.11 first year and \$350,000 the second year are
7.12 for potato breeding; and \$450,000 the first
7.13 year and \$450,000 the second year are for the
7.14 cultivated wild rice breeding project at the
7.15 North Central Research and Outreach Center
7.16 to include a tenure track/research associate
7.17 plant breeder. The commissioner shall transfer
7.18 the remaining funds in this appropriation each
7.19 year to the Board of Regents of the University
7.20 of Minnesota for purposes of Minnesota
7.21 Statutes, section 41A.14. Of the amount
7.22 transferred to the Board of Regents, up to
7.23 \$1,000,000 each year is for research on avian
7.24 influenza, including prevention measures that
7.25 can be taken.

7.26 To the extent practicable, funds expended
7.27 under Minnesota Statutes, section 41A.14,
7.28 subdivision 1, clauses (1) and (2), must
7.29 supplement and not supplant existing sources
7.30 and levels of funding. The commissioner may
7.31 use up to one percent of this appropriation for
7.32 costs incurred to administer the program.

7.33 (b) \$13,256,000 the first year and \$13,311,000
7.34 the second year are for the agricultural growth,
7.35 research, and innovation program in

8.1 Minnesota Statutes, section 41A.12. Except
8.2 as provided below, the commissioner may
8.3 allocate the appropriation each year among
8.4 the following areas: facilitating the start-up,
8.5 modernization, or expansion of livestock
8.6 operations including beginning and
8.7 transitioning livestock operations; developing
8.8 new markets for Minnesota farmers by
8.9 providing more fruits, vegetables, meat, grain,
8.10 and dairy for Minnesota school children;
8.11 assisting value-added agricultural businesses
8.12 to begin or expand, access new markets, or
8.13 diversify; providing funding not to exceed
8.14 \$250,000 each year for urban youth
8.15 agricultural education or urban agriculture
8.16 community development; providing funding
8.17 not to exceed \$250,000 each year for the good
8.18 food access program under Minnesota
8.19 Statutes, section 17.1017; facilitating the
8.20 start-up, modernization, or expansion of other
8.21 beginning and transitioning farms including
8.22 by providing loans under Minnesota Statutes,
8.23 section 41B.056; sustainable agriculture
8.24 on-farm research and demonstration;
8.25 development or expansion of food hubs and
8.26 other alternative community-based food
8.27 distribution systems; enhancing renewable
8.28 energy infrastructure and use; crop research;
8.29 Farm Business Management tuition assistance;
8.30 good agricultural practices/good handling
8.31 practices certification assistance; establishing
8.32 and supporting farmer-led water management
8.33 councils; and implementing farmer-led water
8.34 quality improvement practices. The
8.35 commissioner may use up to 6.5 percent of

9.1 this appropriation for costs incurred to
9.2 administer the program.

9.3 Of the amount appropriated for the agricultural
9.4 growth, research, and innovation program in
9.5 Minnesota Statutes, section 41A.12:

9.6 (1) \$1,000,000 the first year and \$1,000,000
9.7 the second year are for distribution in equal
9.8 amounts to each of the state's county fairs to
9.9 preserve and promote Minnesota agriculture;
9.10 and

9.11 (2) \$1,500,000 the first year and \$1,500,000
9.12 the second year are for incentive payments
9.13 under Minnesota Statutes, sections 41A.16,
9.14 41A.17, and 41A.18. Notwithstanding
9.15 Minnesota Statutes, section 16A.28, the first
9.16 year appropriation is available until June 30,
9.17 2019, and the second year appropriation is
9.18 available until June 30, 2020. If this
9.19 appropriation exceeds the total amount for
9.20 which all producers are eligible in a fiscal
9.21 year, the balance of the appropriation is
9.22 available for the agricultural growth, research,
9.23 and innovation program.

9.24 The commissioner may use funds appropriated
9.25 under this subdivision to award up to two
9.26 value-added agriculture grants per year of up
9.27 to \$1,000,000 per grant for new or expanding
9.28 agricultural production or processing facilities
9.29 that provide significant economic impact to
9.30 the region. The commissioner may use funds
9.31 appropriated under this subdivision for
9.32 additional value-added agriculture grants for
9.33 awards between \$1,000 and \$200,000 per
9.34 grant.

10.1 Appropriations in clauses (1) and (2) are
10.2 onetime. Any unencumbered balance does not
10.3 cancel at the end of the first year and is
10.4 available for the second year. Notwithstanding
10.5 Minnesota Statutes, section 16A.28,
10.6 appropriations encumbered under contract on
10.7 or before June 30, 2019, for agricultural
10.8 growth, research, and innovation grants are
10.9 available until June 30, 2021.

10.10 The base budget for the agricultural growth,
10.11 research, and innovation program is
10.12 \$14,275,000 for fiscal years 2020 and 2021
10.13 and includes funding for incentive payments
10.14 under Minnesota Statutes, sections 41A.16,
10.15 41A.17, 41A.18, and 41A.20.

10.16 The commissioner must develop additional
10.17 innovative production incentive programs to
10.18 be funded by the agricultural growth, research,
10.19 and innovation program.

10.20 The commissioner must consult with the
10.21 commissioner of transportation, the
10.22 commissioner of administration, and local
10.23 units of government to identify parcels of
10.24 publicly owned land that are suitable for urban
10.25 agriculture.

10.26 (c) \$25,000 the first year and \$25,000 the
10.27 second year are for grants to the Southern
10.28 Minnesota Initiative Foundation to promote
10.29 local foods through an annual event that raises
10.30 public awareness of local foods and connects
10.31 local food producers and processors with
10.32 potential buyers.

11.1	<u>Subd. 5. Administration and Financial Assistance</u>	<u>8,698,000</u>	<u>8,691,000</u>
11.2	<u>(a) \$474,000 the first year and \$474,000 the</u>		
11.3	<u>second year are for payments to county and</u>		
11.4	<u>district agricultural societies and associations</u>		
11.5	<u>under Minnesota Statutes, section 38.02,</u>		
11.6	<u>subdivision 1. Aid payments to county and</u>		
11.7	<u>district agricultural societies and associations</u>		
11.8	<u>shall be disbursed no later than July 15 of each</u>		
11.9	<u>year. These payments are the amount of aid</u>		
11.10	<u>from the state for an annual fair held in the</u>		
11.11	<u>previous calendar year.</u>		
11.12	<u>(b) \$1,000 the first year and \$1,000 the second</u>		
11.13	<u>year are for grants to the Minnesota State</u>		
11.14	<u>Poultry Association.</u>		
11.15	<u>(c) \$18,000 the first year and \$18,000 the</u>		
11.16	<u>second year are for grants to the Minnesota</u>		
11.17	<u>Livestock Breeders Association.</u>		
11.18	<u>(d) \$47,000 the first year and \$47,000 the</u>		
11.19	<u>second year are for the Northern Crops</u>		
11.20	<u>Institute. These appropriations may be spent</u>		
11.21	<u>to purchase equipment.</u>		
11.22	<u>(e) \$220,000 the first year and \$220,000 the</u>		
11.23	<u>second year are for farm advocate services.</u>		
11.24	<u>(f) \$17,000 the first year and \$17,000 the</u>		
11.25	<u>second year are for grants to the Minnesota</u>		
11.26	<u>Horticultural Society.</u>		
11.27	<u>(g) \$108,000 the first year and \$108,000 the</u>		
11.28	<u>second year are for annual grants to the</u>		
11.29	<u>Minnesota Turf Seed Council for basic and</u>		
11.30	<u>applied research on: (1) the improved</u>		
11.31	<u>production of forage and turf seed related to</u>		
11.32	<u>new and improved varieties; and (2) native</u>		
11.33	<u>plants, including plant breeding, nutrient</u>		
11.34	<u>management, pest management, disease</u>		

12.1 management, yield, and viability. The grant
12.2 recipient may subcontract with a qualified
12.3 third party for some or all of the basic or
12.4 applied research. Any unencumbered balance
12.5 does not cancel at the end of the first year and
12.6 is available for the second year. These are
12.7 onetime appropriations.

12.8 (h) \$113,000 the first year and \$113,000 the
12.9 second year are for transfer to the Board of
12.10 Trustees of the Minnesota State Colleges and
12.11 Universities for statewide mental health
12.12 counseling support to farm families and
12.13 business operators. South Central College shall
12.14 serve as the fiscal agent.

12.15 (i) \$550,000 the first year and \$550,000 the
12.16 second year are for grants to Second Harvest
12.17 Heartland on behalf of Minnesota's six
12.18 Feeding America food banks for the purchase
12.19 of milk for distribution to Minnesota's food
12.20 shelves and other charitable organizations that
12.21 are eligible to receive food from the food
12.22 banks. Milk purchased under the grants must
12.23 be acquired from Minnesota milk processors
12.24 and based on low-cost bids. The milk must be
12.25 allocated to each Feeding America food bank
12.26 serving Minnesota according to the formula
12.27 used in the distribution of United States
12.28 Department of Agriculture commodities under
12.29 The Emergency Food Assistance Program
12.30 (TEFAP). Second Harvest Heartland must
12.31 submit quarterly reports to the commissioner
12.32 on forms prescribed by the commissioner. The
12.33 reports must include, but are not limited to,
12.34 information on the expenditure of funds, the
12.35 amount of milk purchased, and the

13.1 organizations to which the milk was
13.2 distributed. Second Harvest Heartland may
13.3 enter into contracts or agreements with food
13.4 banks for shared funding or reimbursement of
13.5 the direct purchase of milk. Each food bank
13.6 receiving money from this appropriation may
13.7 use up to two percent of the grant for
13.8 administrative expenses. Any unencumbered
13.9 balance does not cancel at the end of the first
13.10 year and is available for the second year.

13.11 (j) \$1,100,000 the first year and \$1,100,000
13.12 the second year are for grants to Second
13.13 Harvest Heartland on behalf of the six Feeding
13.14 America food banks that serve Minnesota to
13.15 compensate agricultural producers and
13.16 processors for costs incurred to harvest and
13.17 package for transfer surplus fruits, vegetables,
13.18 and other agricultural commodities that would
13.19 otherwise go unharvested, be discarded, or
13.20 sold in a secondary market. Surplus
13.21 commodities must be distributed statewide to
13.22 food shelves and other charitable organizations
13.23 that are eligible to receive food from the food
13.24 banks. Surplus food acquired under this
13.25 appropriation must be from Minnesota
13.26 producers and processors. Second Harvest
13.27 Heartland must report in the form prescribed
13.28 by the commissioner. Second Harvest
13.29 Heartland may use up to 15 percent of each
13.30 grant for matching administrative and
13.31 transportation expenses. Any unencumbered
13.32 balance does not cancel at the end of the first
13.33 year and is available for the second year.

- 14.1 (k) \$150,000 the first year and \$150,000 the
14.2 second year are for grants to the Center for
14.3 Rural Policy and Development.
- 14.4 (l) \$235,000 the first year and \$235,000 the
14.5 second year are for grants to the Minnesota
14.6 Agricultural Education and Leadership
14.7 Council for programs of the council under
14.8 Minnesota Statutes, chapter 41D.
- 14.9 (m) \$600,000 the first year and \$600,000 the
14.10 second year are for grants to the Board of
14.11 Regents of the University of Minnesota to
14.12 develop, in consultation with the
14.13 commissioner of agriculture and the Board of
14.14 Animal Health, a software tool or application
14.15 through the Veterinary Diagnostic Laboratory
14.16 that empowers veterinarians and producers to
14.17 understand the movement of unique pathogen
14.18 strains in livestock and poultry production
14.19 systems, monitor antibiotic resistance, and
14.20 implement effective biosecurity measures that
14.21 promote animal health and limit production
14.22 losses. These are onetime appropriations.
- 14.23 (n) \$150,000 the first year is for the tractor
14.24 rollover protection pilot program under
14.25 Minnesota Statutes, section 17.119. This is a
14.26 onetime appropriation and is available until
14.27 June 30, 2019.
- 14.28 (o) \$400,000 the first year is for a grant to the
14.29 Board of Trustees of the Minnesota State
14.30 Colleges and Universities to expand and
14.31 renovate the GROW-IT Center at Metropolitan
14.32 State University. This is a onetime
14.33 appropriation.

16.1 research to determine (1) what is causing avian
16.2 influenza, (2) why some fowl are more
16.3 susceptible, and (3) prevention measures that
16.4 can be taken. Of the amount appropriated in
16.5 this paragraph, \$2,000,000 each year is for
16.6 grants to the Minnesota Agriculture Education
16.7 Leadership Council to enhance agricultural
16.8 education with priority given to Farm Business
16.9 Management challenge grants. The
16.10 commissioner shall transfer the remaining
16.11 grant funds in this appropriation each year to
16.12 the Board of Regents of the University of
16.13 Minnesota for purposes of Minnesota Statutes,
16.14 section 41A.14.

16.15 To the extent practicable, funds expended
16.16 under Minnesota Statutes, section 41A.14,
16.17 subdivision 1, clauses (1) and (2), must
16.18 supplement and not supplant existing sources
16.19 and levels of funding. The commissioner may
16.20 use up to 4.5 percent of this appropriation for
16.21 costs incurred to administer the program. Any
16.22 unencumbered balance does not cancel at the
16.23 end of the first year and is available for the
16.24 second year.

16.25 \$10,235,000 the first year and ~~\$10,235,000~~
16.26 \$9,541,000 the second year are for the
16.27 agricultural growth, research, and innovation
16.28 program in Minnesota Statutes, section
16.29 41A.12. No later than February 1, 2016, and
16.30 February 1, 2017, the commissioner must
16.31 report to the legislative committees with
16.32 jurisdiction over agriculture policy and finance
16.33 regarding the commissioner's
16.34 accomplishments and anticipated
16.35 accomplishments in the following areas:

17.1 facilitating the start-up, modernization, or
17.2 expansion of livestock operations including
17.3 beginning and transitioning livestock
17.4 operations; developing new markets for
17.5 Minnesota farmers by providing more fruits,
17.6 vegetables, meat, grain, and dairy for
17.7 Minnesota school children; assisting
17.8 value-added agricultural businesses to begin
17.9 or expand, access new markets, or diversify
17.10 products; developing urban agriculture;
17.11 facilitating the start-up, modernization, or
17.12 expansion of other beginning and transitioning
17.13 farms including loans under Minnesota
17.14 Statutes, section 41B.056; sustainable
17.15 agriculture on farm research and
17.16 demonstration; development or expansion of
17.17 food hubs and other alternative
17.18 community-based food distribution systems;
17.19 incentive payments under Minnesota Statutes,
17.20 sections 41A.16, 41A.17, and 41A.18; and
17.21 research on bioenergy, biobased content, or
17.22 biobased formulated products and other
17.23 renewable energy development. The
17.24 commissioner may use up to 4.5 percent of
17.25 this appropriation for costs incurred to
17.26 administer the program. Any unencumbered
17.27 balance does not cancel at the end of the first
17.28 year and is available for the second year.
17.29 Notwithstanding Minnesota Statutes, section
17.30 16A.28, the appropriations encumbered under
17.31 contract on or before June 30, 2017, for
17.32 agricultural growth, research, and innovation
17.33 grants are available until June 30, 2019.
17.34 The commissioner may use funds appropriated
17.35 for the agricultural growth, research, and
17.36 innovation program as provided in this

18.1 paragraph. The commissioner may award
18.2 grants to owners of Minnesota facilities
18.3 producing bioenergy, biobased content, or a
18.4 biobased formulated product; to organizations
18.5 that provide for on-station, on-farm field scale
18.6 research and outreach to develop and test the
18.7 agronomic and economic requirements of
18.8 diverse strands of prairie plants and other
18.9 perennials for bioenergy systems; or to certain
18.10 nongovernmental entities. For the purposes of
18.11 this paragraph, "bioenergy" includes
18.12 transportation fuels derived from cellulosic
18.13 material, as well as the generation of energy
18.14 for commercial heat, industrial process heat,
18.15 or electrical power from cellulosic materials
18.16 via gasification or other processes. Grants are
18.17 limited to 50 percent of the cost of research,
18.18 technical assistance, or equipment related to
18.19 bioenergy, biobased content, or biobased
18.20 formulated product production or \$500,000,
18.21 whichever is less. Grants to nongovernmental
18.22 entities for the development of business plans
18.23 and structures related to community ownership
18.24 of eligible bioenergy facilities together may
18.25 not exceed \$150,000. The commissioner shall
18.26 make a good-faith effort to select projects that
18.27 have merit and, when taken together, represent
18.28 a variety of bioenergy technologies, biomass
18.29 feedstocks, and geographic regions of the
18.30 state. Projects must have a qualified engineer
18.31 provide certification on the technology and
18.32 fuel source. Grantees must provide reports at
18.33 the request of the commissioner.

18.34 Of the amount appropriated for the agricultural
18.35 growth, research, and innovation program in
18.36 this subdivision, \$1,000,000 the first year and

19.1 \$1,000,000 the second year are for distribution
19.2 in equal amounts to each of the state's county
19.3 fairs to preserve and promote Minnesota
19.4 agriculture.

19.5 Of the amount appropriated for the agricultural
19.6 growth, research, and innovation program in
19.7 this subdivision, \$500,000 in fiscal year 2016
19.8 and ~~\$1,500,000~~ \$806,000 in fiscal year 2017
19.9 are for incentive payments under Minnesota
19.10 Statutes, sections 41A.16, 41A.17, and
19.11 41A.18. If the appropriation exceeds the total
19.12 amount for which all producers are eligible in
19.13 a fiscal year, the balance of the appropriation
19.14 is available to the commissioner for the
19.15 agricultural growth, research, and innovation
19.16 program. Notwithstanding Minnesota Statutes,
19.17 section 16A.28, the first year appropriation is
19.18 available until June 30, 2017, and the second
19.19 year appropriation is available until June 30,
19.20 2018. The commissioner may use up to 4.5
19.21 percent of the appropriation for administration
19.22 of the incentive payment programs.

19.23 Of the amount appropriated for the agricultural
19.24 growth, research, and innovation program in
19.25 this subdivision, \$250,000 the first year is for
19.26 grants to communities to develop or expand
19.27 food hubs and other alternative
19.28 community-based food distribution systems.

19.29 Of this amount, \$50,000 is for the
19.30 commissioner to consult with existing food
19.31 hubs, alternative community-based food
19.32 distribution systems, and University of
19.33 Minnesota Extension to identify best practices
19.34 for use by other Minnesota communities. No
19.35 later than December 15, 2015, the

20.1 commissioner must report to the legislative
20.2 committees with jurisdiction over agriculture
20.3 and health regarding the status of emerging
20.4 alternative community-based food distribution
20.5 systems in the state along with
20.6 recommendations to eliminate any barriers to
20.7 success. Any unencumbered balance does not
20.8 cancel at the end of the first year and is
20.9 available for the second year. This is a onetime
20.10 appropriation.

20.11 \$250,000 the first year and \$250,000 the
20.12 second year are for grants that enable retail
20.13 petroleum dispensers to dispense biofuels to
20.14 the public in accordance with the biofuel
20.15 replacement goals established under
20.16 Minnesota Statutes, section 239.7911. A retail
20.17 petroleum dispenser selling petroleum for use
20.18 in spark ignition engines for vehicle model
20.19 years after 2000 is eligible for grant money
20.20 under this paragraph if the retail petroleum
20.21 dispenser has no more than 15 retail petroleum
20.22 dispensing sites and each site is located in
20.23 Minnesota. The grant money received under
20.24 this paragraph must be used for the installation
20.25 of appropriate technology that uses fuel
20.26 dispensing equipment appropriate for at least
20.27 one fuel dispensing site to dispense gasoline
20.28 that is blended with 15 percent of
20.29 agriculturally derived, denatured ethanol, by
20.30 volume, and appropriate technical assistance
20.31 related to the installation. A grant award must
20.32 not exceed 85 percent of the cost of the
20.33 technical assistance and appropriate
20.34 technology, including remetering of and
20.35 retrofits for retail petroleum dispensers and
20.36 replacement of petroleum dispenser projects.

21.1 The commissioner may use up to \$35,000 of
21.2 this appropriation for administrative expenses.
21.3 The commissioner shall cooperate with biofuel
21.4 stakeholders in the implementation of the grant
21.5 program. The commissioner must report to
21.6 the legislative committees with jurisdiction
21.7 over agriculture policy and finance by
21.8 February 1 each year, detailing the number of
21.9 grants awarded under this paragraph and the
21.10 projected effect of the grant program on
21.11 meeting the biofuel replacement goals under
21.12 Minnesota Statutes, section 239.7911. These
21.13 are onetime appropriations.
21.14 \$25,000 the first year and \$25,000 the second
21.15 year are for grants to the Southern Minnesota
21.16 Initiative Foundation to promote local foods
21.17 through an annual event that raises public
21.18 awareness of local foods and connects local
21.19 food producers and processors with potential
21.20 buyers.

21.21 **Sec. 6. APPROPRIATION CANCELLATION.**

21.22 All unspent funds, estimated to be \$694,000, appropriated for the agricultural growth,
21.23 research, and innovation program and designated for bioeconomy incentive payments under
21.24 Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended
21.25 by Laws 2016, chapter 184, section 11, and Laws 2016, chapter 189, article 2, section 26,
21.26 are canceled to the general fund.

21.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.28 **ARTICLE 2**

21.29 **AGRICULTURAL POLICY**

21.30 Section 1. Minnesota Statutes 2016, section 3.7371, is amended to read:

21.31 **3.7371 COMPENSATION FOR CROP OR FENCE DAMAGE CAUSED BY ELK.**

22.1 Subdivision 1. **Authorization.** Notwithstanding section 3.736, subdivision 3, paragraph
22.2 (e), or any other law, a person who owns an agricultural crop or pasture shall be compensated
22.3 by the commissioner of agriculture for an agricultural crop, or fence surrounding the crop
22.4 or pasture, that is damaged or destroyed by elk as provided in this section.

22.5 Subd. 2. **Claim form.** The ~~crop or pasture~~ owner must prepare a claim on forms provided
22.6 by the commissioner and available ~~at on the county extension agent's office~~ Department of
22.7 Agriculture's Web site or by request from the commissioner. The claim form must be filed
22.8 with the commissioner.

22.9 Subd. 3. **Compensation.** (a) The crop owner is entitled to the target price or the market
22.10 price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield
22.11 loss determined according to agricultural stabilization and conservation service programs
22.12 for individual farms, adjusted annually, as determined by the commissioner, upon
22.13 recommendation of the ~~county extension~~ commissioner's approved agent for the owner's
22.14 county. Verification of fence damage or destruction by elk may be provided by submitting
22.15 photographs or other evidence and documentation together with a statement from an
22.16 independent witness using forms prescribed by the commissioner. The commissioner, upon
22.17 recommendation of the commissioner's approved agent, shall determine whether the crop
22.18 damage or destruction or damage to or destruction of a fence surrounding a crop or pasture
22.19 is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In
22.20 any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence
22.21 surrounding a crop or pasture that is less than \$100 in value and may be compensated up
22.22 to \$20,000, as determined under this section, if normal harvest procedures for the area are
22.23 followed.

22.24 (b) In any fiscal year, the commissioner may provide compensation for claims filed
22.25 under this section up to the amount expressly appropriated for this purpose.

22.26 Subd. 4. **Insurance deduction.** Payments authorized by this section must be reduced
22.27 by amounts received by the owner as proceeds from an insurance policy covering crop
22.28 losses or damage to or destruction of a fence surrounding a crop or pasture, or from any
22.29 other source for the same purpose including, but not limited to, a federal program.

22.30 Subd. 5. **Decision on claims; opening land to hunting.** If the commissioner finds that
22.31 the ~~crop or pasture~~ owner has shown that the damage or destruction of the owner's crop or
22.32 damage to or destruction of a fence surrounding a crop or pasture was caused more probably
22.33 than not by elk, the commissioner shall pay compensation as provided in this section and

23.1 the rules of the commissioner. ~~A crop~~ An owner who receives compensation under this
 23.2 section may, by written permission, permit hunting on the land at the landowner's discretion.

23.3 Subd. 6. **Denial of claim; appeal.** (a) If the commissioner denies compensation claimed
 23.4 by ~~a crop or pasture~~ an owner under this section, the commissioner shall issue a written
 23.5 decision based upon the available evidence including a statement of the facts upon which
 23.6 the decision is based and the conclusions on the material issues of the claim. A copy of the
 23.7 decision must be mailed to the ~~crop or pasture~~ owner.

23.8 (b) A decision denying compensation claimed under this section is not subject to the
 23.9 contested case review procedures of chapter 14, but ~~a crop or pasture~~ an owner may have
 23.10 the claim reviewed in a trial de novo in a court in the county where the loss occurred. The
 23.11 decision of the court may be appealed as in other civil cases. Review in court may be obtained
 23.12 by filing a petition for review with the administrator of the court within 60 days following
 23.13 receipt of a decision under this section. Upon the filing of a petition, the administrator shall
 23.14 mail a copy to the commissioner and set a time for hearing within 90 days after the filing.

23.15 Subd. 7. **Rules.** The commissioner shall adopt rules and may amend rules to carry out
 23.16 this section. The commissioner may use the expedited rulemaking process in section 14.389
 23.17 to adopt and amend rules authorized in this section. The rules must include:

23.18 (1) methods of valuation of crops damaged or destroyed;

23.19 (2) criteria for determination of the cause of the crop damage or destruction;

23.20 (3) notice requirements by the owner of the damaged or destroyed crop;

23.21 (4) compensation rates for fence damage or destruction that ~~shall include a minimum~~
 23.22 ~~claim of \$75.00 per incident and a maximum of~~ must not exceed \$1,800 per claimant per
 23.23 fiscal year; and

23.24 (5) any other matters determined necessary by the commissioner to carry out this section.

23.25 Subd. 8. **Report.** The commissioner must submit a report to the chairs of the house of
 23.26 representatives and senate committees and divisions with jurisdiction over agriculture and
 23.27 environment and natural resources by December 15 each year that details the total amount
 23.28 of damages paid, by elk herd, in the previous two fiscal years.

23.29 Sec. 2. Minnesota Statutes 2016, section 15.985, is amended to read:

23.30 **15.985 ADVISORY INSPECTIONS.**

23.31 (a) Upon the voluntary request of a person to a state agency for an advisory inspection
 23.32 for the purpose of complying with state law, the agency must, except as provided in

24.1 paragraphs (f) and (g), conduct an advisory inspection. An agency is not required to conduct
24.2 an advisory inspection if the agency has a regularly scheduled inspection that would occur
24.3 within 90 days after the request for the advisory inspection, or if before an advisory inspection
24.4 is requested, the agency has notified the person that it will be conducting an inspection
24.5 within 45 days. If an advisory inspection results in findings that potentially could make a
24.6 person subject to a fine or other penalty imposed by the agency, the agency must notify the
24.7 person in writing of those findings within ten days of the inspection.

24.8 (1) Except as provided in clause (2), if within 60 days of receiving notice, the person
24.9 notifies the agency that it has corrected the situation that made the person potentially subject
24.10 to the fine or penalty, and the agency later determines that the situation is corrected, the
24.11 agency may not impose a fine or penalty as a result of the findings in the advisory inspection.

24.12 (2) For violations of chapter 177, if the person notifies the agency within the time period
24.13 for remedying violations required under the applicable section of chapter 177 that it has
24.14 corrected the situation that made the person potentially subject to the fine or penalty, and
24.15 the agency later determines that the situation is corrected, the agency may not impose a fine
24.16 or penalty as a result of the finding in the advisory inspection.

24.17 (3) A person may not request more than one advisory inspection from the same agency
24.18 in a calendar year. A person may not request an advisory inspection after an inspection
24.19 resulting in a fine or other penalty has been determined and the violator notified of the
24.20 amount to be paid, until fines or penalties have been paid or settled.

24.21 (b) For purposes of this section:

24.22 (1) "inspection" includes an examination of real or personal property or an audit or other
24.23 examination of financial or other documents;

24.24 (2) "penalty" includes a civil or administrative fine or other financial sanction;

24.25 (3) "person" includes a real person and businesses, including corporations, partnerships,
24.26 limited liability companies, and unincorporated associations; and

24.27 (4) "state agency" means a department, agency, board, commission, constitutional office,
24.28 or other group in the executive branch of state government.

24.29 (c) If an agency revises, amends, extends, or adds additional violations to a notice, the
24.30 person has 60 days from the date of those changes to correct the situation without fine or
24.31 penalty. For violations of chapter 177, the person has the time period for remedying violations
24.32 under the applicable section of chapter 177 to correct the situation without fine or penalty.

25.1 (d) An agency conducting an inspection under this section may impose and collect from
25.2 the person requesting the inspection a fee equal to the costs incurred by the agency related
25.3 to the inspection. Fees under this section shall be considered charges for goods and services
25.4 provided for the direct and primary use of a private individual, business, or other entity
25.5 under section 16A.1283, paragraph (b), clause (3). Fee revenue collected under this section
25.6 must be deposited in an appropriate fund other than the general fund and is appropriated
25.7 from that fund to the agency collecting the fee for the purpose of conducting inspections
25.8 under this section.

25.9 (e) Nothing in this section shall prohibit or interfere with an agency offering similar
25.10 programs that allow independent audits or inspections, including the environmental
25.11 improvement program under chapter 114C. If a person conducts a self-audit under chapter
25.12 114C, the terms and conditions of this section do not apply. For advisory inspections
25.13 conducted by the Pollution Control Agency, terms and conditions of sections 114C.20 to
25.14 114C.28 shall be used instead of those in paragraphs (a) to (c) and (g).

25.15 (f) If agency staff resources are limited, an agency must give higher priority to the
25.16 agency's regular inspections over advisory inspections under this section. Insofar as
25.17 conducting advisory inspections reduces an agency's costs, the savings must be reflected
25.18 in the charges for advisory inspections. Before hiring additional staff complement for
25.19 purposes of this section, an agency must report to the chairs and ranking minority members
25.20 of the legislative budget committees with jurisdiction over the agency documenting: (1) the
25.21 demand for advisory inspections and why additional staff complement is needed to meet
25.22 the demand; and (2) that the revenue generated by advisory inspections will cover the
25.23 expenses of the additional staff complement. If a person requests an advisory inspection,
25.24 but the agency does not have staff resources necessary to conduct the advisory inspection
25.25 before a regular inspection is conducted, and the regular inspection results in findings that
25.26 could make a person subject to a fine or penalty, the agency must take into account the
25.27 person's request for an advisory inspection and the person's desire to take corrective action
25.28 before taking any enforcement action against the person.

25.29 (g) This section does not apply to:

25.30 (1) criminal penalties;

25.31 (2) situations in which implementation of this section is prohibited by federal law or
25.32 would result in loss of federal funding or in other federal sanctions or in which
25.33 implementation would interfere with multistate agreements, international agreements, or
25.34 agreements between state and federal regulatory agencies;

- 26.1 (3) conduct constituting fraud;
- 26.2 (4) violations in a manner that endangers human life or presents significant risk of major
26.3 injury or severe emotional harm to humans;
- 26.4 (5) violations that are part of a pattern that has occurred repeatedly and shows willful
26.5 intent;
- 26.6 (6) violations for which it may be demonstrated that the alternative inspections process
26.7 is being used to avoid enforcement;
- 26.8 (7) violations that occur within three years of violating an applicable law;
- 26.9 (8) the Department of Revenue;
- 26.10 (9) the Workers' Compensation Division at the Department of Labor and Industry;
- 26.11 (10) violations of vehicle size weight limits under sections 169.80 to 169.88;
- 26.12 (11) commercial motor vehicle inspections under section 169.781 and motor carrier
26.13 regulations under chapter 221;
- 26.14 ~~(12) the Dairy and Food Inspection Division of the Department of Agriculture, if the~~
26.15 ~~division provides free inspections similar to those under this section;~~
- 26.16 ~~(13)~~ (12) state inspections or surveys of hospitals, nursing homes, outpatient surgical
26.17 centers, supervised living facilities, board and lodging with special services, home care,
26.18 housing with services and assisted living settings, hospice, and supplemental nursing services
26.19 agencies;
- 26.20 ~~(14)~~ (13) examinations of health maintenance organizations or county-based purchasing
26.21 entities regulated under chapter 62D;
- 26.22 ~~(15)~~ (14) special transportation services under section 174.30; and
- 26.23 ~~(16)~~ (15) entities regulated by the Department of Commerce's Financial Institutions and
26.24 Insurance Divisions for purposes of regulatory requirements of those divisions.
- 26.25 If an agency determines that this section does not apply due to situations specified in clause
26.26 (2), the agency must report the basis for that determination to the chairs and ranking minority
26.27 members of the legislative committees with jurisdiction over the agency.
- 26.28 (h) An agency may terminate an advisory inspection and proceed as if an inspection
26.29 were a regular inspection if, in the process of conducting an advisory inspection, the agency
26.30 finds a situation that the agency determines: could lead to criminal penalties; endangers
26.31 human life or presents significant risk of major injury or severe emotional harm to humans;

27.1 presents a severe and imminent threat to animals, food, feed, crops, commodities, or the
 27.2 environment; or evidences a pattern of willful violations.

27.3 Sec. 3. Minnesota Statutes 2016, section 17.119, subdivision 1, is amended to read:

27.4 Subdivision 1. **Grants; eligibility.** (a) The commissioner must award ~~cost-share~~ grants
 27.5 to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible
 27.6 tractors with eligible rollover protective structures.

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

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

27.13 ~~(b)~~ (d) A rollover protective structure is eligible if it meets or exceeds SAE International
 27.14 standard J2194 is certified to appropriate national or international rollover protection structure
 27.15 standards with a seat belt.

27.16 ~~(e)~~ (e) A tractor is eligible if the tractor was built before 1987.

27.17 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2016.

27.18 Sec. 4. Minnesota Statutes 2016, section 17.119, subdivision 2, is amended to read:

27.19 Subd. 2. **Promotion; administration.** The commissioner may spend up to ~~20~~ six percent
 27.20 of total program dollars each fiscal year to promote and administer the program to Minnesota
 27.21 farmers and schools.

27.22 Sec. 5. Minnesota Statutes 2016, section 17.53, subdivision 2, is amended to read:

27.23 Subd. 2. **Agricultural commodity.** (a) Except as provided in paragraph (b), "agricultural
 27.24 commodity" means any agricultural product, including, without limitation, animals and
 27.25 animal products, grown, raised, produced, or fed within Minnesota for use as food, feed,
 27.26 seed, or any industrial or chemurgic purpose.

27.27 (b) For wheat, barley, corn, and cultivated wild rice, "agricultural commodity" means
 27.28 wheat, barley, corn and cultivated wild rice including, without limitation, wheat, barley,
 27.29 corn and cultivated wild rice grown or produced within or outside Minnesota, for use as
 27.30 food, feed, seed, or any industrial or chemurgic purpose.

28.1 Sec. 6. Minnesota Statutes 2016, section 17.53, subdivision 8, is amended to read:

28.2 Subd. 8. **First purchaser.** (a) Except as provided in paragraph (b), "first purchaser"
28.3 means any person that buys agricultural commodities for movement into commercial channels
28.4 from the producer; or any lienholder, secured party or pledgee, public or private, or assignee
28.5 of said lienholder, secured party or pledgee, who gains title to the agricultural commodity
28.6 from the producer as the result of exercising any legal rights by the lienholder, secured
28.7 party, pledgee, or assignee thereof, regardless of when the lien, security interest or pledge
28.8 was created and regardless of whether the first purchaser is domiciled within the state or
28.9 without. "First purchaser" does not mean the Commodity Credit Corporation when a
28.10 commodity is used as collateral for a federal nonrecourse loan unless the commissioner
28.11 determines otherwise.

28.12 (b) For wheat, barley, corn, and cultivated wild rice, "first purchaser" means a person
28.13 who buys, receives delivery of, or provides storage for the agricultural commodity from a
28.14 producer for movement into commercial channels; or a lienholder, secured party, or pledgee,
28.15 who gains title to the agricultural commodity from the producers as the result of exercising
28.16 any legal rights by the lienholder, secured party, pledgee, or assignee, regardless of when
28.17 the lien, security interest, or pledge was created and regardless of whether or not the first
28.18 purchaser is domiciled in the state. "First purchaser" does not mean the Commodity Credit
28.19 Corporation when the wheat, barley, corn or cultivated wild rice is used as collateral for a
28.20 federal nonrecourse loan unless the commissioner determines otherwise.

28.21 Sec. 7. Minnesota Statutes 2016, section 17.53, subdivision 13, is amended to read:

28.22 Subd. 13. **Producer.** (a) Except as provided in paragraph (b), "producer" means any
28.23 person who owns or operates an agricultural producing or growing facility for an agricultural
28.24 commodity and shares in the profits and risk of loss from such operation, and who grows,
28.25 raises, feeds or produces the agricultural commodity in Minnesota during the current or
28.26 preceding marketing year.

28.27 (b) For wheat, barley, corn, and cultivated wild rice, "producer" means in addition to
28.28 the meaning in paragraph (a) and for the purpose of the payment or the refund of the checkoff
28.29 fee paid pursuant to sections 17.51 to 17.69 only, a person who delivers into, stores within,
28.30 or makes the first sale of the agricultural commodity in Minnesota.

28.31 Sec. 8. Minnesota Statutes 2016, section 18.79, subdivision 18, is amended to read:

28.32 Subd. 18. **Noxious weed education and notification.** (a) The commissioner shall
28.33 disseminate information and conduct educational campaigns with respect to control of

29.1 noxious weeds or invasive plants to enhance regulatory compliance and voluntary efforts
29.2 to eliminate or manage these plants. The commissioner shall call and attend meetings and
29.3 conferences dealing with the subject of noxious weeds. The commissioner shall maintain
29.4 on the department's Web site noxious weed management information including but not
29.5 limited to the roles and responsibilities of citizens and government entities under sections
29.6 18.76 to 18.91 and specific guidance as to whom a person should contact to report a noxious
29.7 weed issue.

29.8 (b) The commissioner shall post notice on the department's Web site and alert appropriate
29.9 media outlets when a weed on the eradicate list is confirmed for the first time in a county.

29.10 Sec. 9. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
29.11 read:

29.12 Subd. 9b. **Experimental use permit.** "Experimental use permit" means a permit issued
29.13 by the United States Environmental Protection Agency as authorized in Section 5 of the
29.14 Federal Insecticide, Fungicide, and Rodenticide Act.

29.15 Sec. 10. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
29.16 read:

29.17 Subd. 9c. **Experimental use pesticide product.** "Experimental use pesticide product"
29.18 means any federally registered or unregistered pesticide whose use is authorized by an
29.19 experimental use permit issued by the United States Environmental Protection Agency.

29.20 Sec. 11. **[18B.051] POLLINATOR HABITAT AND RESEARCH ACCOUNT.**

29.21 Subdivision 1. **Account established.** A pollinator habitat and research account is
29.22 established in the agricultural fund. Money in the account, including interest, is appropriated
29.23 to the Board of Regents of the University of Minnesota for pollinator research and outreach
29.24 including, but not limited to, science-based best practices and the identification and
29.25 establishment of habitat beneficial to pollinators.

29.26 Subd. 2. **Expiration.** This section expires July 1, 2022.

29.27 Sec. 12. Minnesota Statutes 2016, section 18B.065, subdivision 8, is amended to read:

29.28 Subd. 8. **Waste pesticide program surcharge.** The commissioner shall annually collect
29.29 a waste pesticide program surcharge of \$50 on each agricultural waste pesticide product
29.30 and \$125 on each nonagricultural waste pesticide product registered in the state as part of
29.31 a pesticide product registration application under section 18B.26, subdivision 3.

30.1 Sec. 13. Minnesota Statutes 2016, section 18B.26, subdivision 1, is amended to read:

30.2 Subdivision 1. **Requirement.** (a) Except as provided in paragraphs (b) to ~~(d)~~ (e), a person
30.3 may not use or distribute a pesticide in this state unless it is registered with the commissioner.
30.4 Pesticide registrations expire on December 31 of each year and may be renewed on or before
30.5 that date for the following calendar year.

30.6 (b) Registration is not required if a pesticide is shipped from one plant or warehouse to
30.7 another plant or warehouse operated by the same person and used solely at the plant or
30.8 warehouse as an ingredient in the formulation of a pesticide that is registered under this
30.9 chapter.

30.10 (c) An unregistered pesticide that was previously registered with the commissioner may
30.11 be used for a period of two years following the cancellation of the registration of the pesticide,
30.12 unless the commissioner determines that the continued use of the pesticide would cause
30.13 unreasonable adverse effects on the environment, or with the written permission of the
30.14 commissioner. To use the unregistered pesticide at any time after the two-year period, the
30.15 pesticide end user must demonstrate to the satisfaction of the commissioner, if requested,
30.16 that the pesticide has been continuously registered under a different brand name or by a
30.17 different manufacturer and has similar composition, or, the pesticide end user obtains the
30.18 written permission of the commissioner.

30.19 (d) The commissioner may allow specific pesticide products that are not registered with
30.20 the commissioner to be distributed in this state for use in another state.

30.21 (e) A substance or mixture of substances being tested only to determine its potential
30.22 efficacy as a pesticide, or to determine its toxicity or other properties, and not requiring the
30.23 issuance of an experimental use permit under United States Environmental Protection
30.24 Agency criteria specified in federal regulations, is not required to be registered.

30.25 ~~(e)~~ (f) Each pesticide with a unique United States Environmental Protection Agency
30.26 pesticide registration number or a unique brand name must be registered with the
30.27 commissioner.

30.28 ~~(f)~~ (g) It is unlawful for a person to distribute or use a pesticide in the state, or to sell
30.29 into the state for use in the state, any pesticide product that has not been registered by the
30.30 commissioner and for which the applicable pesticide registration application fee, gross sales
30.31 fee, or waste pesticide program surcharge is not paid pursuant to subdivisions 3 and 4.

30.32 ~~(g)~~ (h) Every person who sells for use in the state a pesticide product that has been
30.33 registered by the commissioner shall pay to the commissioner the applicable registration

31.1 application fees, sales fees, and waste pesticide program surcharges. These sales expressly
 31.2 include all sales made electronically, telephonically, or by any other means that result in a
 31.3 pesticide product being shipped to or used in the state. There is a rebuttable presumption
 31.4 that pesticide products that are sold or distributed in or into the state by any person are sold
 31.5 or distributed for use in the state.

31.6 Sec. 14. Minnesota Statutes 2016, section 18B.28, subdivision 1, is amended to read:

31.7 Subdivision 1. **Requirement.** A person may not use or distribute an experimental use
 31.8 pesticide product in the state until it is registered with the commissioner. Experimental use
 31.9 pesticide product registrations expire on December 31 of each year and may be renewed
 31.10 on or before that date. A substance or mixture of substances being tested only to determine
 31.11 its potential efficacy as a pesticide, or to determine its toxicity or other properties, and not
 31.12 requiring the issuance of an experimental use permit under United States Environmental
 31.13 Protection Agency criteria specified in federal regulations, is not required to be registered.

31.14 Sec. 15. Minnesota Statutes 2016, section 18B.28, subdivision 3, is amended to read:

31.15 Subd. 3. **Application.** A person must file an application for experimental use pesticide
 31.16 product registration with the commissioner. An application to register an experimental use
 31.17 pesticide product must include:

31.18 (1) the name and address of the applicant;

31.19 (2) a ~~federal~~ copy of the United States Environmental Protection Agency approval
 31.20 document permit;

31.21 (3) a description of the purpose or objectives of the experimental use product;

31.22 (4) ~~an~~ a copy of the experimental use pesticide labeling accepted experimental use
 31.23 pesticide product label by the United States Environmental Protection Agency;

31.24 (5) the name, address, and telephone number of cooperators or participants in this state;

31.25 (6) the amount of material to be shipped or used in this state; and

31.26 (7) other information requested by the commissioner.

31.27 Sec. 16. Minnesota Statutes 2016, section 18B.305, is amended to read:

31.28 **18B.305 PESTICIDE EDUCATION AND TRAINING.**

31.29 Subdivision 1. **Education and training.** (a) The commissioner, as the lead agency, shall
 31.30 develop, implement or approve, and evaluate, in consultation with University of Minnesota

32.1 Extension, the Minnesota State Colleges and Universities system, and other educational
32.2 institutions, innovative educational and training programs addressing pesticide concerns
32.3 including:

32.4 (1) water quality protection;

32.5 (2) endangered species protection;

32.6 (3) minimizing pesticide residues in food and water;

32.7 (4) worker protection and applicator safety;

32.8 (5) chronic toxicity;

32.9 (6) integrated pest management and pest resistance;

32.10 (7) pesticide disposal;

32.11 (8) pesticide drift;

32.12 (9) relevant laws including pesticide labels and labeling and state and federal rules and
32.13 regulations; ~~and~~

32.14 (10) current science and technology updates; and

32.15 (11) thresholds and guidance to reduce the impacts of insecticide on pollinators.

32.16 (b) The commissioner shall appoint educational planning committees which must include
32.17 representatives of industry and applicators.

32.18 (c) Specific current regulatory concerns must be discussed and, if appropriate,
32.19 incorporated into each training session. Relevant changes to pesticide product labels or
32.20 labeling or state and federal rules and regulations may be included.

32.21 (d) The commissioner may approve programs from private industry, higher education
32.22 institutions, and nonprofit organizations that meet minimum requirements for education,
32.23 training, and certification.

32.24 Subd. 2. **Training manual and examination development.** The commissioner, in
32.25 consultation with University of Minnesota Extension and other higher education institutions,
32.26 shall continually revise and update pesticide applicator training manuals and examinations.
32.27 The manuals and examinations must be written to meet or exceed the minimum standards
32.28 required by the United States Environmental Protection Agency and pertinent state specific
32.29 information. Questions in the examinations must be determined by the commissioner in
32.30 consultation with other responsible agencies. Manuals and examinations must include
32.31 pesticide management practices that discuss prevention of pesticide occurrence in

33.1 groundwater and surface water of the state, and economic thresholds and guidance for
33.2 insecticide use.

33.3 Sec. 17. Minnesota Statutes 2016, section 18B.33, subdivision 1, is amended to read:

33.4 Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a
33.5 commercial applicator license for the appropriate use categories or a structural pest control
33.6 license.

33.7 (b) A commercial applicator licensee must have a valid license identification card to
33.8 purchase a restricted use pesticide or apply pesticides for hire and must display it upon
33.9 demand by an authorized representative of the commissioner or a law enforcement officer.
33.10 The commissioner shall prescribe the information required on the license identification
33.11 card.

33.12 (c) A person licensed under this section is considered qualified and is not required to
33.13 verify, document, or otherwise prove a particular need prior to use, except as required by
33.14 the federal label.

33.15 Sec. 18. Minnesota Statutes 2016, section 18B.34, subdivision 1, is amended to read:

33.16 Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified
33.17 private applicator, or licensed structural pest control applicator, a person, including a
33.18 government employee, may not purchase or use a restricted use pesticide in performance
33.19 of official duties without having a noncommercial applicator license for an appropriate use
33.20 category.

33.21 (b) A licensee must have a valid license identification card when applying pesticides
33.22 and must display it upon demand by an authorized representative of the commissioner or a
33.23 law enforcement officer. The license identification card must contain information required
33.24 by the commissioner.

33.25 (c) A person licensed under this section is considered qualified and is not required to
33.26 verify, document, or otherwise prove a particular need prior to use, except as required by
33.27 the federal label.

33.28 Sec. 19. Minnesota Statutes 2016, section 18B.36, subdivision 1, is amended to read:

33.29 Subdivision 1. **Requirement.** (a) Except for a licensed commercial or noncommercial
33.30 applicator, only a certified private applicator may use a restricted use pesticide to produce
33.31 an agricultural commodity:

- 34.1 (1) as a traditional exchange of services without financial compensation;
- 34.2 (2) on a site owned, rented, or managed by the person or the person's employees; or
- 34.3 (3) when the private applicator is one of two or fewer employees and the owner or
- 34.4 operator is a certified private applicator or is licensed as a noncommercial applicator.

34.5 (b) A person may not purchase a restricted use pesticide without presenting a license

34.6 card, certified private applicator card, or the card number.

34.7 (c) A person certified under this section is considered qualified and is not required to

34.8 verify, document, or otherwise prove a particular need prior to use, except as required by

34.9 the federal label.

34.10 Sec. 20. Minnesota Statutes 2016, section 18B.37, subdivision 3, is amended to read:

34.11 Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator

34.12 must maintain a record of each structural pest control application conducted by that person

34.13 or by the person's employees. The record must include the:

34.14 (1) date of structural pest control application;

34.15 (2) target pest;

34.16 (3) brand name of the pesticide, United States Environmental Protection Agency

34.17 registration number, and amount used;

34.18 (4) for fumigation, the temperature and exposure time;

34.19 (5) time the pesticide application was completed;

34.20 (6) name and address of the customer;

34.21 (7) name of structural pest control applicator, name of company and address of applicator

34.22 or company, and license number of applicator; and

34.23 (8) any other information required by the commissioner.

34.24 (b) All information for this record requirement must be contained in a document for

34.25 each pesticide application. An invoice containing the required information may constitute

34.26 the record.

34.27 (c) The record must be completed no later than five days after the application of the

34.28 pesticide.

34.29 (d) Records must be retained for five years after the date of treatment.

35.1 (e) A copy of the record must be given to a person who ordered the application that is
35.2 present at the site where the structural pest control application is conducted, placed in a
35.3 conspicuous location at the site where the structural pest control application is conducted
35.4 immediately after the application of the pesticides, or delivered to the person who ordered
35.5 an application or the owner of the site. The commissioner must make sample forms available
35.6 that meet the requirements of this subdivision.

35.7 (f) A structural applicator must post in a conspicuous place inside a renter's apartment
35.8 where a pesticide application has occurred a list of postapplication precautions contained
35.9 on the label of the pesticide that was applied in the apartment and any other information
35.10 required by the commissioner.

35.11 Sec. 21. Minnesota Statutes 2016, section 18C.70, subdivision 5, is amended to read:

35.12 Subd. 5. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

35.13 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

35.14 Sec. 22. Minnesota Statutes 2016, section 18C.71, subdivision 4, is amended to read:

35.15 Subd. 4. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

35.16 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

35.17 Sec. 23. Minnesota Statutes 2016, section 18H.06, subdivision 2, is amended to read:

35.18 Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be
35.19 exempt from the requirement to obtain a nursery stock certificate if:

35.20 (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

35.21 (2) all nursery stock sold or distributed by the individual is intended for planting in
35.22 Minnesota;

35.23 (3) all nursery stock purchased or procured for resale or distribution was grown in
35.24 Minnesota and has been certified by the commissioner; and

35.25 (4) the individual conducts sales or distributions of nursery stock on ten or fewer days
35.26 in a calendar year.

35.27 (b) A municipality may offer certified nursery stock for sale and be exempt from the
35.28 requirement to obtain a nursery stock certificate if:

35.29 (1) all nursery stock offered for sale or distributed is intended for planting by residents
35.30 of the municipality on public property or public easements within the municipal boundary;

36.1 (2) all nursery stock purchased or procured for resale or distribution is grown in
36.2 Minnesota and has been certified by the commissioner; and

36.3 (3) the municipality submits to the commissioner before any sale or distribution of
36.4 nursery stock a list of all suppliers who provide the municipality with nursery stock.

36.5 ~~(b)~~ (c) The commissioner may prescribe the conditions of the exempt nursery sales under
36.6 this subdivision and may conduct routine inspections of the nursery stock offered for sale.

36.7 Sec. 24. Minnesota Statutes 2016, section 18H.07, subdivision 2, is amended to read:

36.8 Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must pay an
36.9 annual fee based on the area of all acreage on which nursery stock is grown as follows:

36.10 (1) less than one-half acre, \$150;

36.11 (2) from one-half acre to two acres, \$200;

36.12 (3) over two acres up to five acres, \$300;

36.13 (4) over five acres up to ten acres, \$350;

36.14 (5) over ten acres up to 20 acres, \$500;

36.15 (6) over 20 acres up to 40 acres, \$650;

36.16 (7) over 40 acres up to 50 acres, \$800;

36.17 (8) over 50 acres up to 200 acres, \$1,100;

36.18 (9) over 200 acres up to 500 acres, \$1,500; and

36.19 (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

36.20 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
36.21 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
36.22 of 30 percent for any application for renewal not postmarked or electronically date stamped
36.23 by December 31 of the current year.

36.24 (c) A nursery stock grower found operating without a valid nursery stock grower
36.25 certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the
36.26 commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee
36.27 owed; and (2) a new certificate is issued to the nursery stock grower by the commissioner.

37.1 Sec. 25. Minnesota Statutes 2016, section 18H.07, subdivision 3, is amended to read:

37.2 Subd. 3. **Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an annual
37.3 fee based on the dealer's gross sales of certified nursery stock per location during the most
37.4 recent certificate year. A certificate applicant operating for the first time must pay the
37.5 minimum fee. The fees per sales location are:

37.6 (1) gross sales up to \$5,000, \$150;

37.7 (2) gross sales over \$5,000 up to \$20,000, \$175;

37.8 (3) gross sales over \$20,000 up to \$50,000, \$300;

37.9 (4) gross sales over \$50,000 up to \$75,000, \$425;

37.10 (5) gross sales over \$75,000 up to \$100,000, \$550;

37.11 (6) gross sales over \$100,000 up to \$200,000, \$675; and

37.12 (7) gross sales over \$200,000, \$800.

37.13 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
37.14 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
37.15 of 30 percent for any application for renewal not postmarked or electronically date stamped
37.16 by December 31 of the current year.

37.17 (c) A nursery stock dealer found operating without a valid nursery stock dealer certificate
37.18 cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner
37.19 for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a
37.20 new certificate is issued to the nursery stock dealer by the commissioner.

37.21 Sec. 26. Minnesota Statutes 2016, section 21.111, subdivision 2, is amended to read:

37.22 Subd. 2. **Inspected.** "Inspected" means that the potato plants are examined in the field
37.23 and that the harvested potatoes produced by ~~such~~ the potato plants are examined by or under
37.24 the authority of the commissioner. For seed potatoes produced in a lab, inspected means
37.25 that the lab's records, including records related to the lab's procedures and protocols, as well
37.26 as the seed potatoes, have been examined under the authority of the commissioner.

37.27 Sec. 27. Minnesota Statutes 2016, section 21.111, subdivision 3, is amended to read:

37.28 Subd. 3. **Certified.** "Certified" means that the potatoes were inspected while growing
37.29 in the field and again after being harvested, and were thereafter duly certified by or under
37.30 the authority of the commissioner, as provided in sections 21.111 to 21.122, and as provided

38.1 by rules adopted and published by the commissioner. For seed potatoes produced in a lab,
38.2 certified means that:

38.3 (1) the seed potato lab facilities and the lab's procedures and protocols have been
38.4 examined under the authority of the commissioner; and

38.5 (2) the seed potatoes have been inspected after they have been harvested, removed, or
38.6 released from the lab, and were duly certified by or under the authority of the commissioner,
38.7 as provided in sections 21.111 to 21.122.

38.8 Sec. 28. Minnesota Statutes 2016, section 21.113, is amended to read:

38.9 **21.113 CERTIFICATES OF INSPECTION.**

38.10 (a) The commissioner shall cause issue certificates of inspection to be issued only when
38.11 seed potatoes have been inspected while growing in the field and again after being harvested.

38.12 (b) For seed potatoes produced in a lab, the commissioner shall issue certificates of
38.13 inspection only after:

38.14 (1) the seed potato lab facility and the lab's records have been inspected; and

38.15 (2) the seed potatoes have been inspected after they have been harvested, removed, or
38.16 released from the lab.

38.17 ~~Such~~ (c) Certificates of inspection under this section shall show the varietal purity and
38.18 the freedom from disease and physical injury of such potatoes and ~~shall contain such~~ any
38.19 other information as may be prescribed by rules adopted and published under sections 21.111
38.20 to 21.122.

38.21 Sec. 29. Minnesota Statutes 2016, section 21.117, is amended to read:

38.22 **21.117 APPLICATIONS FOR INSPECTIONS; WITHDRAWALS.**

38.23 (a) Any person may make application to the commissioner for inspection or certification
38.24 of seed potatoes growing or to be grown. Upon receiving such application and the required
38.25 fee and such other information as may be required, the commissioner shall cause such
38.26 potatoes to be inspected or certified in accordance with the provisions of sections 21.111
38.27 to 21.122 and the rules adopted and published thereunder.

38.28 (b) If a grower wishes to withdraw a field or lab after having made application for
38.29 inspection and such withdrawal is requested before the field or lab inspection has been
38.30 made, the fee paid shall be refunded to said grower.

39.1 Sec. 30. Minnesota Statutes 2016, section 25.32, is amended to read:

39.2 **25.32 COMMISSIONER'S DUTIES.**

39.3 The commissioner shall administer sections 25.31 to 25.43 ~~shall be administered by the~~
39.4 ~~commissioner.~~

39.5 Sec. 31. Minnesota Statutes 2016, section 25.33, subdivision 5, is amended to read:

39.6 Subd. 5. **Commercial feed.** "Commercial feed" means materials or combinations of
39.7 materials that are distributed or intended to be distributed for use as feed or for mixing in
39.8 feed, including feed for aquatic animals, unless the materials are specifically exempted.
39.9 Unmixed whole seeds and physically altered entire unmixed seeds, as identified in the
39.10 United States grain standards, if the whole or physically altered seeds are not chemically
39.11 changed, are not labeled as a feed or for use as feed, or are not adulterated within the meaning
39.12 of section 25.37, paragraph (a), are exempt. The commissioner by rule may exempt from
39.13 this definition, or from specific provisions of sections 25.31 to 25.43, commodities such as
39.14 hay, straw, stover, silage, cobs, husks, hulls, and individual chemical compounds or
39.15 substances if those commodities, compounds, or substances are not intermixed with other
39.16 materials, are not labeled as a feed or for use as feed, and are not adulterated within the
39.17 meaning of section 25.37, paragraph (a).

39.18 Sec. 32. Minnesota Statutes 2016, section 25.33, subdivision 10, is amended to read:

39.19 Subd. 10. **Manufacture.** "Manufacture" means to grind, mix or blend, ~~or further process,~~
39.20 package, or label a commercial feed for distribution.

39.21 Sec. 33. Minnesota Statutes 2016, section 25.33, subdivision 21, is amended to read:

39.22 Subd. 21. **Commissioner.** "Commissioner" means the commissioner of agriculture or
39.23 ~~a designated representative~~ the commissioner's agent.

39.24 Sec. 34. Minnesota Statutes 2016, section 25.341, subdivision 1, is amended to read:

39.25 Subdivision 1. **Requirement.** Before a person may: (1) manufacture a commercial feed
39.26 in the state; (2) distribute a commercial feed in or into the state; or (3) have the person's
39.27 name appear on the label of a commercial feed as guarantor, the person must have a
39.28 commercial feed license for each guarantor, or manufacturing or distributing facility. A
39.29 person who makes only retail sales of commercial feed, guaranteed by another, is not required
39.30 to obtain a license.

40.1 Sec. 35. Minnesota Statutes 2016, section 25.341, subdivision 2, is amended to read:

40.2 Subd. 2. **Application; fee; term.** A person who is required to have a commercial feed
40.3 license ~~shall~~ must submit an application on a form provided or approved by the commissioner
40.4 accompanied by a an application fee of \$75 paid to the commissioner for each location. A
40.5 license is not transferable from one person to another, from one ownership to another, or
40.6 from one location to another. The license year is the calendar year. A license expires on
40.7 December 31 of the year for which it is issued, except that a license is valid ~~through January~~
40.8 ~~31 of the next year or~~ until the issuance of the renewal license, ~~whichever comes first~~, if
40.9 the licensee has filed a renewal application ~~with the commissioner~~ that has been received
40.10 by the commissioner on or before December 31 of the year for which the current license
40.11 was issued, or postmarked on or before December 31 of the year for which the current
40.12 license was issued. Any person who is required to have, but fails to obtain a license or a
40.13 licensee who fails to comply with license renewal requirements, ~~shall~~ must pay a \$100 late
40.14 fee in addition to the license fee.

40.15 Sec. 36. Minnesota Statutes 2016, section 25.35, is amended to read:

40.16 **25.35 LABELING.**

40.17 (a) A commercial feed, except a customer formula feed, must be accompanied by a label
40.18 bearing the following information:

40.19 (1) the product name and the brand name, if any, under which the commercial feed is
40.20 distributed;

40.21 (2) the guaranteed analysis, stated in terms the commissioner requires by rule, to advise
40.22 the user of the composition of the feed or to support claims made in the labeling. The
40.23 substances or elements must be determinable by laboratory methods such as the methods
40.24 published by the AOAC International or other generally recognized methods;

40.25 (3) the common or usual name of each ingredient used in the manufacture of the
40.26 commercial feed. The commissioner may by rule permit the use of a collective term for a
40.27 group of ingredients which perform a similar function, or may exempt commercial feeds
40.28 or any group of commercial feeds from this requirement on finding that an ingredient
40.29 statement is not required in the interest of consumers;

40.30 (4) the name and principal mailing address of the manufacturer or the person responsible
40.31 for distributing the commercial feed;

41.1 (5) adequate directions for use for all commercial feeds containing drugs and for such
41.2 other feeds as the commissioner may require by rule as necessary for their safe and effective
41.3 use;

41.4 (6) precautionary statements which the commissioner determines by rule are necessary
41.5 for the safe and effective use of the commercial feed; and

41.6 (7) a quantity statement.

41.7 (b) A customer formula feed must be accompanied by a label, invoice, delivery slip, or
41.8 other shipping document bearing the following information:

41.9 (1) name and address of the manufacturer;

41.10 (2) name and address of the purchaser;

41.11 (3) date of delivery;

41.12 (4) the product name and either (i) the quantity of each commercial feed and each other
41.13 ingredient used in the mixture, or (ii) a guaranteed analysis and list of ingredients in paragraph
41.14 (a), clauses (2) and (3);

41.15 (5) adequate directions for use for all customer formula feeds containing drugs and for
41.16 other feeds the commissioner requires by rule as necessary for their safe and effective use;

41.17 (6) precautionary statements the commissioner determines by rule are necessary for the
41.18 safe and effective use of the customer formula feed;

41.19 (7) if a product containing a drug is used:

41.20 (i) the purpose of the medication (claim statement); and

41.21 (ii) the established name of each active drug ingredient and the level of each drug used
41.22 in the final mixture expressed in a manner required by the commissioner by rule; ~~and~~

41.23 (8) for a customer formula feed for which the formula is developed by someone other
41.24 than the manufacturer, a disclaimer may be included on the label stating "THIS FEED IS
41.25 A CUSTOMER FORMULA FEED DEVELOPED BY SOMEONE OTHER THAN THE
41.26 MANUFACTURER. THE MANUFACTURER DOES NOT CLAIM, REPRESENT,
41.27 WARRANT, OR GUARANTEE, AND IS NOT RESPONSIBLE FOR THE NUTRITIONAL
41.28 ADEQUACY OF THIS FEED OR THE NUTRITIONAL SUITABILITY OF THIS FEED
41.29 FOR ITS INTENDED PURPOSE."; and

41.30 (9) a quantity statement.

42.1 (c) The manufacturer of a customer formula feed the formula of which is developed by
42.2 someone other than the manufacturer is not responsible or liable for the nutritional adequacy
42.3 or the nutritional suitability of the feed for its intended purpose if: (1) the manufacturer does
42.4 not make a claim of nutritional adequacy for the customer formula feed and does not make
42.5 a claim for nutritional suitability of the feed for its intended purpose; and (2) the manufacturer
42.6 includes the disclaimer in paragraph (b), clause (8). A person other than the manufacturer
42.7 who develops or recommends a formula for a customer formula feed is responsible for
42.8 providing to the manufacturer of the feed the appropriate labeling information and for
42.9 providing the appropriate use information to the feed manufacturer.

42.10 Sec. 37. Minnesota Statutes 2016, section 25.371, subdivision 2, is amended to read:

42.11 Subd. 2. **Certificate application.** (a) A person may apply to the commissioner for a
42.12 good manufacturing practices certificate for commercial feed and feed ingredients.
42.13 Application for good manufacturing practices certificates must be made on forms provided
42.14 or approved by the commissioner. The commissioner shall conduct inspections of facilities
42.15 for persons that have applied for or intend to apply for a good manufacturing practices
42.16 certificate for commercial feed and feed ingredients from the commissioner. The
42.17 commissioner shall not conduct an inspection under this ~~section~~ subdivision if the applicant
42.18 has not paid in full the inspection fee for previous inspections. Certificate issuance shall be
42.19 based on ~~compliance with subdivisions 3 to 14, or~~ United States Food and Drug
42.20 Administration rules regarding preventive controls for animal feed.

42.21 (b) The commissioner may assess a fee for the inspection, service, and work performed
42.22 in carrying out the issuance of a good manufacturing practices certificate for commercial
42.23 feed and feed ingredients. The inspection fee must be based on mileage and the cost of
42.24 inspection.

42.25 Sec. 38. Minnesota Statutes 2016, section 25.38, is amended to read:

42.26 **25.38 PROHIBITED ACTS.**

42.27 The following acts and causing the following acts in Minnesota are prohibited:

42.28 (1) manufacture or distribution of any commercial feed that is adulterated or misbranded;

42.29 (2) adulteration or misbranding of any commercial feed;

42.30 (3) distribution of agricultural commodities such as whole seed, hay, straw, stover, silage,
42.31 cobs, husks, and hulls, which are adulterated within the meaning of section 25.37, paragraph
42.32 (a);

- 43.1 (4) removal or disposal of a commercial feed in violation of an order under section 25.42;
- 43.2 (5) failure or refusal to obtain a commercial feed license under section 25.341 ~~or to~~
- 43.3 ~~provide a small package listing under section 25.39~~; or
- 43.4 (6) failure to pay inspection fees, to register a small package under section 25.39, or to
- 43.5 file reports as required by section 25.39.

43.6 Sec. 39. Minnesota Statutes 2016, section 25.39, subdivision 1, is amended to read:

43.7 Subdivision 1. **Amount of fee.** (a) An inspection fee at the rate of 16 cents per ton must

43.8 be paid to the commissioner on commercial feeds distributed in this state by the person who

43.9 first distributes the commercial feed, except that:

43.10 (1) no fee need be paid on:

43.11 ~~(i) a commercial feed if the payment has been made by a previous distributor; or~~

43.12 ~~(ii) any feed ingredient in a customer formula feeds if the inspection fee is paid on the~~

43.13 ~~commercial feeds which are used as ingredients~~ feed that has been directly furnished by the

43.14 customer; or

43.15 ~~(2) a Minnesota feed distributor who can substantiate that greater than 50 percent of the~~

43.16 ~~distribution of commercial feed is to purchasers outside the state may purchase commercial~~

43.17 ~~feeds without payment of the inspection fee under a tonnage fee exemption permit issued~~

43.18 ~~by the commissioner~~ no fee need be paid on a first distribution if made to a qualified buyer

43.19 who, with approval from the commissioner, is responsible for the fee. Such location-specific

43.20 license-specific tonnage-fee-exemption permits shall be issued on a calendar year basis to

43.21 commercial feed distributors licensees who distribute feed or feed ingredients outside the

43.22 state, and who submit a \$100 nonrefundable application fee and comply with rules adopted

43.23 by the commissioner relative to record keeping, tonnage of commercial feed distributed in

43.24 Minnesota, total of all commercial feed tonnage distributed, and all other information which

43.25 the commissioner may require so as to ensure that proper inspection fee payment has been

43.26 made.

43.27 (b) In the case of pet food or specialty pet food distributed in the state only in packages

43.28 of ten pounds or less, a ~~listing of distributor must register~~ each product and submit a current

43.29 label for each product must be submitted annually on forms provided by the commissioner

43.30 and, accompanied by an annual application fee of \$100 for each product in lieu of the

43.31 inspection fee. This annual fee is due by July 1 must be received by the commissioner on

43.32 or before June 30 or postmarked on or before June 30. The inspection fee required by

44.1 paragraph (a) applies to pet food or specialty pet food distributed in packages exceeding
44.2 ten pounds.

44.3 ~~(e) In the case of specialty pet food distributed in the state only in packages of ten pounds~~
44.4 ~~or less, a listing of each product and a current label for each product must be submitted~~
44.5 ~~annually on forms provided by the commissioner and accompanied by an annual fee of~~
44.6 ~~\$100 for each product in lieu of the inspection fee. This annual fee is due by July 1. The~~
44.7 ~~inspection fee required by paragraph (a) applies to specialty pet food distributed in packages~~
44.8 ~~exceeding ten pounds.~~

44.9 ~~(d)~~ (c) The minimum inspection fee is \$75 per annual reporting period.

44.10 Sec. 40. Minnesota Statutes 2016, section 25.39, subdivision 1a, is amended to read:

44.11 Subd. 1a. **Containers of ten pounds or less.** A distributor who is subject to the annual
44.12 fee specified in subdivision 1, paragraph (b) ~~or (e)~~, ~~shall~~ must do the following:

44.13 (1) before beginning distribution, ~~file~~ register with the commissioner ~~a listing of the pet~~
44.14 ~~and specialty pet foods to be distributed in the state only in containers of ten pounds or less,~~
44.15 ~~on forms provided by the commissioner. The listing registration under this clause must be~~
44.16 ~~renewed annually on or before July 1~~ June 30 and is the basis for the payment of the annual
44.17 fee. New products added during the year must be submitted to the commissioner as a
44.18 supplement to the annual ~~listing registration~~ listing registration before distribution; and

44.19 (2) if the annual renewal of the ~~listing registration~~ listing registration is not received or postmarked on or
44.20 ~~before July 1~~ June 30 or if an ~~unlisted unregistered~~ product is distributed, pay a late filing
44.21 fee of \$100 per product in addition to the normal charge for the ~~listing registration~~ listing registration. The late
44.22 filing fee under this clause is in addition to any other penalty under this chapter.

44.23 Sec. 41. Minnesota Statutes 2016, section 25.39, subdivision 2, is amended to read:

44.24 Subd. 2. **Annual statement.** A person who is liable for the payment of a fee under this
44.25 section ~~shall~~ must file with the commissioner on forms furnished by the commissioner an
44.26 annual statement setting forth the number of net tons of commercial feeds distributed in
44.27 this state during the calendar year. The report is due ~~by~~ on or before the 31st of each January
44.28 following the year of distribution. The inspection fee at the rate specified in subdivision 1
44.29 must accompany the statement. For each tonnage report not filed with the commissioner or
44.30 payment of inspection fees not made on time received by the commissioner on or before
44.31 January 31 or postmarked on or before January 31, a penalty of ten percent of the amount
44.32 due, with a minimum penalty of \$10, must be assessed against the license holder, and the

45.1 amount of fees due, plus penalty, is a debt and may be recovered in a civil action against
45.2 the license holder. The assessment of this penalty does not prevent the department from
45.3 taking other actions as provided in this chapter.

45.4 Sec. 42. Minnesota Statutes 2016, section 25.39, subdivision 3, is amended to read:

45.5 Subd. 3. **Records.** Each person required to pay an inspection fee or to report in accordance
45.6 with this section ~~shall~~ must keep records, as determined by the commissioner, accurately
45.7 detailing the tonnage of commercial feed distributed in this state. Records upon which the
45.8 tonnage is based must be maintained for six years and made available to the commissioner
45.9 for inspection, copying, and audit. A person who is located outside of this state must maintain
45.10 and make available records required by this section in this state or pay all costs incurred in
45.11 auditing of the records at another location. Unless required for the enforcement of this
45.12 chapter, the information in the records required by this subdivision is private or nonpublic.

45.13 Sec. 43. Minnesota Statutes 2016, section 25.40, subdivision 2, is amended to read:

45.14 Subd. 2. **Notice; public comment.** Before the issuance, amendment, or repeal of any
45.15 rule authorized by sections 25.31 to 25.43, the commissioner shall publish the proposed
45.16 rule, amendment, or notice to repeal an existing rule in a manner reasonably calculated to
45.17 give interested parties, including all current license holders, adequate notice and shall afford
45.18 all interested persons an opportunity to present their views orally or in writing, within a
45.19 reasonable period of time. After consideration of all views presented by interested persons,
45.20 the commissioner shall take appropriate action to issue the proposed rule or to amend or
45.21 repeal an existing rule. The provisions of this subdivision notwithstanding, if the
45.22 commissioner, pursuant to the authority of sections 25.31 to 25.43, adopts the official
45.23 definitions of feed ingredients ~~or~~ and official feed terms as adopted by the Association of
45.24 American Feed Control Officials, any amendment or modification adopted by the association
45.25 ~~shall be~~ is adopted automatically under sections 25.31 to 25.43 without regard to the
45.26 publication of the notice required by this subdivision unless the commissioner, by order
45.27 specifically determines that the amendment or modification shall not be adopted.

45.28 Sec. 44. Minnesota Statutes 2016, section 25.41, subdivision 1, is amended to read:

45.29 Subdivision 1. **Authorization; limitation.** For the purpose of enforcement of sections
45.30 25.31 to 25.43, and associated rules, in order to determine whether the provisions have been
45.31 complied with, including whether or not any operations may be subject to such provisions,
45.32 officers or employees duly designated by the commissioner or the commissioner's agent,

46.1 upon presenting appropriate credentials, and a written notice to the owner, operator, or agent
46.2 in charge, are authorized:

46.3 (1) to enter, during normal business hours, any factory, warehouse, or establishment
46.4 within the state in which commercial feeds are manufactured, processed, packed, or held
46.5 for distribution, or to enter any vehicle being used to transport or hold such feeds; and

46.6 (2) to inspect at reasonable times, within reasonable limits, and in a reasonable manner,
46.7 such factory, warehouse, establishment or vehicle and all pertinent equipment, finished and
46.8 unfinished materials, containers, and labeling therein. The inspection may include the
46.9 verification of records and production and control procedures related to the manufacture,
46.10 distribution, storage, handling, or disposal of commercial feed as may be necessary to
46.11 determine compliance with this chapter.

46.12 Sec. 45. Minnesota Statutes 2016, section 25.41, subdivision 2, is amended to read:

46.13 Subd. 2. **Notification; promptness.** A separate notice ~~shall~~ must be given for each
46.14 inspection, but a notice ~~shall~~ is not be required for each entry made during the period covered
46.15 by the inspection. Each inspection ~~shall be commenced~~ must begin and be completed with
46.16 reasonable promptness. Upon completion of the inspection, the owner, operator, or agent
46.17 in charge of the facility or vehicle ~~shall~~ must be ~~so~~ notified.

46.18 Sec. 46. Minnesota Statutes 2016, section 25.41, subdivision 3, is amended to read:

46.19 Subd. 3. **Receipt for samples.** If the ~~officer or employee~~ commissioner or the
46.20 commissioner's agent making such inspection of a factory, warehouse, or other establishment
46.21 has obtained a sample in the course of the inspection, upon completion of the inspection
46.22 and prior to leaving the premises the ~~officer or employee~~ commissioner or the commissioner's
46.23 agent shall give to the owner, operator, or agent in charge a receipt describing the samples
46.24 obtained.

46.25 Sec. 47. Minnesota Statutes 2016, section 25.41, subdivision 5, is amended to read:

46.26 Subd. 5. **Entry of premises.** For the purpose of the enforcement of sections 25.31 to
46.27 25.43, the commissioner or the commissioner's ~~duly designated~~ agent is authorized to enter
46.28 upon any public or private premises including any vehicle of transport during regular business
46.29 hours to have access to, and to obtain samples, and to examine and copy records relating
46.30 to distribution of commercial feeds.

47.1 Sec. 48. Minnesota Statutes 2016, section 25.41, subdivision 7a, is amended to read:

47.2 Subd. 7a. **Manufacturer's report of investigation.** If the inspection and analysis of an
47.3 official sample indicates that a commercial feed has been adulterated or misbranded, the
47.4 person whose name appears on the label of the indicated commercial feed as guarantor ~~shall~~
47.5 must provide a manufacturer's report of investigation to the commissioner within 30 days
47.6 following the receipt of the official analysis.

47.7 Sec. 49. Minnesota Statutes 2016, section 25.42, is amended to read:

47.8 **25.42 DETAINED COMMERCIAL FEEDS.**

47.9 Subdivision 1. **Withdrawal from distribution order.** When the commissioner or the
47.10 commissioner's ~~authorized~~ agent has reasonable cause to believe any lot of commercial feed
47.11 is being distributed in violation of any of the provisions of sections 25.31 to 25.43 or of any
47.12 of the prescribed rules under sections 25.31 to 25.43, the commissioner or the commissioner's
47.13 agent may issue and enforce a written or printed "withdrawal from distribution" order,
47.14 warning the distributor not to dispose of the lot of commercial feed in any manner until
47.15 written permission is given by the commissioner or the court. The commissioner shall release
47.16 the lot of withdrawn commercial feed ~~so withdrawn~~ when ~~said provisions and sections 25.31~~
47.17 to 25.43 and associated rules have been complied with. If compliance is not obtained within
47.18 30 days, the commissioner may begin, or upon request of the distributor or license holder
47.19 shall begin, proceedings for condemnation.

47.20 Subd. 2. **Seizure; disposition.** Any lot of commercial feed not in compliance with ~~said~~
47.21 ~~provisions and sections 25.31 to 25.43 and associated~~ rules ~~shall be~~ is subject to seizure on
47.22 complaint of the commissioner to the district court of the county in which ~~said~~ the commercial
47.23 feed is located. In the event the court finds the commercial feed to be in violation of sections
47.24 25.31 to 25.43 and orders the condemnation of ~~said~~ the commercial feed, ~~it shall~~ the
47.25 commercial feed must be disposed of in ~~any~~ a manner consistent with the quality of the
47.26 commercial feed and the laws of the state; provided, that in no instance, shall the disposition
47.27 of ~~said~~ the commercial feed be ordered by the court without first giving the claimant an
47.28 opportunity to apply to the court for release of ~~said~~ the commercial feed or for permission
47.29 to process or relabel ~~said~~ the commercial feed to bring it into compliance with sections
47.30 25.31 to 25.43.

47.31 Sec. 50. Minnesota Statutes 2016, section 27.04, is amended to read:

47.32 **27.04 APPLICATION FOR LICENSE.**

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

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

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

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

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

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

48.12 ~~(5) a financial statement showing the value and character of the assets and the amount~~
48.13 ~~of liabilities of the applicant;~~

48.14 ~~(6) the income and expenses for the most recent year;~~

48.15 ~~(7) the names and addresses of all shareholders who own at least five percent of a~~
48.16 ~~corporate applicant's shares of stock;~~

48.17 ~~(8) whether the applicant or any of its officers, partners, or agents have been involved~~
48.18 ~~in any litigation relating to the business of a wholesale produce dealer in the previous five~~
48.19 ~~years; and~~

48.20 ~~(9)~~ (5) any other information relevant to the conduct of its business as a wholesale
48.21 produce dealer in the previous five years, as the commissioner may require.

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

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

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

48.28 Sec. 51. Minnesota Statutes 2016, section 28A.03, is amended by adding a subdivision to
48.29 read:

48.30 Subd. 11. **Regularly engaged.** "Regularly engaged" means any person who operates a
48.31 food business over a period of time at uniform, consistent intervals.

49.1 Sec. 52. Minnesota Statutes 2016, section 28A.081, is amended to read:

49.2 **28A.081 CERTIFICATE FEES.**

49.3 Subdivision 1. Fee. A fee of ~~\$75~~ \$125 for each certificate shall be charged to ~~all food~~
 49.4 ~~establishments that request certificates~~ any person who requests a certificate issued by the
 49.5 Minnesota Department of Agriculture to facilitate the movement of Minnesota processed
 49.6 and manufactured foods destined for export from the state of Minnesota. Certificates include,
 49.7 but are not limited to, a certificate of free sale, certificate of export, certificate of sanitation,
 49.8 sanitary certificate, certificate of origin and/or free sale, certificate of health and/or free
 49.9 sale, sanitation, and purity, certificate of free trade, certificate of free sale, sanitation, purity,
 49.10 and origin, certificate of health, sanitation, purity, and free sale, and letter of plant
 49.11 certification.

49.12 The commissioner shall bill ~~a food establishment~~ the requesting person within seven
 49.13 days after issuing a certificate to the ~~establishment~~ person. The ~~operator of the food~~
 49.14 ~~establishment~~ requesting person must submit payment for a certificate within ten days of
 49.15 the billing date. If a certificate fee payment is not received within 15 days of the billing
 49.16 date, the commissioner may not issue any future certificates to the requesting person until
 49.17 previous fees due are paid in full. Fees paid under this section must be deposited in the food
 49.18 certificate account established under subdivision 2 or another account in the agricultural
 49.19 fund if the expenses for the certificate will be paid from that other account.

49.20 Subd. 2. Food certificate account; appropriation. A food certificate account is
 49.21 established in the agricultural fund. Money in the account, including interest, is appropriated
 49.22 to the commissioner for expenses relating to certifying Minnesota processed and
 49.23 manufactured foods under chapters 28 to 34A or rules adopted under one of those chapters.

49.24 Sec. 53. Minnesota Statutes 2016, section 28A.152, subdivision 2, is amended to read:

49.25 Subd. 2. **Direct sales to consumers.** (a) An individual qualifying for an exemption under
 49.26 subdivision 1 may sell the exempt food:

49.27 (1) directly to the ultimate consumer at a community event or farmers' market;

49.28 ~~(2) at a community event or farmers' market; or~~

49.29 ~~(3)~~ (2) directly from the individual's home to the ultimate consumer, to the extent allowed
 49.30 by local ordinance; or

49.31 (3) through donation to a community event with the purpose of fund-raising for an
 49.32 individual, or fund-raising for an educational, charitable, or religious organization.

50.1 (b) If an exempt food product will be delivered to the ultimate consumer upon sale of
50.2 the food product, the individual who prepared the food product must be the person who
50.3 delivers the food product to the ultimate consumer.

50.4 (c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be
50.5 sold outside of Minnesota.

50.6 (d) Food products exempt under subdivision 1 may be sold over the Internet but must
50.7 be delivered directly to the ultimate consumer by the individual who prepared the food
50.8 product. The statement "These products are homemade and not subject to state inspection."
50.9 must be displayed on the Web site that offers the exempt foods for purchase.

50.10 Sec. 54. Minnesota Statutes 2016, section 28A.21, subdivision 6, is amended to read:

50.11 Subd. 6. **Expiration.** This section expires June 30, ~~2017~~ 2027.

50.12 Sec. 55. Minnesota Statutes 2016, section 31A.02, subdivision 4, is amended to read:

50.13 Subd. 4. **Animals.** "Animals" means cattle, swine, sheep, goats, poultry, farmed Cervidae,
50.14 as defined in section 35.153, subdivision 3, llamas, as defined in section 17.455, subdivision
50.15 2, Ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other ~~large~~
50.16 domesticated animals.

50.17 Sec. 56. Minnesota Statutes 2016, section 32C.02, subdivision 2, is amended to read:

50.18 Subd. 2. **Facility design; development and operation.** The authority may enter into
50.19 management contracts, lease agreements, or both, with a Minnesota nonprofit corporation
50.20 to design, develop, and operate a facility to further the purposes of this chapter at the site
50.21 determined by the board and on the terms that the board finds desirable. The board must
50.22 identify ~~and acquire~~ a site that will accommodate, where practicable, the following facilities
50.23 and activities:

50.24 (1) housing for bred and lactating animals;

50.25 (2) milking parlor;

50.26 (3) automatic milking systems;

50.27 (4) cross-ventilated and natural-ventilated housing;

50.28 (5) transition cow housing;

50.29 (6) special needs and hospital housing;

50.30 (7) classrooms and a conference room;

- 51.1 (8) dairy processing facility with retail;
- 51.2 (9) visitors' center;
- 51.3 (10) student housing;
- 51.4 (11) laboratory facilities;
- 51.5 (12) space to accommodate installation of an anaerobic digester system to research
- 51.6 energy production from feedstock produced on site or from off-site sources; and
- 51.7 (13) space for feed storage to allow for research capabilities at the facility.

51.8 Notwithstanding the provisions of section 32C.01, subdivision 7, relating to conflict of

51.9 interest, a director or officer of the authority who is also a director, officer, or member of

51.10 a nonprofit corporation with which the authority enters into management contracts or lease

51.11 agreements may participate in and vote on the decision of the board as to the terms and

51.12 conditions of management contracts or lease agreements between the Minnesota nonprofit

51.13 corporation and the authority.

51.14 Sec. 57. Minnesota Statutes 2016, section 32C.06, is amended to read:

51.15 **32C.06 EXPIRATION.**

51.16 If by August 1, ~~2017~~ 2020, the authority board has not identified and ~~acquired~~ a site for

51.17 a facility, as provided in section 32C.02, subdivision 2, sections 32C.01 to 32C.05 and this

51.18 section are repealed on that date. The Department of Agriculture shall notify the revisor of

51.19 statutes if the repealer under this section becomes effective.

51.20 Sec. 58. Minnesota Statutes 2016, section 41A.12, subdivision 3, is amended to read:

51.21 Subd. 3. **Oversight.** The commissioner, ~~in consultation with the chairs and ranking~~

51.22 ~~minority members of the house of representatives and senate committees with jurisdiction~~

51.23 ~~over agriculture finance~~, must allocate available appropriated funds among eligible uses as

51.24 provided by law, develop competitive eligibility criteria, and award funds on a needs basis.

51.25 By February 1 each year, the commissioner shall report to the legislature ~~on the allocation~~

51.26 ~~among eligible uses and any financial assistance provided~~ the outcomes achieved under

51.27 this section.

51.28 Sec. 59. Minnesota Statutes 2016, section 41A.20, subdivision 2, is amended to read:

51.29 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source

51.30 at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from

52.1 the state border, raw materials may be sourced from within a 100-mile radius. Raw materials
52.2 must be from forest resources. The facility must be located in Minnesota, must begin
52.3 production at a specific location by June 30, 2025, and must not begin operating before July
52.4 1, ~~2017~~ 2019. Eligible facilities include existing companies and facilities that are adding
52.5 siding production capacity, or retrofitting existing capacity, as well as new companies and
52.6 facilities. Eligible siding production facilities must produce at least 200,000,000 siding
52.7 square feet on a 3/8 inch nominal basis of siding each year.

52.8 (b) No payments shall be made for siding production that occurs after June 30, 2035,
52.9 for those eligible producers under paragraph (a).

52.10 (c) An eligible producer of siding shall not transfer the producer's eligibility for payments
52.11 under this section to a facility at a different location.

52.12 (d) A producer that ceases production for any reason is ineligible to receive payments
52.13 under this section until the producer resumes production.

52.14 Sec. 60. Minnesota Statutes 2016, section 41B.03, subdivision 2, is amended to read:

52.15 Subd. 2. **Eligibility for restructured loan.** In addition to the eligibility requirements
52.16 of subdivision 1, a prospective borrower for a restructured loan must:

52.17 (1) have received at least 50 percent of average annual gross income from farming for
52.18 the past three years or, for homesteaded property, received at least 40 percent of average
52.19 gross income from farming in the past three years, and farming must be the principal
52.20 occupation of the borrower;

52.21 (2) have projected annual expenses, including operating expenses, family living, and
52.22 interest expenses after the restructuring, that do not exceed 95 percent of the borrower's
52.23 projected annual income considering prior production history and projected prices for farm
52.24 production, except that the authority may reduce the 95 percent requirement if it finds that
52.25 other significant factors in the loan application support the making of the loan;

52.26 (3) demonstrate substantial difficulty in meeting projected annual expenses without
52.27 restructuring the loan; and

52.28 (4) have a total net worth, including assets and liabilities of the borrower's spouse and
52.29 dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017 and an amount in subsequent
52.30 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
52.31 rate as determined by the United States All-Items Consumer Price Index.

53.1 Sec. 61. Minnesota Statutes 2016, section 41B.03, subdivision 3, is amended to read:

53.2 Subd. 3. **Eligibility for beginning farmer loans.** (a) In addition to the requirements
53.3 under subdivision 1, a prospective borrower for a beginning farm loan in which the authority
53.4 holds an interest, must:

53.5 (1) have sufficient education, training, or experience in the type of farming for which
53.6 the loan is desired;

53.7 (2) have a total net worth, including assets and liabilities of the borrower's spouse and
53.8 dependents, of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in subsequent
53.9 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
53.10 rate as determined by the United States All-Items Consumer Price Index;

53.11 (3) demonstrate a need for the loan;

53.12 (4) demonstrate an ability to repay the loan;

53.13 (5) certify that the agricultural land to be purchased will be used by the borrower for
53.14 agricultural purposes;

53.15 (6) certify that farming will be the principal occupation of the borrower;

53.16 (7) agree to participate in a farm management program approved by the commissioner
53.17 of agriculture for at least the first three years of the loan, if an approved program is available
53.18 within 45 miles from the borrower's residence. The commissioner may waive this requirement
53.19 for any of the programs administered by the authority if the participant requests a waiver
53.20 and has either a four-year degree in an agricultural program or certification as an adult farm
53.21 management instructor; and

53.22 (8) agree to file an approved soil and water conservation plan with the Natural Resources
53.23 Conservation Service office in the county where the land is located.

53.24 (b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is
53.25 subject to penalty as determined by the authority.

53.26 Sec. 62. Minnesota Statutes 2016, section 41B.043, subdivision 5, is amended to read:

53.27 Subd. 5. **Total net worth limit.** A prospective borrower for an agricultural improvement
53.28 loan in which the authority holds an interest must have a total net worth, including assets
53.29 and liabilities of the borrower's spouse and dependents, of less than ~~\$350,000 in 2004~~
53.30 \$800,000 in 2017 and an amount in subsequent years which is adjusted for inflation by
53.31 multiplying that amount by the cumulative inflation rate as determined by the United States
53.32 All-Items Consumer Price Index.

54.1 Sec. 63. Minnesota Statutes 2016, section 41B.045, subdivision 2, is amended to read:

54.2 Subd. 2. **Loan participation.** The authority may participate in a livestock expansion
54.3 loan with an eligible lender to a livestock farmer who meets the requirements of section
54.4 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock
54.5 operation. A prospective borrower must have a total net worth, including assets and liabilities
54.6 of the borrower's spouse and dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017
54.7 and an amount in subsequent years which is adjusted for inflation by multiplying that amount
54.8 by the cumulative inflation rate as determined by the United States All-Items Consumer
54.9 Price Index.

54.10 Participation is limited to 45 percent of the principal amount of the loan or \$525,000,
54.11 whichever is less. The interest rates and repayment terms of the authority's participation
54.12 interest may be different from the interest rates and repayment terms of the lender's retained
54.13 portion of the loan.

54.14 Sec. 64. Minnesota Statutes 2016, section 41C.02, subdivision 12, is amended to read:

54.15 Subd. 12. **Low or moderate net worth.** "Low or moderate net worth" means:

54.16 (1) for an individual, an aggregate net worth of the individual and the individual's spouse
54.17 and minor children of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in
54.18 subsequent years which is adjusted for inflation by multiplying that amount by the cumulative
54.19 inflation rate as determined by the United States All-Items Consumer Price Index; or

54.20 (2) for a partnership, an aggregate net worth of all partners, including each partner's net
54.21 capital in the partnership, and each partner's spouse and minor children of less than twice
54.22 the amount set for an individual in clause (1). However, the aggregate net worth of each
54.23 partner and that partner's spouse and minor children may not exceed the amount set for an
54.24 individual in clause (1).

54.25 Sec. 65. Minnesota Statutes 2016, section 116V.01, subdivision 1, is amended to read:

54.26 Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is
54.27 established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code
54.28 of 1986, as amended. The Agricultural Utilization Research Institute shall conduct onsite
54.29 and applied research, promote the establishment of new products and product uses and the
54.30 expansion of existing markets for the state's agricultural commodities and products, including
54.31 direct financial and technical assistance for ~~Minnesota~~ entrepreneurs in Minnesota and
54.32 bordering states. The institute must establish or maintain facilities and work with private

55.1 and public entities to leverage the resources available to achieve maximum results for
55.2 Minnesota agriculture.

55.3 Sec. 66. Minnesota Statutes 2016, section 116V.01, subdivision 2, is amended to read:

55.4 Subd. 2. **Board of directors.** The board of directors of the Agricultural Utilization
55.5 Research Institute is comprised of:

55.6 (1) the chairs of the senate and the house of representatives standing committees with
55.7 jurisdiction over agriculture finance or the chair's designee;

55.8 (2) two representatives of statewide farm organizations;

55.9 (3) two representatives of agribusiness; ~~and~~

55.10 (4) three representatives of the commodity promotion councils; and

55.11 (5) two at-large representatives.

55.12 Sec. 67. Minnesota Statutes 2016, section 116V.01, subdivision 3, is amended to read:

55.13 Subd. 3. **Duties.** (a) The Agricultural Utilization Research Institute shall:

55.14 (1) identify development opportunities for agricultural products;

55.15 (2) implement a program that identifies techniques to meet those opportunities;

55.16 (3) monitor and coordinate research among the public and private organizations and
55.17 individuals specifically addressing procedures to transfer new technology to businesses,
55.18 farmers, and individuals;

55.19 ~~(4) provide research grants to public and private educational institutions and other~~
55.20 ~~organizations that are undertaking basic and applied research to promote the development~~
55.21 ~~of emerging agricultural industries;~~

55.22 ~~(5)~~ assist organizations and individuals with market analysis and product marketing
55.23 implementations;

55.24 ~~(6)~~ (5) to the extent possible earn and receive revenue from contracts, patents, licenses,
55.25 royalties, grants, fees-for-service, and memberships;

55.26 ~~(7)~~ (6) work with the Department of Agriculture, the United States Department of
55.27 Agriculture, the Department of Employment and Economic Development, and other agencies
55.28 to maximize marketing opportunities locally, nationally, and internationally; and

56.1 ~~(8)~~ (7) leverage available funds from federal, state, and private sources to develop new
56.2 markets and value added opportunities for Minnesota agricultural products.

56.3 (b) The Agricultural Utilization Research Institute board of directors shall have the sole
56.4 approval authority for establishing agricultural utilization research priorities, requests for
56.5 proposals to meet those priorities, awarding of grants, hiring and direction of personnel,
56.6 and other expenditures of funds consistent with the adopted and approved mission and goals
56.7 of the Agricultural Utilization Research Institute. The actions and expenditures of the
56.8 Agricultural Utilization Research Institute are subject to audit. The institute shall annually
56.9 report by February 1 to the senate and house of representatives standing committees with
56.10 jurisdiction over agricultural policy and funding. The report must list projects initiated,
56.11 progress on projects, and financial information relating to expenditures, income from other
56.12 sources, and other information to allow the committees to evaluate the effectiveness of the
56.13 institute's activities.

56.14 (c) The Agricultural Utilization Research Institute shall convene a Renewable Energy
56.15 Roundtable, the purpose of which shall be to further the state's leadership on bioenergy
56.16 issues.

56.17 (i) The Renewable Energy Roundtable shall consist of one representative appointed by
56.18 the commissioner of the Minnesota Department of Agriculture, one appointed by the
56.19 commissioner of the Minnesota Department of Commerce, one appointed by the chancellor
56.20 of the Minnesota State Colleges and Universities, and one appointed by the president of the
56.21 University of Minnesota. The appointees must have expertise relevant to bioenergy.

56.22 (ii) The board shall oversee the activities and shall provide staff to assist the Renewable
56.23 Energy Roundtable.

56.24 (iii) The Renewable Energy Roundtable will engage professionals and experts from
56.25 private, government, academic, and nonprofit entities across the state to identify bioenergy
56.26 opportunities and collaborate with a broad group of interested parties to identify future
56.27 alternative courses of action the state can take to sustain a long-term competitive position
56.28 in renewable energy through the year 2025. The Renewable Energy Roundtable will consult,
56.29 advise, and review projects and initiatives funded by the state as directed by the
56.30 administration and the legislature.

56.31 Sec. 68. Minnesota Statutes 2016, section 116V.01, subdivision 4, is amended to read:

56.32 Subd. 4. **Staff.** The board of directors shall hire ~~staff~~ an executive director for the
56.33 Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization

57.1 Research Institute are not state employees and may participate in state retirement, deferred
57.2 compensation, insurance, or other plans that apply to state employees generally and are
57.3 subject to regulation by the state Campaign Finance and Public Disclosure Board.

57.4 Sec. 69. Minnesota Statutes 2016, section 116V.01, subdivision 7, is amended to read:

57.5 Subd. 7. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct
57.6 of the business of the institute consistent with this section. The corporation must publish
57.7 bylaws and amendments to the bylaws ~~in the State Register~~ on the board's Web site.

57.8 Sec. 70. Minnesota Statutes 2016, section 116V.01, subdivision 10, is amended to read:

57.9 Subd. 10. **Meetings.** The board of directors shall meet at least twice each year and may
57.10 hold additional meetings upon giving notice in accordance with the bylaws of the institute.
57.11 Board meetings are subject to chapter 13D, except section 13D.01, subdivision 6, as it
57.12 pertains to financial information, business plans, income and expense projections, customer
57.13 lists, market and feasibility studies, and trade secret information as defined by section 13.37,
57.14 subdivision 1, paragraph (b). For the purposes of section 13D.015, the board of directors is
57.15 a state board.

57.16 Sec. 71. Minnesota Statutes 2016, section 116V.01, subdivision 11, is amended to read:

57.17 Subd. 11. **Conflict of interest.** A director, employee, or officer of the institute may not
57.18 ~~participate in~~ advocate for or vote on a decision of the board relating to an organization in
57.19 which the director, employee, or officer has either a direct or indirect financial interest.

57.20 Sec. 72. Minnesota Statutes 2016, section 116V.01, subdivision 13, is amended to read:

57.21 Subd. 13. **Funds.** The institute may accept and use gifts, grants, or contributions from
57.22 any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell,
57.23 exchange, or otherwise dispose of and invest or reinvest the money, securities, or other
57.24 property given or bequested to it. The principal of these funds, the income from them, and
57.25 all other revenues received by it from any nonstate source ~~must be placed in the depositories~~
57.26 ~~the board determines and is~~ are subject to expenditure for the board's purposes. Receipts
57.27 and expenditures of more than ~~\$25,000~~ \$50,000 must be approved by the ~~full~~ board.

57.28 Sec. 73. Minnesota Statutes 2016, section 116V.01, subdivision 14, is amended to read:

57.29 Subd. 14. **Accounts; audits.** The institute may establish funds and accounts that it finds
57.30 convenient. The board shall provide for and pay the cost of an ~~independent annual~~ audit of

58.1 its official books and records by the legislative auditor subject to sections 3.971 and 3.972.
58.2 In addition, the board shall provide and pay for the cost of an annual financial audit of its
58.3 official books and records by a CPA firm licensed under chapter 326A. A copy of ~~this~~ the
58.4 annual financial audit shall be filed with the ~~secretary of state~~ Office of the Attorney General,
58.5 Charities Division.

58.6 For purposes of this section, "institute" means the Agricultural Utilization Research
58.7 Institute established under this section and "board of directors" means the board of directors
58.8 of the Agricultural Utilization Research Institute.

58.9 Sec. 74. Minnesota Statutes 2016, section 223.17, subdivision 8, is amended to read:

58.10 Subd. 8. **Bond disbursement.** (a) The bond required under subdivision 4 shall provide
58.11 for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand,
58.12 the purchase price of grain sold to the grain buyer in the manner provided by subdivision
58.13 5, including loss caused by failure to pay within the time required. The bond shall be
58.14 conditioned upon the grain buyer being duly licensed as provided herein.

58.15 (b) The commissioner shall promptly determine the validity of all claims filed and notify
58.16 the claimants of the determination. An aggrieved party may appeal the commissioner's
58.17 determination by requesting, within 15 days, that the commissioner initiate a contested case
58.18 proceeding. In the absence of such a request, or following the issuance of a final order in a
58.19 contested case, the surety company shall issue payment promptly to those claimants entitled
58.20 to payment. The commissioner may apply to the district court for an order appointing a
58.21 trustee or receiver to manage and supervise the operations of the grain buyer in default. The
58.22 commissioner may participate in any resulting court proceeding as an interested party.

58.23 (c) If a grain buyer has become liable to more than one producer by reason of breaches
58.24 of the conditions of the bond and the amount of the bond is insufficient to pay the entire
58.25 liability to all producers entitled to the protection of the bond, the proceeds of the bond shall
58.26 be apportioned among the bona fide claimants.

58.27 (d) The bond shall not be cumulative from one licensing period to the next. The maximum
58.28 liability of the bond shall be its face value for the licensing period.

58.29 (e) The bond disbursement shall occur 200 days from the date the commissioner publishes
58.30 a public notice of a claim. At the end of this time period, the commissioner shall initiate
58.31 bond payments on all valid claims received by the commissioner.

59.1 Sec. 75. Minnesota Statutes 2016, section 232.22, subdivision 7, is amended to read:

59.2 Subd. 7. **Bond disbursement.** (a) The bond of a public grain warehouse operator must
59.3 be conditioned that the public grain warehouse operator issuing a grain warehouse receipt
59.4 is liable to the depositor for the delivery of the kind, grade and net quantity of grain called
59.5 for by the receipt.

59.6 (b) Upon notification of default, the commissioner shall determine the validity of all
59.7 claims and notify all parties having filed claims. Any aggrieved party may appeal the
59.8 commissioner's determination by requesting, within 15 days, that the commissioner initiate
59.9 a contested case proceeding. In the absence of such a request, or following the issuance of
59.10 a final order in a contested case, the surety company shall issue payment to those claimants
59.11 entitled to payment. If the commissioner determines it is necessary, the commissioner may
59.12 apply to the district court for an order appointing a trustee or receiver to manage and supervise
59.13 the operations of the grain warehouse operator in default. The commissioner may participate
59.14 in any resulting court proceeding as an interested party.

59.15 (c) For the purpose of determining the amount of bond disbursement against all valid
59.16 claims under a condition one bond, all grain owned or stored in the public grain warehouse
59.17 shall be sold and the combined proceeds deposited in a special fund. Payment shall be made
59.18 from the special fund satisfying the valid claims of grain warehouse receipt holders.

59.19 (d) If a public grain warehouse operator has become liable to more than one depositor
59.20 or producer by reason of breaches of the conditions of the bond and the amount of the bond
59.21 is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid
59.22 claimants, the proceeds of the bond and special fund shall be apportioned among the valid
59.23 claimants on a pro rata basis.

59.24 (e) A bond is not cumulative from one licensing period to the next. The maximum
59.25 liability of the bond shall be its face value for the licensing period.

59.26 (f) The bond disbursement shall occur 200 days from the date the commissioner publishes
59.27 a public notice of a claim. At the end of this time period, the commissioner shall initiate
59.28 bond payments on all valid claims received by the department.

59.29 Sec. 76. Minnesota Statutes 2016, section 336.9-601, is amended to read:

59.30 **336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;**
59.31 **CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT**
59.32 **INTANGIBLES, OR PROMISSORY NOTES.**

60.1 (a) **Rights of secured party after default.** After default, a secured party has the rights
60.2 provided in this part and, except as otherwise provided in section 336.9-602, those provided
60.3 by agreement of the parties. A secured party:

60.4 (1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security
60.5 interest, or agricultural lien by any available judicial procedure; and

60.6 (2) if the collateral is documents, may proceed either as to the documents or as to the
60.7 goods they cover.

60.8 (b) **Rights and duties of secured party in possession or control.** A secured party in
60.9 possession of collateral or control of collateral under section 336.7-106, 336.9-104,
60.10 336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

60.11 (c) **Rights cumulative; simultaneous exercise.** The rights under subsections (a) and
60.12 (b) are cumulative and may be exercised simultaneously.

60.13 (d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) and
60.14 section 336.9-605, after default, a debtor and an obligor have the rights provided in this part
60.15 and by agreement of the parties.

60.16 (e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment,
60.17 the lien of any levy that may be made upon the collateral by virtue of an execution based
60.18 upon the judgment relates back to the earliest of:

60.19 (1) the date of perfection of the security interest or agricultural lien in the collateral;

60.20 (2) the date of filing a financing statement covering the collateral; or

60.21 (3) any date specified in a statute under which the agricultural lien was created.

60.22 (f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest
60.23 or agricultural lien by judicial procedure within the meaning of this section. A secured party
60.24 may purchase at the sale and thereafter hold the collateral free of any other requirements
60.25 of this article.

60.26 (g) **Consignor or buyer of certain rights to payment.** Except as otherwise provided
60.27 in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor
60.28 or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

60.29 (h) **Security interest in collateral that is agricultural property; enforcement.** A
60.30 person may not begin to enforce a security interest in collateral that is agricultural property
60.31 subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ the amount
60.32 provided in section 583.24, subdivision 5, unless: a mediation notice under subsection (i)

61.1 is served on the debtor after a condition of default has occurred in the security agreement
61.2 and a copy served on the director of the agricultural extension service; and the debtor and
61.3 creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed
61.4 under sections 583.20 to 583.32.

61.5 (i) **Mediation notice.** A mediation notice under subsection (h) must contain the following
61.6 notice with the blanks properly filled in.

61.7 "TO: ...(Name of Debtor)...

61.8 YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY
61.9 AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural
61.10 Property Collateral). THE AMOUNT OF THE OUTSTANDING DEBT IS ...(Amount of
61.11 Debt)...

61.12 AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE
61.13 THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY
61.14 DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A
61.15 COURT JUDGMENT AGAINST THE PROPERTY.

61.16 YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION.
61.17 IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE
61.18 MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT
61.19 WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY
61.20 ENFORCES THE DEBT.

61.21 IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE
61.22 AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION
61.23 MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL
61.24 INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE
61.25 TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION
61.26 RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS
61.27 POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR
61.28 HANDLING FUTURE FINANCIAL RELATIONS.

61.29 TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A
61.30 MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU
61.31 RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT
61.32 ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

61.33 FROM: ...(Name and Address of Secured Party)..."

62.1 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
62.2 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

62.3 Sec. 77. Minnesota Statutes 2016, section 344.03, subdivision 1, is amended to read:

62.4 Subdivision 1. **Adjoining owners.** ~~If all or a part of adjoining Minnesota land is improved~~
62.5 ~~and used;~~ (a) Except as provided in paragraph (b), if two adjoining lands are both used in
62.6 whole or in part to produce or maintain livestock for agricultural or commercial purposes
62.7 and one or both of the owners of the land desires the land to be partly or totally fenced, the
62.8 land owners or occupants shall build and maintain a partition fence between their lands in
62.9 equal shares.

62.10 (b) The requirement in this section and the procedures in this chapter apply to the
62.11 Department of Natural Resources when it owns land adjoining privately owned land subject
62.12 to this section and chapter and the landowner desires the land permanently fenced for the
62.13 purpose of restraining livestock.

62.14 (c) For purposes of this section, "livestock" means beef cattle, dairy cattle, swine, poultry,
62.15 goats, donkeys, hinnies, mules, farmed Cervidae, Ratitae, bison, sheep, horses, alpacas, and
62.16 llamas.

62.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and
62.18 applies to partition fences built pursuant to Minnesota Statutes, chapter 344, on or after that
62.19 date.

62.20 Sec. 78. Minnesota Statutes 2016, section 550.365, subdivision 1, is amended to read:

62.21 Subdivision 1. **Requirement.** A person may not attach, execute on, levy on, or seize
62.22 agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more
62.23 than ~~\$5,000~~ the amount provided in section 583.24, subdivision 5, unless: (1) a mediation
62.24 notice is served on the judgment debtor and a copy served on the director and the debtor
62.25 and creditor have completed mediation under sections 583.20 to 583.32; or (2) as otherwise
62.26 allowed under sections 583.20 to 583.32.

62.27 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
62.28 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

62.29 Sec. 79. Minnesota Statutes 2016, section 559.209, subdivision 1, is amended to read:

62.30 Subdivision 1. **Requirement.** A person may not begin to terminate a contract for deed
62.31 under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32

63.1 for a remaining balance on the contract of more than ~~\$5,000~~ the amount provided in section
63.2 583.24, subdivision 5, unless: (1) a mediation notice is served on the contract for deed
63.3 purchaser after a default has occurred under the contract and a copy served on the director
63.4 and the contract for deed vendor and purchaser have completed mediation under sections
63.5 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

63.6 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
63.7 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

63.8 Sec. 80. Minnesota Statutes 2016, section 582.039, subdivision 1, is amended to read:

63.9 Subdivision 1. **Requirement.** A person may not begin a proceeding under this chapter
63.10 or chapter 580 to foreclose a mortgage on agricultural property subject to sections 583.20
63.11 to 583.32 that has a secured debt of more than ~~\$5,000~~ the amount provided in section 583.24,
63.12 subdivision 5, unless: (1) a mediation notice is served on the mortgagor after a default has
63.13 occurred in the mortgage and a copy is served on the director and the mortgagor and
63.14 mortgagee have completed mediation under sections 583.20 to 583.32; or (2) as otherwise
63.15 allowed under sections 583.20 to 583.32.

63.16 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
63.17 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

63.18 Sec. 81. Minnesota Statutes 2016, section 583.215, is amended to read:

63.19 **583.215 EXPIRATION.**

63.20 Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to
63.21 583.32, expire June 30, ~~2018~~ 2022.

63.22 Sec. 82. Minnesota Statutes 2016, section 583.24, subdivision 4, is amended to read:

63.23 Subd. 4. **Debts.** The Farmer-Lender Mediation Act does not apply to a debt:

63.24 (1) for which a proof of claim form has been filed in bankruptcy by a creditor or that
63.25 was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after July
63.26 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

63.27 (2) if the debt was in default when the creditor received a mediation proceeding notice
63.28 under the Farmer-Lender Mediation Act and the creditor filed a claim form, the debt was
63.29 mediated during the mediation period under section 583.26, subdivision 8, and (i) the
63.30 mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

64.1 (3) for which the creditor has served a mediation notice, the debtor has failed to make
64.2 a timely request for mediation, and within 60 days after the debtor failed to make a timely
64.3 request the creditor began a proceeding to enforce the debt against the agricultural property
64.4 of the debtor;

64.5 (4) for which a creditor has received a mediation proceeding notice and the creditor and
64.6 debtor have restructured the debt and have signed a separate mediation agreement with
64.7 respect to that debt; ~~or~~

64.8 (5) for which there is a lien for rental value of farm machinery under section 514.661;
64.9 or

64.10 (6) that is a new line of credit, loan, or other debt extended by a creditor to the debtor
64.11 as a result of a mediation conducted pursuant to the Farmer-Lender Mediation Act. However,
64.12 this new debt becomes subject to the Farmer-Lender Mediation Act two years after the
64.13 mediation from which the new debt originated ends, as evidenced by the date on the
64.14 termination statement issued by the mediator under section 583.26, subdivision 10.

64.15 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
64.16 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

64.17 Sec. 83. Minnesota Statutes 2016, section 583.24, is amended by adding a subdivision to
64.18 read:

64.19 Subd. 5. **Minimum eligible debt amount.** The minimum eligible debt amount is \$15,000.
64.20 In 2022 and every five years thereafter, the commissioner of agriculture, in consultation
64.21 with the director, must report to the legislative committees with jurisdiction over agriculture
64.22 policy what the minimum eligible debt amount under this subdivision would be if adjusted
64.23 using the United States Department of Agriculture's Index of the Cost of Production.

64.24 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
64.25 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

64.26 Sec. 84. Minnesota Statutes 2016, section 583.26, subdivision 2, is amended to read:

64.27 Subd. 2. **Mediation request.** (a) A debtor must file a mediation request form with the
64.28 director by 14 days after receiving a mediation notice. The debtor must state all known
64.29 creditors with debts secured for agricultural property and must authorize the director to
64.30 obtain the debtor's credit report from one or more credit reporting agencies. The mediation
64.31 request form must include an instruction that the debtor must state all known creditors with
64.32 debts secured by agricultural property and unsecured creditors that are necessary for the

65.1 farm operation of the debtor. It is the debtor's discretion as to which unsecured creditors
65.2 are necessary for the farm operation but the mediation request form must notify the debtor
65.3 that omission of a significant unsecured creditor could result in a bad-faith determination
65.4 pursuant to section 583.27, subdivisions 1, paragraph (a), clause (2), and 2. The mediation
65.5 request must state the date that the notice was served on the debtor. The director shall make
65.6 mediation request forms available in the county recorder's and county extension office of
65.7 each county.

65.8 (b) Except as provided in section 583.24, subdivision 4, paragraph (a), clause (3), a
65.9 debtor who fails to file a timely mediation request waives the right to mediation for that
65.10 debt under the Farmer-Lender Mediation Act. The director shall notify the creditor who
65.11 served the mediation notice stating that the creditor may proceed against the agricultural
65.12 property because the debtor has failed to file a mediation request.

65.13 (c) If a debtor has not received a mediation notice and is subject to a proceeding of a
65.14 creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections
65.15 336.9-601 to 336.9-628, terminating a contract for deed to purchase agricultural property
65.16 under section 559.21, or garnishing, levying on, executing on, seizing, or attaching
65.17 agricultural property, the debtor may file a mediation request with the director. The mediation
65.18 request form must indicate that the debtor has not received a mediation notice.

65.19 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
65.20 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

65.21 Sec. 85. Minnesota Statutes 2016, section 583.26, subdivision 3, is amended to read:

65.22 Subd. 3. **Financial analyst and farm advocate.** (a) Within three business days after
65.23 receiving a mediation request, the director shall provide a financial analyst to meet with the
65.24 debtor and assure that all information relative to the finances of the debtor is prepared ~~for~~
65.25 prior to the initial mediation meeting. The financial analyst must review and, if necessary,
65.26 prepare the debtor's financial records before the initial mediation meeting.

65.27 (b) After receiving the mediation notice, the director shall provide the debtor with a list
65.28 of farm advocates that may be available without charge to assist the debtor and the financial
65.29 analyst.

65.30 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
65.31 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

66.1 Sec. 86. Minnesota Statutes 2016, section 583.26, subdivision 3a, is amended to read:

66.2 Subd. 3a. **Orientation session.** The director shall schedule an orientation session to be
66.3 held at least five days before the first mediation meeting. The debtor, the financial analyst,
66.4 and a mediator shall participate in the orientation session. The mediator at the session need
66.5 not be the one assigned to the mediation proceeding under subdivision 4. Creditors
66.6 participating in the mediation may participate in the orientation session. At the orientation
66.7 session, the financial analyst shall review the debtor's financial and inventory records to
66.8 determine if they are adequate for the mediation and inform the debtor of any inadequacies,
66.9 and the mediator shall inform the debtor of the requirements of the mediation process
66.10 including but not limited to the requirement to participate in good faith by addressing, prior
66.11 to the initial mediation meeting, any inadequacies identified by the financial analyst.

66.12 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
66.13 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

66.14 Sec. 87. Minnesota Statutes 2016, section 583.26, subdivision 4, is amended to read:

66.15 Subd. 4. **Mediation proceeding notice.** (a) By ten days after receiving a mediation
66.16 request, the director shall send: (1) a mediation proceeding notice to the debtor; (2) a
66.17 mediation proceeding notice to all creditors listed by the debtor in the mediation request
66.18 and any additional secured creditors identified by the director from the credit report obtained
66.19 with the debtor's permission under subdivision 2; and (3) a claim form to all secured creditors
66.20 stated by the debtor or identified by the director.

66.21 (b) The mediation proceeding notice must state:

66.22 (1) the name and address of the debtor;

66.23 (2) that the debtor has requested mediation under the Farmer-Lender Mediation Act;

66.24 (3) the time and place for the orientation session;

66.25 (4) the time and place for the initial mediation meeting;

66.26 (5) a list of the names of three mediators that may be assigned to the proceeding, along
66.27 with background information on those mediators including biographical information, a
66.28 summary of previous mediation experience, and the number of agreements signed by parties
66.29 to previous mediation;

66.30 (6) that the debtor and the initiating creditor may each request the director to exclude
66.31 one mediator by notifying the director within three days after receiving the notice;

67.1 (7) that in lieu of having a mediator assigned by the director, the debtor and any one or
67.2 more of the creditors may agree to select and pay for a professional mediator that is approved
67.3 by the director;

67.4 (8) that the Farmer-Lender Mediation Act prohibits the creditor from beginning or
67.5 continuing a proceeding to enforce the debt against agricultural property for 90 days after
67.6 the debtor files a mediation request with the director unless otherwise allowed; and

67.7 (9) that the creditor must provide the debtor by the initial mediation meeting with copies
67.8 of notes and contracts for debts subject to the Farmer-Lender Mediation Act and provide a
67.9 statement of interest rates on the debts, delinquent payments, unpaid principal and interest
67.10 balances, the creditor's value of the collateral, and debt restructuring programs available by
67.11 the creditor.

67.12 (c) An initial mediation meeting must be held within 20 days of the notice.

67.13 (d) The initiating creditor and the debtor may each request the director to exclude one
67.14 mediator from the list by sending the director a notice to exclude the mediator within three
67.15 days after receiving the mediation proceeding notice.

67.16 (e) In lieu of the director assigning a mediator, the debtor and any one or more of the
67.17 creditors may agree to select and pay for a professional mediator for the mediation
67.18 proceeding. The director must approve the professional mediator before the professional
67.19 mediator may be assigned to the mediation proceeding. The professional mediator may not
67.20 be approved unless the professional mediator prepares and signs an affidavit:

67.21 (1) disclosing any biases, relationships, or previous associations with the debtor or
67.22 creditors subject to the mediation proceedings;

67.23 (2) stating certifications, training, or qualifications as a professional mediator;

67.24 (3) disclosing fees to be charged or a rate schedule of fees for the mediation proceeding;
67.25 and

67.26 (4) affirming to uphold the Farmer-Lender Mediation Act and faithfully discharge the
67.27 duties of a mediator.

67.28 (f) After receiving a mediation proceeding notice, a secured creditor must return a claim
67.29 form if the debt is not subject to the Farmer-Lender Mediation Act and specify why the debt
67.30 is not subject to sections 583.20 to 583.32.

67.31 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
67.32 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

68.1 Sec. 88. Minnesota Statutes 2016, section 583.26, subdivision 10, is amended to read:

68.2 Subd. 10. **End of mediation.** (a) The mediator shall sign and serve to the parties and
68.3 the director a termination statement by the end of the time period specified in subdivision
68.4 5.

68.5 (b) The mediator shall prepare a termination statement that:

68.6 (1) acknowledges that mediation has ended and specifies the date on which the mediation
68.7 ended; and

68.8 (2) describes or references agreements, if any, reached between a creditor and the debtor;
68.9 ~~if any~~, including any new line of credit, loan, or other debt issued by a creditor to the debtor
68.10 as a result of the mediation; and agreements, if any, reached among creditors, ~~if any~~.

68.11 (c) Mediation agreements may be included as part of the termination statement.

68.12 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
68.13 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

68.14 Sec. 89. Minnesota Statutes 2016, section 583.27, subdivision 1, is amended to read:

68.15 Subdivision 1. **Obligation of good faith.** (a) The parties must engage in mediation in
68.16 good faith. Prior to the initial mediation meeting, the director must notify all parties in
68.17 writing of their obligation to participate in good faith, the consequences of failing to
68.18 participate in good faith, and that not participating in good faith includes: (1) a failure on a
68.19 regular or continuing basis to attend and participate in mediation sessions without cause;
68.20 (2) failure to provide full information no later than the initial mediation meeting regarding
68.21 the financial obligations of the parties and other creditors including the obligation of a
68.22 creditor to provide information under section 583.26, subdivision 5, paragraph (d); (3)
68.23 failure of the creditor to designate a representative to participate in the mediation with
68.24 authority to make binding commitments within one business day to fully settle, compromise,
68.25 or otherwise mediate the matter; (4) lack of a written statement of debt restructuring
68.26 alternatives and a statement of reasons why alternatives are unacceptable to one of the
68.27 parties; (5) failure of a creditor to release funds from the sale of farm products to the debtor
68.28 for necessary living and farm operating expenses; or (6) other similar behavior which
68.29 evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance,
68.30 or forgive debt does not, in itself, evidence lack of good faith by the creditor.

68.31 (b) The amount that the creditor is required to release for necessary living expenses
68.32 under this section is limited to ~~\$1,600~~ \$3,600 per month less the debtor's off-farm income.
68.33 In 2022 and every five years thereafter, the commissioner of agriculture, in consultation

69.1 with the director, must report to the legislative committees with jurisdiction over agriculture
69.2 policy what the monetary limit under this paragraph would be if adjusted using the United
69.3 States All-Items Consumer Price Index.

69.4 (c) If the debtor and creditor do not agree on the amount of necessary living expenses
69.5 to be released, the debtor or creditor may petition conciliation court in the county of the
69.6 debtor's residence to make a determination of the amount to be released. The conciliation
69.7 court must make the determination within ten days after receiving the petition.

69.8 (d) If the debtor and creditors do not agree on the amount of necessary operating expenses
69.9 or necessary living and operating expenses to be released, the debtor or a creditor requested
69.10 to release necessary living or operating expenses may petition the district court of the debtor's
69.11 residence to make a determination of the amount to be released. The court shall hear and
69.12 make a determination of the amount of living and operating expenses to be released within
69.13 ten days after receiving the petition. The court shall also add or subtract up to ten days to
69.14 the time when the creditor can begin to enforce a proceeding to collect the debt against
69.15 agricultural property of the debtor and assess costs, including any attorney fees, among the
69.16 parties to the court proceeding. The court shall equitably adjust the time to begin a creditor's
69.17 proceeding and the assessment of costs based on the parties' good faith claim to the amount
69.18 of living and operating expenses to be released.

69.19 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to debt
69.20 subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

69.21 Sec. 90. **WOLF-LIVESTOCK CONFLICT PREVENTION PILOT PROGRAM.**

69.22 (a) The commissioner of agriculture may award grants to livestock producers to prevent
69.23 wolf-livestock conflicts. Livestock producers located in Minnesota are eligible to apply for
69.24 reimbursement for the cost of practices to prevent wolf-livestock conflicts. The commissioner
69.25 may establish a cap on the amount a recipient may receive annually.

69.26 (b) To be eligible for the grant under this section, a livestock producer must raise livestock
69.27 within Minnesota's wolf range or on property determined by the commissioner to be affected
69.28 by wolf-livestock conflicts.

69.29 (c) Eligible wolf-livestock conflict prevention activities include, but are not limited to:

69.30 (1) the purchase of guard animals;

69.31 (2) veterinary costs for guard animals;

69.32 (3) the installation of wolf barriers; wolf barriers may include pens, fladry, and fencing;

- 70.1 (4) the installation of wolf-detering lights and alarms; and
- 70.2 (5) calving or lambing shelters.
- 70.3 (d) Eligible grant recipients must:
- 70.4 (1) make a good-faith effort to avoid wolf-livestock conflicts;
- 70.5 (2) make a good-faith effort to care for guard animals paid for under this section;
- 70.6 (3) retain proper documentation of expenses;
- 70.7 (4) report annually to the commissioner on the effectiveness of the nonlethal methods
- 70.8 employed; and
- 70.9 (5) allow follow-up evaluation and monitoring by the commissioner.
- 70.10 (e) Grant recipients shall continue to be eligible for depredation payments under
- 70.11 Minnesota Statutes, section 3.737.

70.12 **Sec. 91. BASE BUDGET REPORT REQUIRED.**

70.13 No later than October 15, 2018, the commissioner of agriculture must submit a report

70.14 detailing the agency's base budget, including any prior appropriation riders, to the chairs

70.15 and ranking minority members of the legislative committees with jurisdiction over agriculture

70.16 finance.

70.17 **Sec. 92. REVISOR'S INSTRUCTION.**

70.18 The revisor of statutes shall renumber Minnesota Statutes, section 18B.01, subdivision

70.19 9a, to Minnesota Statutes, section 18B.01, subdivision 9d, and correct any cross-references

70.20 related to the renumbering.

70.21 **Sec. 93. REPEALER.**

70.22 Minnesota Statutes 2016, sections 18B.01, subdivisions 10a, 10b, and 22a; 18B.285;

70.23 25.371, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 41A.20, subdivision 6;

70.24 41D.01, subdivision 4; 383C.809; and 583.22, subdivision 7b, are repealed.

70.25 **ARTICLE 3**

70.26 **DAIRY LAW REORGANIZATION**

70.27 Section 1. Minnesota Statutes 2016, section 13.6435, subdivision 8, is amended to read:

71.1 Subd. 8. **Dairy products.** Financial and production information obtained by the
71.2 commissioner of agriculture to administer chapter ~~32~~ 32D are classified under section ~~32.71~~,
71.3 ~~subdivision 2~~ 32D.25, subdivision 2.

71.4 Sec. 2. Minnesota Statutes 2016, section 17.983, subdivision 1, is amended to read:

71.5 Subdivision 1. **Administrative penalties; citation.** If a person has violated a provision
71.6 of chapter 25, 31B, or ~~32~~ 32D, the commissioner may issue a written citation to the person
71.7 by personal service or by certified mail. The citation must describe the nature of the violation
71.8 and the statute or rule alleged to have been violated; state the time for correction, if
71.9 applicable; and the amount of any proposed fine. The citation must advise the person to
71.10 notify the commissioner in writing within 30 days if the person wishes to appeal the citation.
71.11 If the person fails to appeal the citation, the citation is the final order and not subject to
71.12 further review.

71.13 Sec. 3. Minnesota Statutes 2016, section 17.984, subdivision 1, is amended to read:

71.14 Subdivision 1. **Authority.** To carry out the commissioner's enforcement duties under
71.15 chapter ~~32~~ 32D, the commissioner may, upon presenting appropriate credentials, during
71.16 regular working hours and at other reasonable times, inspect premises subject to the
71.17 commissioner's enforcement and licensing authority for reasons related to the commissioner's
71.18 enforcement and licensing authority; request information from persons with information
71.19 relevant to an inspection; and inspect relevant papers and records, including business records.
71.20 The commissioner may issue notices in lieu of citations for minor violations if a notice is
71.21 in the public interest.

71.22 Sec. 4. Minnesota Statutes 2016, section 28A.05, is amended to read:

71.23 **28A.05 CLASSIFICATION.**

71.24 All persons required to have a license under section 28A.04 shall be classified into one
71.25 of the following classes of food handlers, according to their principal mode of business.

71.26 (a) Retail food handlers are persons who sell or process and sell food directly to the
71.27 ultimate consumer or who custom process meat or poultry. The term includes a person who
71.28 sells food directly to the ultimate consumer through the use of vending machines, and a
71.29 person who sells food for consumption on site or off site if the sale is conducted on the
71.30 premises that are part of a grocery or convenience store operation.

71.31 (b) Wholesale food handlers are persons who sell to others for resale. A person who
71.32 handles food in job lots (jobbers) is included in this classification.

72.1 (c) Wholesale food processors or manufacturers are persons who process or manufacture
72.2 raw materials and other food ingredients into food items, or who reprocess food items, or
72.3 who package food for sale to others for resale, or who commercially slaughter animals or
72.4 poultry. Included herein are persons who can, extract, ferment, distill, pickle, bake, freeze,
72.5 dry, smoke, grind, mix, stuff, pack, bottle, recondition, or otherwise treat or preserve food
72.6 for sale to others for resale, cold storage warehouse operators as defined in section 28.01,
72.7 subdivision 3, salvage food processors as defined in section 31.495, subdivision 1, and dairy
72.8 plants as defined in section ~~32.01~~ 32D.01, subdivision 6.

72.9 (d) A food broker is a person who buys and sells food and who negotiates between a
72.10 buyer and a seller of food, but who at no time has custody of the food being bought and
72.11 sold.

72.12 Sec. 5. Minnesota Statutes 2016, section 28A.085, subdivision 1, is amended to read:

72.13 Subdivision 1. **Violations; prohibited acts.** The commissioner may charge a reinspection
72.14 fee for each reinspection of a food handler that:

72.15 (1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, ~~32~~
72.16 32D, 33, or 34, or rules adopted under one of those chapters; or

72.17 (2) fails to correct equipment and facility deficiencies as required in rules adopted under
72.18 chapter 28, 29, 30, 31, 31A, ~~32~~ 32D, or 34.

72.19 The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed
72.20 at \$150. The fee for a firm with gross food sales over \$1,000,000 is \$200. The fee for a
72.21 subsequent reinspection of a firm for the same violation is 50 percent of their current license
72.22 fee or \$300, whichever is greater. The establishment must be issued written notice of
72.23 violations with a reasonable date for compliance listed on the notice. An initial inspection
72.24 relating to a complaint is not a reinspection.

72.25 Sec. 6. **32D.01 DEFINITIONS.**

72.26 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

72.27 Subd. 2. **Adulterated.** "Adulterated" means an item is covered by section 34A.02.

72.28 Subd. 3. **Cheese.** "Cheese" includes all varieties of cheese, cheese spreads, cheese foods,
72.29 cheese compounds, or processed cheese made or manufactured in whole or in part from
72.30 milk.

72.31 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of agriculture.

73.1 Subd. 5. **Dairy farm.** "Dairy farm" means a place or premises where one or more lactating
73.2 animals, including cows, goats, sheep, water buffalo, camels, or other hoofed mammals,
73.3 are kept, and from which all or a portion of the milk produced at the place or premises is
73.4 delivered, sold, or offered for sale.

73.5 Subd. 6. **Dairy plant.** "Dairy plant" means any place where a dairy product is
73.6 manufactured, processed, or handled and includes milk-receiving stations, creameries,
73.7 cheese factories, condenseries, milk plants, transfer stations, and marketing organizations
73.8 that purchase milk and cream directly from producers for resale and other establishments,
73.9 as those terms are used in this chapter and chapters 17, 27, and 31; but does not include any
73.10 place where dairy products are not processed but sold at whole or retail only.

73.11 Subd. 7. **Dairy product.** "Dairy product" means milk as defined by Code of Federal
73.12 Regulations, title 21, cream, any product or by-product of either, or any commodity among
73.13 the principal constituents or ingredients of which is one or a combination of two or more
73.14 of them, as determined by standards, grades, or rules adopted by the commissioner.

73.15 Subd. 8. **Fluid milk products.** "Fluid milk products" means yogurt, cream, sour cream,
73.16 half and half, reconstituted half and half, concentrated milk, concentrated milk products,
73.17 skim milk, nonfat milk, chocolate flavored milk, chocolate flavored dairy drink, chocolate
73.18 flavored reconstituted milk, chocolate flavored reconstituted dairy drink, buttermilk, cultured
73.19 buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted
73.20 cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made
73.21 by the addition of any substance to milk or to any of the fluid milk products enumerated
73.22 under this subdivision or by rule adopted by the commissioner.

73.23 Subd. 9. **Goat milk.** "Goat milk" means a whole, fresh, clean lacteal secretion free from
73.24 colostrum, obtained by the complete milking of one or more healthy goats.

73.25 Subd. 10. **Milk.** "Milk" means the normal lacteal secretion, practically free of colostrum,
73.26 obtained by the milking of one or more healthy hoofed mammals. Hoofed mammals include
73.27 but are not limited to cattle, water buffalo, sheep, goats, yaks, and camels.

73.28 Subd. 11. **Milk for manufacturing purposes.** "Milk for manufacturing purposes" means
73.29 milk produced for processing and manufacturing into products for human consumption but
73.30 not subject to Grade A or comparable requirements.

73.31 Subd. 12. **Milk-receiving station.** "Milk-receiving station" means a dairy plant where
73.32 raw milk for pasteurization or for manufacture is received, handled, or prepared for
73.33 processing or for resale as unpasteurized milk or fluid milk products.

74.1 Subd. 13. **Minnesota farmstead cheese.** "Minnesota farmstead cheese" means cheese
74.2 manufactured in Minnesota on the same farm that the milk used in its manufacturing is
74.3 produced.

74.4 Subd. 14. **Misbranded or misbranding.** "Misbranded" or "misbranding" means an item
74.5 is covered by section 34A.03.

74.6 Subd. 15. **Pasteurization or pasteurized.** (a) "Pasteurization," "pasteurized," and similar
74.7 terms mean:

74.8 (1) the process of heating every particle of milk or dairy product in properly operated
74.9 equipment approved by the commissioner to a temperature of at least 145 degrees Fahrenheit
74.10 and holding the temperature for at least 30 minutes;

74.11 (2) the process of heating every particle of milk or dairy product in properly operated
74.12 equipment approved by the commissioner to a temperature of at least 161 degrees Fahrenheit
74.13 and holding the temperature for at least 15 seconds; or

74.14 (3) the process of heating every particle of milk or dairy product in properly operated
74.15 equipment approved by the commissioner to the temperatures and holding for the times as
74.16 the commissioner may prescribe by rule, containing standards more stringent than those
74.17 imposed by this subdivision.

74.18 (b) Nothing in this subdivision shall be construed as excluding any other process that
74.19 has been demonstrated to be equally efficient and is approved by the commissioner.

74.20 Subd. 16. **Recombinant bovine growth hormone or rBGH.** "Recombinant bovine
74.21 growth hormone" or "rBGH" means a growth hormone intended for use in bovine animals
74.22 that has been produced through recombinant DNA techniques, described alternately as
74.23 recombinant bovine somatotropin or rBST.

74.24 **Sec. 7. [32D.02] INSPECTION AUTHORITY AND DUTIES.**

74.25 Subdivision 1. **Enforcement.** The commissioner is charged with the enforcement of this
74.26 chapter.

74.27 Subd. 2. **Power and authority.** For the purpose of enforcing this chapter, the
74.28 commissioner and the commissioner's assistants, agents, and employees have the power
74.29 and authority granted under sections 31.02 to 31.171.

74.30 Subd. 3. **Inspection of dairies.** At times the commissioner determines proper, the
74.31 commissioner shall inspect all places where dairy products are made, stored, or served as

75.1 food for purchase, and all places where hoofed mammals are kept by persons engaged in
75.2 the sale of milk, and shall require the correction of all unsanitary conditions and practices.

75.3 Subd. 4. **Refusal of inspection.** A refusal or physical threat that prevents the completion
75.4 of an inspection or neglect to obey a lawful direction of the commissioner or the
75.5 commissioner's agent given while carrying out this section may result in the suspension of
75.6 the offender's permit or certification or other enforcement as deemed appropriate by the
75.7 commissioner. The offender is required to meet with a representative of the offender's plant
75.8 or marketing organization and a representative of the commissioner within 48 hours of
75.9 receiving notice, excluding holidays or weekends, or the suspension or enforcement action
75.10 shall take effect. A producer may request a hearing before the commissioner or the
75.11 commissioner's agent if a serious concern exists relative to the retention of the offender's
75.12 permit or certification to sell milk.

75.13 Subd. 5. **Inspection service.** To ensure compliance with the laws and rules governing
75.14 the production, handling, processing, and sale of milk and dairy products, the commissioner
75.15 is authorized, through a duly trained and qualified milk inspector, to inspect milk and milk
75.16 products and the premises and plants where milk and milk products are produced, handled,
75.17 and processed. Inspection services must acquaint the processor and producers with the
75.18 requirements for a Grade A or manufacturing grade milk supply for preliminary inspection
75.19 to determine if a processor has brought the processor's farms and plants to the state of
75.20 compliance that qualifies the processor's products for the Grade A or manufacturing grade
75.21 label, and for continuous inspection to ensure that a farm or plant and all products from a
75.22 farm or plant are in compliance with this chapter.

75.23 Subd. 6. **Field service.** Grade A or manufacturing grade processors shall provide a
75.24 continuous field service to assist producers who sell their milk to the processor's plant to
75.25 attain and maintain compliance with this chapter. A person who performs field service must
75.26 first obtain a permit from the commissioner. A person desiring to secure a permit must apply
75.27 on a form provided by the commissioner, and before a permit is issued the commissioner
75.28 shall determine that the applicant is competent and qualified to perform field service. The
75.29 permit is not transferable to another person and may be revoked for due cause after the
75.30 holder of the permit has been given the opportunity for a hearing. The permit holder must
75.31 be given a notice in writing of the time and place of the hearing at least seven days before
75.32 the date of the hearing.

75.33 Subd. 7. **Enforcement standards.** The standards in this chapter and rules adopted under
75.34 this chapter by the commissioner shall be the only standards for use in Minnesota. No
75.35 municipality or other subdivision of state government shall provide, by ordinance, more

76.1 stringent or comprehensive standards than are contained in this chapter and rules adopted
76.2 by the commissioner under this chapter.

76.3 Subd. 8. **Rules.** (a) The commissioner shall by rule adopt identity, production, and
76.4 processing standards for both Grade A and manufacturing grade milk and dairy products.

76.5 (b) In the exercise of the authority to establish requirements for Grade A milk and milk
76.6 products, the commissioner adopts definitions, standards of identity, and requirements for
76.7 production and processing contained in the most current version of the Grade A Pasteurized
76.8 Milk Ordinance, and its associated documents, of the United States Department of Health
76.9 and Human Services in a manner provided for and not in conflict with law.

76.10 (c) Producers of milk, other than Grade A, shall conform to the standards contained in
76.11 subparts B, C, D, E, and F of the United States Department of Agriculture Agricultural
76.12 Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and
76.13 its Production and Processing, except that the commissioner shall develop methods by which
76.14 producers are able to comply with the standards without violation of religious beliefs.

76.15 Subd. 9. **Certified industry inspection.** Industry personnel may be certified to perform
76.16 any inspection, to the extent allowed by federal law and provided that performance of the
76.17 inspections is consistent with rules adopted in subdivision 8.

76.18 Subd. 10. **Fees; dairy services account; appropriation.** (a) All fees and penalties
76.19 collected under this chapter must be deposited in the dairy services account in the agricultural
76.20 fund. Money in the account, including interest, is appropriated to the commissioner for
76.21 purposes of administering this chapter.

76.22 (b) Unless otherwise noted, all fees are payable by a processor or marketing organization
76.23 and are invoiced on July 1 of each year for Grade A and January 1 of each year for
76.24 manufacturing grade, and if not paid within 30 days of the due date, inspection service may
76.25 be discontinued. If a farm discontinues the production of milk within six months of the
76.26 billing date, a request for a refund based on inspection services not received may be made
76.27 by the processor or by the marketing organization on behalf of its patrons. This request must
76.28 be made in writing by June 30 for manufacturing grade or by December 31 for Grade A.
76.29 Upon approval by the commissioner, refunds must be made to the processor or marketing
76.30 organization.

77.1 Sec. 8. **[32D.03] BULK MILK HAULER AND SAMPLER LICENSE.**

77.2 Subdivision 1. License requirement. A person collecting milk from a dairy farm and
77.3 transporting the milk by bulk pickup and not in individual containers from farm to plant
77.4 must obtain a bulk milk hauler and sampler license.

77.5 Subd. 2. Application. A person desiring to secure a bulk milk hauler and sampler license
77.6 must apply on a form provided by the commissioner. Before the license is issued, the
77.7 commissioner shall determine that the applicant is competent and qualified.

77.8 Subd. 3. Term of license; transferability. An initial bulk milk hauler and sampler
77.9 license issued by the commissioner expires on the following December 31 and is not
77.10 transferable. A renewal bulk milk hauler and sampler license is not transferable, is valid for
77.11 two years, and expires on December 31 of the second year.

77.12 Subd. 4. Fees and penalties. The fee for an initial or renewal bulk milk hauler and
77.13 sampler license is \$60. The fee shall be paid to the commissioner before the commissioner
77.14 issues an initial or renewal bulk milk hauler and sampler license. If a bulk milk hauler and
77.15 sampler license renewal is not applied for on or before January 1, a fee of \$30 shall be
77.16 imposed. A person who does not renew a bulk milk hauler and sampler license within one
77.17 year following its December 31 expiration date, except those persons who do not renew the
77.18 bulk milk hauler and sampler license while engaged in active military service, shall be
77.19 required to prove competency and qualification under subdivision 2 before a bulk milk
77.20 hauler and sampler license is issued. The commissioner may require any other person who
77.21 renews a bulk milk hauler and sampler license to prove competency and qualification in
77.22 the same manner.

77.23 Subd. 5. Suspension or cancellation. The commissioner is empowered to conduct
77.24 enforcement action, suspend, or cancel any bulk milk hauler and sampler license pursuant
77.25 to section 34A.06.

77.26 Sec. 9. **[32D.04] MILK TANK TRUCKS.**

77.27 All farm bulk milk pickup tankers, milk transports, and tankers used to transport milk
77.28 products must be inspected and obtain a permit issued by the commissioner at least once
77.29 every 12 months. The owner or operator must pay a \$25 permit fee per tanker to the
77.30 commissioner. The commissioner may appoint a person the commissioner deems qualified
77.31 to make inspections.

78.1 Sec. 10. **[32D.05] GRADE A DAIRY FARM PERMITTING; WATER WELL**
78.2 **DISTANCE REQUIREMENT.**

78.3 (a) No milk producer may sell or distribute milk from a dairy farm as Grade A milk
78.4 without a valid Grade A dairy farm permit issued by the commissioner.

78.5 (b) A dairy farmer who wishes to be permitted to produce Grade A milk may not be
78.6 denied the Grade A permit solely because of provisions in rules adopted by the commissioner
78.7 requiring a minimum distance between a water well and dairy farm. To be eligible for a
78.8 Grade A permit, the following conditions must be met:

78.9 (1) the water well must have been in place prior to January 1, 1974;

78.10 (2) the water well must comply with all other rules applicable to the well, other than the
78.11 distance requirement; and

78.12 (3) water from the well must be tested at least once every 12 months. More frequent
78.13 testing may be required in compliance with guidelines established by the commissioner if
78.14 water test results fail to meet water quality requirements.

78.15 Sec. 11. **[32D.06] GRADE A DAIRY FARM INSPECTION; FEES.**

78.16 (a) As provided in section 32D.02, the commissioner shall provide inspection service
78.17 to any milk producer who wishes to market Grade A milk and is in compliance with the
78.18 requirement for the production of Grade A milk. Grade A inspections shall be completed
78.19 at least once every six months.

78.20 (b) The fee for inspections must be no more than \$50 per farm, paid annually by the
78.21 processor or by the marketing organization on behalf of its patrons.

78.22 (c) For a farm requiring a reinspection in addition to the required biannual inspections,
78.23 an additional fee must be paid by the processor or by the marketing organization on behalf
78.24 of its patrons. The fee for reinspection of a farm with fewer than 100 hooved milk-producing
78.25 animals is \$60 per reinspection. The fee for reinspection of a farm with 100 or more hooved
78.26 milk-producing animals is \$150 per reinspection.

78.27 Sec. 12. **[32D.07] MANUFACTURING GRADE DAIRY FARM CERTIFICATION.**

78.28 A producer who wishes to sell milk for manufacturing purposes must obtain from the
78.29 commissioner an annual Grade B farm certification.

79.1 Sec. 13. **[32D.08] MANUFACTURING GRADE DAIRY FARM INSPECTION;**
79.2 **FEES.**

79.3 (a) A producer selling milk for manufacturing purposes must be inspected at least once
79.4 every 12 months.

79.5 (b) The fee for the certification inspection must not be more than \$25 per producer, to
79.6 be paid annually by the processor or the marketing organization on behalf of its patrons.

79.7 (c) For a producer requiring more than one inspection for certification, a reinspection
79.8 fee of \$45 must be paid by the processor or by the marketing organization on behalf of its
79.9 patrons.

79.10 Sec. 14. **[32D.09] DAIRY PLANT LICENSING AND PERMITTING.**

79.11 Subdivision 1. **Licensing.** A dairy plant must obtain a license as required under section
79.12 28A.04.

79.13 Subd. 2. **Permitting.** No person shall operate a dairy plant in this state unless the dairy
79.14 plant, equipment, and water supply and plumbing system have been first approved by the
79.15 commissioner and a permit issued to operate the same. A permit may be revoked by the
79.16 commissioner for due cause pursuant to section 34A.06.

79.17 Subd. 3. **Approval.** At the time of filing the application for a permit, the applicant shall
79.18 submit to the commissioner duplicate floor plans of the plant that show the placement of
79.19 equipment, the source of water supply and method of distribution, a detailed pasteurization
79.20 flow chart, and the location of the plumbing system, including the disposal of wastes. New
79.21 construction or alteration of an existing dairy plant shall be made only with the approval of
79.22 the commissioner and duplicate plans for the construction or alteration shall be submitted
79.23 to the commissioner for approval. The fee for approval services is \$45 per hour of department
79.24 staff time spent in the approval process.

79.25 Subd. 4. **Farmstead cheese.** (a) The commissioner or the commissioner's designee shall
79.26 issue an additional permit to a dairy plant that desires to use the name "Minnesota farmstead
79.27 cheese" upon application made by the dairy plant for use of the name, provided the cheese
79.28 meets the definition in section 32D.01, subdivision 13.

79.29 (b) No cheese or packaged cheese that is sold, offered or exposed for sale, or held in
79.30 possession with intent to sell at either retail or wholesale in this state may be labeled or
79.31 described as "Minnesota farmstead cheese" unless it meets the criteria in section 32D.01,
79.32 subdivision 13, and the manufacturer has obtained the designated permit.

80.1 Sec. 15. **[32D.10] INSPECTIONS.**

80.2 (a) Inspections of Grade A plants must be completed at least once every three months.
80.3 A pasteurization plant requesting Grade A inspection must pay an annual inspection fee of
80.4 no more than \$500.

80.5 (b) Inspections of manufacturing plants that process milk or milk products other than
80.6 Grade A must be completed at least once every six months. A manufacturing plant that
80.7 pasteurizes milk or milk by-products must pay an annual fee based on the number of
80.8 pasteurization units. The fee must not exceed \$140 per unit.

80.9 Sec. 16. **[32D.11] PROCUREMENT FEE.**

80.10 A dairy plant operator in this state must pay to the commissioner on or before the 18th
80.11 of each month a fee of 1.1 cents per hundredweight of milk purchased the previous month.
80.12 If a milk producer in this state ships milk out of the state for sale, the producer must pay
80.13 the fee to the commissioner unless the purchaser voluntarily pays the fee. Producers who
80.14 ship milk out of state and processors must submit to the commissioner monthly reports
80.15 related to milk purchases along with the appropriate procurement fee. The commissioner
80.16 shall have access to all relevant purchase or sale records as necessary to verify compliance
80.17 with this section and may require the producer or purchaser to produce records as necessary
80.18 to determine compliance.

80.19 Sec. 17. **[32D.12] SELECTED PRODUCTS FEE.**

80.20 (a) A manufacturer must pay to the commissioner a fee for fluid milk processed and
80.21 milk used in the manufacture of fluid milk products sold for retail sale in Minnesota in an
80.22 amount not less than five cents and not more than nine cents per hundredweight as set by
80.23 the commissioner's order. No change within any 12-month period may be in excess of one
80.24 cent per hundredweight.

80.25 (b) A processor must report quantities of milk processed under paragraph (a) on forms
80.26 provided by the commissioner. Processor fees must be paid monthly. The commissioner
80.27 may require the production of records as necessary to determine compliance with this
80.28 paragraph.

80.29 (c) The commissioner may create within the department a dairy consulting program to
80.30 provide assistance to dairy producers who are experiencing problems meeting the sanitation
80.31 and quality requirements of the dairy laws and rules. The commissioner may use money

81.1 appropriated from the dairy services account to pay for the program authorized in this
81.2 paragraph.

81.3 **Sec. 18. [32D.13] MILK QUALITY STANDARDS.**

81.4 **Subdivision 1. Visible adulteration or odors.** Milk shall not be visibly adulterated, or
81.5 have any objectionable odor, or be abnormal in appearance or consistency.

81.6 **Subd. 2. Grade A raw milk.** (a) The bacterial count of Grade A raw milk from producers
81.7 must not exceed 100,000 bacteria per milliliter prior to commingling with other producer
81.8 milk.

81.9 (b) After commingling with other producer milk, the bacteria count must not exceed
81.10 300,000 per milliliter prior to pasteurization.

81.11 **Subd. 3. Grade A pasteurized milk and fluid milk products.** (a) The bacterial count
81.12 of Grade A pasteurized milk and fluid milk products, at any time after pasteurization until
81.13 delivery, must not exceed 20,000 bacteria per milliliter.

81.14 (b) The coliform count of Grade A pasteurized milk and fluid milk products must not
81.15 exceed ten bacteria per milliliter except that bulk tank transport shipments must not exceed
81.16 100 per milliliter.

81.17 **Subd. 4. Raw milk, other than Grade A.** The bacterial count of raw milk other than
81.18 Grade A from producers must not exceed 500,000 bacteria per milliliter prior to commingling
81.19 with other producer milk.

81.20 **Subd. 5. Pasteurized milk, other than Grade A.** The bacterial count of pasteurized
81.21 milk other than Grade A pasteurized milk, at any time after pasteurization until delivery,
81.22 must not exceed 20,000 bacteria per milliliter.

81.23 **Subd. 6. Exceptions.** Bacterial count standards do not apply to sour cream, cultured
81.24 buttermilk, and other cultured fluid milk products.

81.25 **Subd. 7. Rules and standards.** The commissioner may prescribe standards and rules
81.26 adopted in accordance with law more stringent than those imposed by this section.

81.27 **Subd. 8. Somatic cell count.** (a) The somatic cell count, as determined by a direct
81.28 microscopic somatic cell count or an electronic somatic cell count, must not exceed 750,000
81.29 cells per milliliter for Grade A raw milk and raw milk other than Grade A. Notwithstanding
81.30 any federal standard, the somatic cell count of goat milk must not exceed 1,500,000 cells
81.31 per milliliter.

82.1 (b) The commissioner may prescribe standards and rules adopted in accordance with
82.2 law more stringent than those imposed by this subdivision.

82.3 Subd. 9. **Temperature.** If milk is received or collected from a dairy farm more than two
82.4 hours after the most recent milking, the temperature of the milk shall not exceed 45 degrees
82.5 Fahrenheit (7 degrees Celsius). If the milk consists of a blend of milk from two or more
82.6 milking, and the milk is received or collected less than two hours after the most recent
82.7 milking, the blend temperature shall not exceed 50 degrees Fahrenheit (10 degrees Celsius).

82.8 Subd. 10. **Industry enforcement.** A dairy plant is not required to reject milk shipments
82.9 in response to a violation of subdivisions 2 to 9 unless the commissioner suspends or revokes
82.10 the dairy plant permit or milk producer's Grade A permit or manufacturing grade certification.

82.11 Sec. 19. **[32D.14] OFFICIAL PRODUCER SAMPLES.**

82.12 (a) An official producer sample for each producer must be analyzed for bacteria, somatic
82.13 cell count, temperature, and antibiotic residues at least once per month in four out of every
82.14 six months. Official producer samples must be collected and analyzed without providing
82.15 the producer with prior notification of the sampling date.

82.16 (b) Official producer sample results must be inclusive of all animals from which milk
82.17 is collected and sold on the day of sampling.

82.18 (c) Official producer sample results must be collected by a licensed sampler.

82.19 Sec. 20. **[32D.15] MONTHLY REPORTING.**

82.20 (a) In at least four out of every six months, the dairy plant that procures milk from the
82.21 producer must report to the commissioner at least one representative test result for bacteria,
82.22 somatic cell count, temperature, and antibiotic residues. The result shall be reported within
82.23 seven days after the laboratory obtains the test results.

82.24 (b) A laboratory that performs the tests required under this section for a dairy plant may
82.25 report the test results for the dairy plant.

82.26 (c) A dairy plant or laboratory shall report test results under this section in an electronic
82.27 form approved by the department or using an approved alternative.

82.28 Sec. 21. **[32D.16] ENFORCEMENT.**

82.29 The commissioner shall suspend a producer's permit or certification if three of the last
82.30 five official producer samples exceed the applicable standard. The commissioner shall

83.1 provide warning of a pending suspension when two of the last four producer samples exceed
83.2 the applicable standard.

83.3 **Sec. 22. [32D.17] LABORATORY CERTIFICATION.**

83.4 (a) A laboratory and its methods are required to be approved or certified prior to testing
83.5 Grade A milk samples. The results of approved or certified laboratories may be used by
83.6 official regulatory agencies in enforcement of requirements for milk and milk products. The
83.7 approval or certification remains valid unless suspended or revoked by the commissioner
83.8 for failure to comply with the requirements of this chapter.

83.9 (b) Certified or approved laboratories must receive a permit from the commissioner.
83.10 The permit remains valid without renewal unless suspended or revoked by the commissioner
83.11 for failure to comply with the requirements of this chapter.

83.12 (c) Satisfactory analytical procedures and results for split samples, the nature, number,
83.13 and frequency of which shall be in accordance with rules established by the commissioner,
83.14 shall be required of a certified laboratory for retention of its certification and permit.

83.15 (d) An application for initial certification or biennial recertification, or for recertification
83.16 following suspension or revocation of a permit, shall be accompanied by an annual fee
83.17 based on the number of analyses approved and the number of specific tests for which they
83.18 are approved. The fee must not be less than \$150 nor more than \$200 for each analysis
83.19 approved and not less than \$35 nor more than \$50 for each test approved. The commissioner
83.20 may annually adjust assessments within the limits established by this subdivision to meet
83.21 the cost recovery of the services required by this section.

83.22 **Sec. 23. [32D.18] MILK BOUGHT BY WEIGHT; TESTING METHODS.**

83.23 Subdivision 1. **Milk fat, protein, and solids not fat bases of payment; tests.** (a) Milk
83.24 must be purchased from producers using a formula based on one or more of the following:

83.25 (1) payment of a standard rate with uniform differentials for milk testing above or below
83.26 3.5 percent milk fat;

83.27 (2) payment of a standard rate for the pounds of milk fat contained in the milk;

83.28 (3) payment of a standard rate for the pounds of protein contained in the milk;

83.29 (4) payment of a standard rate for the pounds of nonfat solids contained in the milk; or

83.30 (5) payment of standard rates based on other attributes of value in the milk.

84.1 (b) In addition, an adjustment may be made on the basis of milk quality and other
84.2 premiums. Testing procedures for determining the percentages of milk fat, protein, and
84.3 nonfat solids must comply with the methods approved by the Association of Analytical
84.4 Chemists or be as adopted by rule.

84.5 Subd. 2. **Apparatus to conform to specifications.** Glassware, test bottles, pipettes, acid
84.6 measures, chemicals, scales, and other apparatus used in the operation of these tests shall
84.7 conform to the specifications for the particular test method.

84.8 Subd. 3. **Penalties for violations.** A person who:

84.9 (1) employs any test other than those tests authorized by rule adopted by the
84.10 commissioner, or any methods other than the standard official methods for determining the
84.11 milk fat content of milk or cream;

84.12 (2) incorrectly samples milk or cream purchased or sold;

84.13 (3) incorrectly weighs milk or cream purchased or sold;

84.14 (4) incorrectly grades milk or cream purchased or sold;

84.15 (5) makes a false entry of the weight, test result, or grade of any milk or cream purchased
84.16 or sold;

84.17 (6) incorrectly samples, weighs, tests, or records or reports weights or tests of skim milk
84.18 or buttermilk purchased or sold;

84.19 (7) underreads the tests;

84.20 (8) falsifies the reading of the tests;

84.21 (9) manipulates the reading of the tests; or

84.22 (10) falsely states, certifies, or uses in the purchase or sale of milk or cream a misreading
84.23 of such tests, whether the tests or actual reading have been made by the person or by any
84.24 other person,

84.25 is guilty of a misdemeanor.

84.26 Sec. 24. **[32D.19] ADULTERATED DAIRY PRODUCTS.**

84.27 Subdivision 1. **Purchase and sale prohibition.** A person may not sell or knowingly
84.28 buy adulterated dairy products.

84.29 Subd. 2. **Manufacture of food for human consumption from adulterated milk or**
84.30 **cream prohibited.** An article of food for human consumption may not be manufactured

85.1 from adulterated milk or cream, except as provided in the Federal Food, Drug, and Cosmetic
85.2 Act, United States Code, title 21, section 301 et seq., and related federal regulations.

85.3 Subd. 3. **Adulterated milk.** For purposes of this section, milk is adulterated if it:

85.4 (1) is drawn in a filthy or unsanitary place;

85.5 (2) is drawn from unhealthy or diseased animals;

85.6 (3) contains water in excess of that normally found in milk;

85.7 (4) contains a substance that is not a normal constituent of the milk except as allowed
85.8 in this chapter; or

85.9 (5) contains drug residues or other chemical or biological substances in amounts above
85.10 the tolerances or safe levels established by rule.

85.11 Subd. 4. **Drug residues.** (a) Before processing milk, all bulk milk pickup tankers must
85.12 be tested for the presence of beta lactam drug residues and for other residues as determined
85.13 necessary by the commissioner. Milk received from a producer in other than a bulk milk
85.14 pickup tanker is also subject to this section.

85.15 (b) Bulk milk tankers that confirm positive for beta lactam drug residues or other residues
85.16 must follow up with producer sample testing of all producers contained on the positive load.

85.17 (c) Individual producer samples must be tested for the presence of beta lactam drug
85.18 residues at least once a month for four out of every six-month period. Results of these tests
85.19 must be reported to the commissioner as official producer sample results using established
85.20 electronic reporting procedures.

85.21 (d) Drug residue testing methods must be those approved by the Food and Drug
85.22 Administration (FDA) and the National Conference of Interstate Milk Shipments or listed
85.23 in the FDA's current version of M-a-85.

85.24 (e) All drug residue samples testing positive must be reported to the commissioner or
85.25 the commissioner's designee within 24 hours. The report must include how and where the
85.26 milk was disposed of, and the volume, the responsible producer, and the possible cause of
85.27 the violative residue. All milk sample residue results must be recorded and retained for six
85.28 months by the receiving plant for examination by the commissioner or the commissioner's
85.29 designee.

85.30 Subd. 5. **Penalties.** (a) The permit or certification of a milk producer identified as having
85.31 a positive drug residue is immediately suspended. The producer must not ship milk while
85.32 the permit or certification is suspended.

86.1 (b) The producer's permit or certification may be reinstated after being sampled by the
86.2 commissioner or the commissioner's designee and testing negative on the sample.

86.3 (c) A milk producer may not change plants within 30 days, without permission of the
86.4 commissioner, after receiving notification from the commissioner of a residue violation.

86.5 (d) The producer that is identified with the drug residue violation is responsible for the
86.6 value of all milk on any load that tests positive for drug residues and any costs associated
86.7 with its disposal. Payment shall be made to the purchaser of the milk.

86.8 (e) For the first and second violation within a 12-month period, the dairy producer must,
86.9 within 30 days of the date of the residue:

86.10 (1) meet with the dairy inspector to review potential causes of the adulteration; and

86.11 (2) complete the designated drug residue prevention educational program with a licensed
86.12 veterinarian and submit the signed certificate to the commissioner.

86.13 (f) Failure to comply with the requirements for the first and second violation listed in
86.14 paragraph (e) may result in suspension of the producer's permit or certification until the
86.15 conditions in paragraph (e) are met.

86.16 (g) For the third or subsequent violation within a 12-month period, the commissioner
86.17 may initiate proceedings for further enforcement action, that may include a penalty of up
86.18 to a 30-day permit or certification suspension. In lieu of a suspension, the producer may be
86.19 assessed an administrative penalty of up to \$1,000 or the value of milk sold during the
86.20 intended suspension period.

86.21 Subd. 6. **Other forms of adulteration.** A milk producer who violates subdivision 3 is
86.22 subject to any of the following penalties:

86.23 (1) the permit or certification of a milk producer identified as having adulterated milk
86.24 is immediately suspended. The producer may not ship milk while the permit or certification
86.25 is suspended;

86.26 (2) the producer that is identified with the adulterated milk violation is responsible for
86.27 the value of all milk on any load that is contaminated by the adulterant and any costs
86.28 associated with its disposal. Payment shall be made to the purchaser of the milk;

86.29 (3) the producer's permit or certification may be reinstated after the commissioner receives
86.30 adequate verification that the milk is no longer adulterated; and

86.31 (4) the commissioner may, after evaluation of the severity and repetitive nature of the
86.32 adulteration, initiate additional enforcement action in the form of permit or certification

87.1 suspension for up to 30 days or in lieu of suspension, an administrative penalty of up to
87.2 \$1,000, or the value of the milk sold during the intended suspension period for each violation.

87.3 Subd. 7. **Civil penalty.** A person other than a milk producer who causes milk to be
87.4 adulterated is subject to a civil penalty of up to \$1,000.

87.5 Subd. 8. **Appeals.** A dairy producer may appeal an adulteration violation by sending
87.6 written notice to the commissioner within ten days of receipt of the notice of a violation.
87.7 The appeal must contain a description of why the producer wishes to appeal the violation.

87.8 Sec. 25. **[32D.20] LIMITATION ON SALE.**

87.9 Subdivision 1. **Pasteurization.** No milk or fluid milk products shall be sold, offered or
87.10 exposed for sale, or held in possession for sale for the purpose of human consumption in
87.11 fluid form in this state unless the milk or fluid milk product has been pasteurized, as defined
87.12 in section 32D.01, subdivision 15, and cooled, provided that this section shall not apply to
87.13 milk, cream, or skim milk occasionally secured or purchased for personal use by a consumer
87.14 at the place or farm where the milk is produced.

87.15 Subd. 2. **Labels.** (a) Pasteurized milk or fluid milk products offered or exposed for sale
87.16 or held in possession for sale shall be labeled or otherwise designated as pasteurized milk
87.17 or pasteurized fluid milk products, and in the case of fluid milk products the label shall also
87.18 state the name of the specific product.

87.19 (b) Milk and dairy products must be labeled with the plant number where the product
87.20 was produced, or if produced in a state where official plant numbers are not assigned, the
87.21 name of the manufacturer and the address of the plant where it was manufactured.

87.22 Sec. 26. **[32D.21] COOLING AFTER PASTEURIZATION.**

87.23 Immediately following pasteurization, all milk and fluid milk products shall be cooled
87.24 in properly operated equipment approved by the commissioner to a temperature of 45 degrees
87.25 Fahrenheit or lower, and maintained at 45 degrees Fahrenheit or lower until delivered;
87.26 provided, however, that if the milk or fluid milk product is to be cultured immediately after
87.27 pasteurization, then cooling may be delayed until after the culturing process is completed;
87.28 provided further that the commissioner may prescribe by rule standards more stringent than
87.29 those imposed by this section.

88.1 Sec. 27. **[32D.22] MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

88.2 No person, firm, or corporation shall manufacture, transport, sell, offer, or expose for
88.3 sale or have in possession with intent to sell at retail to a consumer any cheese that has not
88.4 been (1) manufactured from milk or milk products that have been pasteurized; (2) subjected
88.5 to a heat treatment equivalent to pasteurization during the process of manufacturing or
88.6 processing; or (3) subjected to an aging process where it has been kept for at least 60 days
88.7 after manufacture at a temperature no lower than 35 degrees Fahrenheit.

88.8 Sec. 28. **[32D.23] RECOMBINANT BOVINE GROWTH HORMONE LABELING.**

88.9 Subdivision 1. **Labeling.** Products offered for wholesale or retail sale in this state that
88.10 contain milk, cream, or any product or by-product of milk or cream that have been processed
88.11 and handled pursuant to this section may be labeled with an rBGH statement that is not
88.12 false or misleading and in accordance with the federal labeling standards. Products offered
88.13 for wholesale or retail sale in this state need not contain any further label information relative
88.14 to the use of rBGH in milk production.

88.15 Subd. 2. **Affidavit; records.** (a) A dairy plant purchasing milk or cream to be used in
88.16 products labeled with rBGH claims pursuant to subdivision 1 must provide an affidavit
88.17 from each producer that states that all cows used in the producer's dairy operations have
88.18 not and will not be treated with rBGH, without advanced written notice of at least 30 days.

88.19 (b) The affidavit must be signed by the producer or authorized representative. Affidavits
88.20 must be kept on file for not less than two years after receiving written notice that rBGH use
88.21 status will change.

88.22 (c) If a plant chooses to process and handle only milk or milk products sourced from
88.23 cows who have not been treated with rBGH, the plant, as an alternative to providing
88.24 individual producer affidavits, may provide one affidavit to certify that the plant has
88.25 procedures in place to verify that all producers are not using rBGH. A copy of the written
88.26 procedure that describes this verification process must also be provided with the plant
88.27 affidavit.

88.28 (d) All affidavits and corresponding records must be available for inspection by the
88.29 commissioner.

88.30 (e) Dairy plants supplying milk or cream to a processor or manufacturer of a product to
88.31 be labeled pursuant to subdivision 1, for use in that product, shall supply a certification to
88.32 that processor or manufacturer stating that producers of the supplied milk or cream have
88.33 executed and delivered affidavits pursuant to this subdivision.

89.1 Subd. 3. **Separation of nontreated cows and milk.** Milk or cream from
89.2 non-rBGH-treated cows used in manufacturing or processing of products labeled pursuant
89.3 to subdivision 1 must be kept fully separate from any other milk or cream through all stages
89.4 of storage, transportation, and processing until the milk or resulting dairy products are in
89.5 final packaged form in a properly labeled container. Records of the separation must be kept
89.6 by the dairy plant and product processor or manufacturer at all stages and made available
89.7 to the commissioner for inspection.

89.8 Sec. 29. [32D.24] DAIRY TRADE PRACTICES; DEFINITIONS.

89.9 Subdivision 1. **Application.** The definitions in this section apply to sections 32D.24 to
89.10 32D.28.

89.11 Subd. 2. **Basic cost.** (a) "Basic cost," for a processor, means the actual cost of the raw
89.12 milk plus 75 percent of the actual processing and handling costs for a selected class I or
89.13 class II dairy product.

89.14 (b) Basic cost, for a wholesaler, means the actual cost of the selected class I or class II
89.15 dairy product purchased from the processor or another wholesaler.

89.16 (c) Basic cost, for a retailer, means the actual cost of the selected class I or class II dairy
89.17 product purchased from a processor or wholesaler.

89.18 Subd. 3. **Bona fide charity.** "Bona fide charity" means a corporation, trust, fund, or
89.19 foundation organized and operated exclusively for religious, charitable, scientific, literary,
89.20 or educational purposes.

89.21 Subd. 4. **Processor.** "Processor" means a person engaged in manufacturing or processing
89.22 selected class I or class II dairy products in the person's own plant for sale in Minnesota.

89.23 Subd. 5. **Producer.** "Producer" means a person who operates a dairy herd or herds in
89.24 Minnesota producing milk or cream commercially and whose milk or cream is sold to, or
89.25 received or handled by, a distributor or processor. Producer does not include an incorporated
89.26 or unincorporated association of producers.

89.27 Subd. 6. **Responsible person.** "Responsible person" means the business entity that
89.28 makes payment to an individual Grade A or Grade B milk producer.

89.29 Subd. 7. **Selected class I dairy products.** "Selected class I dairy products" means milk
89.30 for human consumption in fluid form and all other class I dairy products as defined by the
89.31 Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40,
89.32 or successor orders.

90.1 Subd. 8. **Selected class II dairy products.** "Selected class II dairy products" means
90.2 milk for human consumption processed into fluid cream, eggnog, yogurt, and all other class
90.3 II dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal
90.4 Regulations, title 7, part 1030.40, or successor orders.

90.5 Subd. 9. **Sell at retail; sale at retail; retail sales.** "Sell at retail," "sale at retail," or
90.6 "retail sales" means a retail sale or offer for retail sale of a selected class I or class II dairy
90.7 product for ultimate consumption or use.

90.8 Subd. 10. **Sell at wholesale; sale at wholesale; wholesale sales.** "Sell at wholesale,"
90.9 "sale at wholesale," or "wholesale sales" means sale or offer for sale of a selected class I
90.10 dairy product for purposes of resale or further processing or manufacturing but does not
90.11 include a producer selling or delivering milk to a processor.

90.12 Subd. 11. **Wholesaler.** "Wholesaler" means a person including a distributor in the
90.13 business of making sales of selected class I or class II dairy products at wholesale in
90.14 Minnesota. In the case of a person making sales at both retail and wholesale, wholesaler
90.15 applies only to the sales at wholesale.

90.16 Sec. 30. **[32D.25] DUTIES AND POWERS OF COMMISSIONER; DATA PRIVACY.**

90.17 Subdivision 1. **Duties; rules.** The commissioner shall adopt rules to implement and
90.18 administer sections 32D.24 to 32D.28.

90.19 Subd. 2. **Data privacy.** Financial and production information received by the
90.20 commissioner on processors, wholesalers, or retailers, including but not limited to financial
90.21 statements, fee reports, price schedules, cost documentation, books, papers, records, or other
90.22 documentation for the purpose of administration and enforcement of this chapter is classified
90.23 private data or nonpublic data pursuant to chapter 13. The classification shall not limit the
90.24 use of the information in the preparation, institution, or conduct of a legal proceeding by
90.25 the commissioner in enforcing this chapter.

90.26 Sec. 31. **[32D.26] SALES BELOW COST PROHIBITED; EXCEPTIONS.**

90.27 Subdivision 1. **Policy; processors; wholesalers; retailers.** (a) It is the intent of the
90.28 legislature to accomplish partial deregulation of milk marketing with a minimum negative
90.29 impact on small-volume retailers.

90.30 (b) A processor or wholesaler may not sell or offer for sale selected class I or class II
90.31 dairy products at a price lower than the processor's or wholesaler's basic cost.

91.1 (c) A retailer may not sell or offer for sale selected class I or class II dairy products at
 91.2 a retail price lower than (1) 105 percent of the retailer's basic cost until June 30, 1994; and
 91.3 (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use
 91.4 any method or device in the sale or offer for sale of a selected dairy product that results in
 91.5 a violation of this section.

91.6 Subd. 2. **Exceptions.** The minimum processor, wholesaler, and retailer prices of
 91.7 subdivision 1 do not apply:

91.8 (1) to a sale complying with section 325D.06;

91.9 (2) to a retailer giving away selected class I and class II dairy products for free if the
 91.10 customer is not required to make a purchase; or

91.11 (3) to a processor, wholesaler, or retailer giving away selected class I and class II dairy
 91.12 products for free or at a reduced cost to a bona fide charity.

91.13 **Sec. 32. [32D.27] REDRESS FOR INJURY OR THREATENED INJURY.**

91.14 A person injured by a violation of sections 32D.24 to 32D.28 may commence a legal
 91.15 action based on the violation in a court of competent jurisdiction and may recover economic
 91.16 damages and the costs of the action, including reasonable attorney fees. A person injured
 91.17 or who is threatened with injury or loss by reason of violation of sections 32D.24 to 32D.28
 91.18 may commence a legal action based on the violation and obtain injunctive relief in a court
 91.19 of competent jurisdiction against persons involved in a violation or threatened violation of
 91.20 sections 32D.24 to 32D.28 to prevent and restrain violations or threatened violations of
 91.21 sections 32D.24 to 32D.28 without alleging or proving actual damages or that an adequate
 91.22 remedy at law does not exist, so that injunctive relief can be obtained promptly and without
 91.23 awaiting evidence of injury or actual damage. The injunctive relief does not abridge and is
 91.24 not in lieu of any other civil remedy provided in sections 32D.24 to 32D.28.

91.25 **Sec. 33. [32D.28] ANNUAL SUSPENSION OF DAIRY TRADE PRACTICES ACT.**

91.26 The provisions of section 32D.26 are suspended during the month of June each year in
 91.27 honor of "Dairy Month."

91.28 **Sec. 34. Minnesota Statutes 2016, section 34A.01, subdivision 1, is amended to read:**

91.29 **Subdivision 1. **Applicability.**** The definitions in this section and chapters 28, 28A, 29,
 91.30 30, 31, 31A, ~~32~~ 32D, and 34 apply to this chapter. The definitions in this section apply to
 91.31 chapter ~~32~~ 32D.

92.1 Sec. 35. **REPEALER.**

92.2 Minnesota Statutes 2016, sections 32.01, subdivisions 1, 2, 6, 8, 9, 10, 11, and 12; 32.021;
92.3 32.071; 32.072; 32.073; 32.074; 32.075; 32.076; 32.078; 32.10; 32.102; 32.103; 32.105;
92.4 32.106; 32.21; 32.212; 32.22; 32.25; 32.391, subdivisions 1, 1d, 1e, 1f, 1g, 2, and 3; 32.392;
92.5 32.393; 32.394, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 8b, 8c, 8d, 8e, 9, 11, and 12; 32.395;
92.6 32.397; 32.398, subdivision 1; 32.401, subdivisions 1, 2, 3, and 5; 32.415; 32.416; 32.475;
92.7 32.481, subdivision 1; 32.482; 32.483; 32.484; 32.486; 32.55, subdivisions 1, 2, 3, 4, 5, 12,
92.8 13, and 14; 32.555; 32.56; 32.61; 32.62; 32.63; 32.64; 32.645; 32.70; 32.71; 32.72; 32.74;
92.9 32.745; 32.75; and 32.90, are repealed.

APPENDIX
Article locations in H1545-1

ARTICLE 1	AGRICULTURE APPROPRIATIONS	Page.Ln 2.4
ARTICLE 2	AGRICULTURAL POLICY	Page.Ln 21.28
ARTICLE 3	DAIRY LAW REORGANIZATION	Page.Ln 70.25

18B.01 DEFINITIONS.

Subd. 10a. **Genetic engineering.** "Genetic engineering" means the modification of the genetic composition of an organism using molecular techniques. This does not include selective breeding, hybridization, or nondirected mutagenesis.

Subd. 10b. **Genetically engineered pesticide.** "Genetically engineered pesticide" means an organism that has been modified through the use of genetic engineering, intended to prevent, destroy, repel, or mitigate a pest, and an organism that has been modified through the use of genetic engineering, intended for use as a plant regulator, defoliant, or desiccant.

Subd. 22a. **Release.** "Release" means the placement or use of a genetically engineered organism outside a contained laboratory, greenhouse, building, structure, or other similar facility or under other conditions not specifically determined by the commissioner to be adequately contained.

**18B.285 EXPERIMENTAL GENETICALLY ENGINEERED PESTICIDE
PRODUCT REGISTRATION.**

Subdivision 1. **Requirement.** (a) A person may not use, distribute, or conduct release experiments with a genetically engineered pesticide in any amount in the state until it is registered under this section or section 18B.26. Use, distribution, or release of a genetically engineered pesticide must be registered under this section until the commissioner determines by rule or order that the genetically engineered pesticide may be subject to section 18B.26. Experimental genetically engineered pesticide product registrations expire on December 31 of each year and may be renewed on or before that date.

(b) After reviewing a completed application, the commissioner may issue an experimental genetically engineered pesticide product registration if the commissioner determines that the applicant has adequately demonstrated that the proposed release does not have the potential for unreasonable adverse effects on the environment. The commissioner may prescribe terms and conditions, including, but not limited to, the period for the experimental genetically engineered pesticide product registration, the amount or number of genetically engineered pesticide product to be used, monitoring activities, department inspection schedules, reporting of experiment results, and experiment termination procedures. A person may not violate terms or conditions of a registration issued under this section. After an experimental genetically engineered pesticide product registration is issued, the commissioner may revoke or change the registration at any time if the commissioner finds that its terms or conditions are being violated or are inadequate to avoid unreasonable adverse effects on the environment.

(c) The commissioner may deny issuance of an experimental genetically engineered pesticide product registration if the commissioner determines that the use to be made of the pesticide under the proposed terms and conditions may cause unreasonable adverse effects on the environment.

Subd. 2. **Application.** A person must file an application for experimental genetically engineered pesticide product registration with the commissioner. An application to register an experimental genetically engineered pesticide product must include:

- (1) the name and address of the applicant;
- (2) any United States Environmental Protection Agency regulatory application or approval document required under federal law or rule;
- (3) the purpose or objectives of the product;
- (4) an experimental genetically engineered pesticide product use label;
- (5) the name, address, and telephone number of cooperators or participants in this state;
- (6) the amount of material to be shipped or used in this state; and
- (7) other information requested by the commissioner.

Subd. 3. **Application fee.** An application for registration of an experimental genetically engineered pesticide product must be accompanied by a nonrefundable application fee of \$125.

**25.371 GOOD MANUFACTURING PRACTICES CERTIFICATE FOR
COMMERCIAL FEED AND FEED INGREDIENTS.**

Subdivision 1. **Definition of words and terms.** In addition to the definitions in section 25.33, for the purpose of this section, the terms defined in this subdivision have the meanings given them.

(a) "Adulteration" means the presence of any poisonous or deleterious substance at a level that may render feed or feed ingredients injurious to human or animal health, as provided in section 25.37, paragraph (a).

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(b) "Establishment" includes, but is not limited to, buildings, structures, facilities, equipment, and conveyances that receive, store, manufacture, process, package, label, transport, or distribute feed or feed ingredients.

(c) "Pest" means any objectionable animal, including, but not limited to, bats, birds, rodents, insects, and insect larvae.

Subd. 3. **Personnel.** (a) Persons working in direct contact with feed and feed ingredients must conform to good hygienic practices to minimize the risk of adulteration.

(b) Persons who receive, store, manufacture, process, package, label, sample, transport, or distribute feed or feed ingredients must be trained for the persons' areas of responsibility.

Subd. 4. **Establishments.** (a) Establishments must be of a size, construction, and design to facilitate routine maintenance and cleaning.

(b) The grounds of establishments must be maintained in a condition that minimizes pest infestation of feed or feed ingredients.

Subd. 5. **Maintenance and housekeeping.** (a) Establishments must be kept in sufficient repair and condition to minimize the risk of adulteration.

(b) Establishments must be cleaned in a manner and at a frequency that minimizes the risk of adulteration.

(c) Establishments must implement procedures that are effective in minimizing pest infestation of feed or feed ingredients.

(d) Substances not approved for use in feed or feed ingredients must be received, stored, and used in a manner that minimizes the risk of adulteration, and in accordance with applicable laws and regulations. These substances must be physically separated from work areas and equipment used for the production or storage of feed and feed ingredients.

Subd. 6. **Equipment.** (a) All equipment, including scales, metering devices, and mixers must be of a suitable size, design, construction, precision, and accuracy for the equipment's intended purpose, and to minimize the risk of adulteration.

(b) All equipment, including scales, metering devices, and mixers must be designed to facilitate inspection and cleaning, and must be properly maintained and operated to minimize the risk of adulteration.

(c) All equipment must be constructed and maintained so as to minimize the risk of lubricants and coolants becoming adulterants in feed or feed ingredients.

(d) All scales and metering devices must be tested for accuracy upon installation and at least annually thereafter.

(e) All mixers must be tested to demonstrate the capability of the equipment to produce a homogeneous mix upon installation and periodically thereafter to ensure proper function. Mixers must be operated utilizing procedures that provide for proper mixing and proper mixing times as demonstrated by testing.

(f) Records sufficient to document the testing of equipment identified in paragraphs (d) and (e) must be maintained until a subsequent test is conducted or for one year from the date of the test, whichever is longer.

Subd. 7. **Receiving and storage for further manufacture.** Specifications and procedures effective in minimizing the risk of adulteration must be established and implemented to govern the acceptance, rejection, and storage of inbound feed or feed ingredients intended for further manufacturing of feed or feed ingredients. The procedures must include the following:

(1) feed or feed ingredients must be visually inspected during receiving to confirm identity and check required labeling;

(2) feed or feed ingredients to be used in the further manufacture of feed or feed ingredients must be stored in a manner that maintains the identity and minimizes the risk of adulteration;

(3) cleanout procedures must be established and implemented for equipment, conveyances, and storage structures or containers that are effective in minimizing the risk of adulteration of feed or feed ingredients;

(4) inventory practices, including inventory rotation, must be established and implemented for feed or feed ingredients to minimize the risk of adulteration; and

(5) records must be maintained identifying the immediate previous source, quantity, type or name, and date received for each feed or feed ingredient for at least one year from the date of disposition.

Subd. 8. **Manufacturing.** (a) A feed or feed ingredient that is considered adulterated must not be used in the manufacture of feed or feed ingredients unless made safe for the feed or feed ingredient's intended use.

(b) Procedures effective in minimizing the risk of adulteration and ensuring safety and identity must be established and implemented for the manufacture of feed or feed ingredients. The procedures must include the following:

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(1) a description of the manufacturing operation, which may include, but is not limited to, feed or feed ingredient formulation, mixing, and production practices;

(2) measures effective in minimizing manufacturing errors that may result in adulteration of feed or feed ingredients. The measures must include, but are not limited to:

(i) cleanout practices, which may include sequencing, flushing, or other methods; and

(ii) measures to minimize the inclusion of physical adulterants, including metal, in feed or feed ingredients.

(c) Records sufficient to document the production history of the feed or feed ingredient manufactured in the establishment must be maintained for at least one year from the date of disposition.

Subd. 9. **Packaging.** (a) Packaged feed or feed ingredients must be packaged in a manner that maintains identity and minimizes the risk of adulteration.

(b) Bags and totes used as packaging for feed or feed ingredients must not be reused unless cleaned using effective and documented cleanout procedures.

(c) Records sufficient to document these cleanout procedures must be maintained for at least one year from the date of disposition.

Subd. 10. **Labeling.** (a) A label or other unique identifier must be affixed to, or accompany feed or feed ingredients to maintain identity and facilitate safe and effective use.

(b) Labels must be stored, handled, and used in a manner that minimizes errors.

(c) Obsolete labels must be discarded promptly.

Subd. 11. **Storage of finished feed or feed ingredients.** (a) Finished feed or feed ingredients must be stored in a manner that minimizes the risk of adulteration. The bin, bulk tank, or other location where feed or feed ingredients are stored must be clearly identified.

(b) Inventory practices, including inventory rotation, must be established and implemented for feed or feed ingredients to minimize the risk of adulteration.

Subd. 12. **Inspection, sampling, and testing of incoming and finished feed or feed ingredients for adulterants.** (a) Finished feed or feed ingredients must be visually inspected for the presence of visible adulterants and verification of identity.

(b) When sampling and testing of feed or feed ingredients is performed by the establishment to monitor for adulteration, test results must be reviewed by trained personnel. Test results that indicate feed or feed ingredients are adulterated must be investigated by the establishment. Investigations may include, but are not limited to, review of:

(1) ingredient specifications used in the development of the formula;

(2) formula;

(3) production records; and

(4) sampling and testing methods.

(c) Records must be kept for at least one year after the investigation and review of test results for adulterants, and of any corrective action or actions taken when adulterants are detected. Records must not be used as the sole basis for official enforcement actions or penalties by the commissioner.

Subd. 13. **Transportation of feed or feed ingredients.** Feed or feed ingredients must be transported utilizing methods that minimize the risk of adulterations, including, but not limited to, the following:

(1) conveyances used to transport feed or feed ingredients must be inspected for cleanliness and structural integrity prior to loading;

(2) feed, feed ingredients, or other materials or substances that may pose a risk of adulterating feed or feed ingredients must not be loaded onto the same conveyance unless measures are taken to minimize risk; and

(3) records must be maintained for each feed or feed ingredient identifying the immediate subsequent recipient, quantity, type or name, unique identifier if available, and date shipped for at least one year from the date of disposition.

Subd. 14. **Voluntary recall; withdrawal.** (a) Sufficient records and other information concerning the identity and disposition of feed or feed ingredients must be maintained for at least one year from the date of disposition to permit the rapid and effective recall from the marketplace or withdrawal from feeding if a feed or feed ingredient is found to be adulterated.

(b) Voluntary recalls of feed or feed ingredients should be guided by procedures outlined by the United States Food and Drug Administration in the Code of Federal Regulations, title 21, section 7.

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Subd. 15. **Expiration.** Subdivisions 1 and 3 to 14 expire upon the United States Food and Drug Administration's adoption of rules regarding preventative controls for animal feed.

32.01 DEFINITIONS.

Subdivision 1. **Terms.** Unless the language or context clearly indicates that a different meaning is intended, the words defined in this section, shall for the purposes of this chapter, have the meanings given to them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of agriculture.

Subd. 6. **Dairy plant.** "Dairy plant" means any place where a dairy product is manufactured, processed, or handled and includes milk-receiving stations, creameries, cheese factories, condenseries, milk plants, transfer stations, cream stations, marketing organizations not operating dairy plants, but purchasing milk and cream directly from producers for resale, and other establishments, as those terms are used in this chapter and chapters 17, 27, 31, and 33; but does not include a dairy farm or an establishment where no dairy products are processed, but dairy products are sold at wholesale or retail only.

Subd. 8. **Overrun.** "Overrun" is the difference between the weight of any given amount of pure butterfat and the weight of the butter manufactured therefrom; and this difference, ascertained in any case, divided by the given amount of pure butterfat in such case and multiplied by 100, is the "percentage of overrun" in the manufacture of butter.

Subd. 9. **Milk-receiving station.** "Milk-receiving station" means any dairy plant where raw milk for pasteurization or for manufacture is received, handled, or prepared for processing or for resale as unpasteurized milk or fluid milk products.

Subd. 10. **Dairy product.** "Dairy product" means milk as defined by Code of Federal Regulations, title 21, cream, any product or by-product of either, or any commodity among the principal constituents or ingredients of which is one or a combination of two or more of them, as determined by standards, grades, or rules duly adopted by the commissioner.

Subd. 11. **Adulterated.** "Adulterated" means an item is covered by section 34A.02.

Subd. 12. **Misbranded.** "Misbranded" or "misbranding" means an item is covered by section 34A.03.

32.021 DUTIES AND POWERS OF COMMISSIONER.

Subdivision 1. **Enforcement.** The commissioner shall be charged with the enforcement of the provisions of this chapter.

Subd. 2. **Power and authority.** For the purpose of enforcing the provisions of chapter 32 and amendatory acts the commissioner and the commissioner's assistants, agents, and employees, shall have the power and authority granted under the provisions of sections 31.02 to 31.171.

32.071 MILK AND CREAM BUYER AND TESTER, LICENSE.

No person shall operate a milk or cream testing apparatus for the purpose of determining the percentage of butterfat in milk or cream, and no person shall grade milk or cream either by apparatus or by an organoleptic method for the purpose of purchasing the same either personally or for others without first securing a license from the commissioner as hereinafter provided.

32.072 APPLICATION FOR LICENSE.

Any person desiring to secure such license shall make application therefor on forms to be prepared and provided by the commissioner, and before a license is issued the commissioner shall determine that the applicant is competent and qualified to use such testing apparatus and to make accurate tests with them, and to make accurate organoleptic tests. No person who is not a resident of the United States shall be licensed under the provisions of sections 32.071 to 32.078.

32.073 LICENSES; EXAMINATIONS, QUALIFICATIONS.

A grading and testing license shall be issued by the commissioner to a person making application therefor, after the commissioner has determined that the applicant is competent and qualified to grade and test milk and cream, and that the applicant understands and is familiar with the provisions of sections 32.01 to 32.486. Any conviction for violating sections 32.01 to 32.486

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or the standards, grades, and rules adopted by the commissioner shall be taken into consideration in determining whether or not the applicant is competent and qualified.

32.074 LICENSED DAIRY PLANT; LICENSED PERSON TO GRADE AND TEST.

Every milk and cream buyer shall maintain at each licensed dairy plant where milk and cream is purchased, a licensed person to grade and test milk and cream. Any person gathering cream or milk and transporting it by bulk pickup and not in individual containers from farm to plant shall have a license to grade and sample such milk and cream.

32.075 TERM OF LICENSE; TRANSFERABILITY; FEES AND PENALTIES.

An initial license issued by the commissioner expires on the following December 31st and is not transferable. A renewal license is valid for two years and expires on December 31 of the second year. The fee for an initial or renewal license is \$60. The fee shall be paid to the commissioner before the commissioner issues an initial or renewal license. If a license renewal is not applied for on or before January 1 of each year, a penalty of \$30 shall be imposed. A person who does not renew a license within one year following its December 31 expiration date, except those persons who do not renew such license while engaged in active military service, shall be required to prove competency and qualification pursuant to section 32.073, before a license is issued. The commissioner may require any other person who renews a license to prove competency and qualification in the same manner. All license fees and penalties received by the commissioner shall be deposited in the dairy services account in the agricultural fund.

32.076 OFFENSES.

The grading or testing of each lot of milk and cream by an unlicensed person shall constitute a separate offense.

32.078 SUSPENSION OR CANCELLATION.

The commissioner is empowered to suspend or cancel any license issued pursuant to the provisions of sections 32.071 to 32.076 after a hearing upon written notice containing the grounds therefor, which notice shall be served personally upon the licensee or the licensee's agent at least five days prior to such hearing.

32.10 LICENSES; SUSPENSION, REVOCATION.

When any person licensed under sections 28A.04 and 32.10 shall have been convicted of a violation of any provision of any law of this state relating to the manufacture or sale of butter or cheese or other dairy products, or the operation of dairy plants, or other establishments in which dairy products or goat milk, as defined in section 32.391, subdivision 1, are manufactured, processed, or handled, or for transportation, or of any provision of any rule of the commissioner made and promulgated under the provisions of law or there has been a continued course of conduct by such licensee or any agent, representative or employee of such licensee which deceives or defrauds producers or consumers, the license (1) may be suspended for the time stated in order of suspension, (2) may be revoked or canceled by the commissioner, or (3) upon application for a renewal license, the commissioner may refuse to issue the same, upon ten days' written notice with opportunity to be heard. The commissioner shall promulgate procedural rules governing the notice, hearing, evidence, findings, order, and record to be kept in such hearings, in the manner provided by law. Upon conviction of a second or any subsequent offense, the commissioner may revoke and cancel such license with or without notice of hearing, in the commissioner's discretion, and in such case the commissioner shall not issue another license for the operation of such plant or establishment for a term of one year from the date of such cancellation or revocation.

32.102 PROSECUTIONS.

It shall be the duty of every prosecuting officer to whom the commissioner shall report any violation of sections 28A.04 and 32.10 to cause appropriate proceedings to be instituted and to be prosecuted in the proper courts, without delay, for the enforcement as in such cases therein provided. All fines imposed and paid thereunder shall be paid into the state treasury.

32.103 INSPECTION OF DAIRIES.

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(a) At times the commissioner determines proper, the commissioner shall cause to be inspected all places where dairy products are made, stored, or served as food for pay, and all places where cows are kept by persons engaged in the sale of milk, and shall require the correction of all insanitary conditions and practices found. During routine inspections or as necessary, the commissioner shall inspect for:

(1) evidence of use of rBGH in violation of section 32.75, by producers providing affidavits of nontreatment under that section; and

(2) mercury manometers in violation of section 116.92.

(b) A refusal or physical threat that prevents the completion of an inspection or neglect to obey a lawful direction of the commissioner or the commissioner's agent given while carrying out this section may result in the suspension of the offender's permit or certification. The offender is required to meet with a representative of the offender's plant or marketing organization and a representative of the commissioner within 48 hours excluding holidays or weekends or the suspension will take effect. A producer may request a hearing before the commissioner or the commissioner's agent if a serious concern exists relative to the retention of the offender's permit or certification to sell milk.

32.105 MILK PROCUREMENT FEE.

Each dairy plant operator within the state must pay to the commissioner on or before the 18th of each month a fee of 1.1 cents per hundredweight of milk purchased the previous month. If a milk producer within the state ships milk out of the state for sale, the producer must pay the fee to the commissioner unless the purchaser voluntarily pays the fee.

Producers who ship milk out of state or processors must submit monthly reports as to milk purchases along with the appropriate procurement fee to the commissioner. The commissioner may have access to all relevant purchase or sale records as necessary to verify compliance with this section and may require the producer or purchaser to produce records as necessary to determine compliance.

The fees collected under this section must be deposited in the dairy services account in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner to administer this chapter.

32.106 MULTIUSE DAIRY PRODUCT CONTAINERS.

Subdivision 1. **Cleaning.** Before being reused, dairy product containers which may be used more than once shall be cleaned in accordance with rules promulgated in the manner provided by law by the commissioner, except, that in no instance shall such rules serve to eliminate any producers product from the market, whose present method of production, bears no evidence of endangering the health of the consumers. All rules heretofore adopted by the commissioner relating to the cleaning of dairy product containers which are in effect at the time Laws 1961, chapter 147, article 4, section 1 takes effect and which are not in conflict with this section, shall remain in effect until amended, modified, or repealed by the commissioner.

Subd. 2. **Return.** Every person, receiving any dairy product in containers which may be used more than once and which are to be returned to the sender or seller shall cause such containers to be promptly emptied, thoroughly cleansed as required by rules promulgated by the commissioner, and immediately returned.

32.21 ADULTERATED DAIRY PRODUCTS.

Subdivision 1. **Purchase and sale prohibition.** A person may not sell or knowingly buy adulterated dairy products.

Subd. 2. **Manufacture of food for human consumption from adulterated milk or cream prohibited.** An article of food for human consumption may not be manufactured from adulterated milk or cream, except as provided in section 32.22 or the Federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 301 et seq., and related federal regulations.

Prior to processing milk, all bulk milk pickup tankers must be tested for the presence of beta lactum drug residues and for other residues as determined necessary by the commissioner. Test methods must be those approved by the Association of Analytical Chemists (AOAC) or under the AOAC C2 program. Bulk milk tankers testing positive must be reported to the commissioner or the commissioner's agent within 24 hours. This report must include how and where the milk was disposed of, the volume, the responsible producer, and the possible cause of the violative residue. All milk sample residue results must be recorded and retained for examination by the

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commissioner or the commissioner's agent for six months by the receiving plant. Milk received from a producer in other than a bulk milk pickup tanker is also subject to this section.

Subd. 3. **Adulterated milk.** For purposes of this section and section 32.22, milk is adulterated if it:

- (1) is drawn in a filthy or unsanitary place;
- (2) is drawn from unhealthy or diseased cows;
- (3) is drawn from cows that are fed garbage or an unwholesome animal or vegetable substance;
- (4) is drawn from cows within 15 days before calving, or five days after calving;
- (5) contains water in excess of that normally found in milk;
- (6) contains a substance that is not a normal constituent of the milk except as allowed in this chapter; or
- (7) contains drug residues or other chemical or biological substances in amounts above the tolerances or safe levels established by rule or under section 32.415.

Subd. 4. **Penalties.** (a) A person, other than a milk producer, who violates this section is guilty of a misdemeanor or subject to a civil penalty up to \$1,000.

(b) A milk producer may not change milk plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner under paragraph (c) or (d) that the milk producer has violated this section.

(c) A milk producer who violates subdivision 3, clause (1), (2), (3), (4), or (5), is subject to clauses (1) to (3) of this paragraph.

(1) Upon notification of the first violation in a 12-month period, the producer must meet with the qualified dairy sanitarian to initiate corrective action within 30 days.

(2) Upon the second violation within a 12-month period, the producer is subject to a civil penalty of \$300. The commissioner shall notify the producer by certified mail stating the penalty is payable in 30 days, the consequences of failure to pay the penalty, and the consequences of future violations.

(3) Upon the third violation within a 12-month period, the producer is subject to an additional civil penalty of \$300 and possible revocation of the producer's permit or certification. The commissioner shall notify the producer by certified mail that all civil penalties owed must be paid within 30 days and that the commissioner is initiating administrative procedures to revoke the producer's permit or certification to sell milk for at least 30 days.

(d) The producer's shipment of milk must be immediately suspended if the producer is identified as an individual source of milk containing residues causing a bulk load of milk to test positive in violation of subdivision 3, clause (6) or (7). The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days and shipment may resume only after subsequent milk has been sampled by the commissioner or the commissioner's agent and found to contain no residues above established tolerances or safe levels.

The Grade A or manufacturing grade permit may be restored if the producer completes the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, displays the signed certificate in the milkhouse, and sends verification to the commissioner within the 30-day temporary permit status period. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended. A milk producer whose milk supply is in violation of subdivision 3, clause (6) or (7), and has caused a bulk load to test positive is subject to clauses (1) to (3) of this paragraph.

(1) For the first violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by a qualified dairy sanitarian and the producer to determine the cause of the residue and actions required to prevent future violations.

(2) For the second violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by a qualified dairy sanitarian to determine the cause of the residue and actions required to prevent future violations.

(3) For the third or subsequent violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. The commissioner or the commissioner's agent shall also notify the producer by certified mail that the commissioner is initiating administrative procedures to revoke the producer's permit or certification to sell milk for a minimum of 30 days.

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(4) If a bulk load of milk tests negative for residues and there is a positive producer sample on the load, no civil penalties may be assessed to the producer. The plant must report the positive result within 24 hours and reject further milk shipments from that producer until the producer's milk tests negative. A farm inspection must be completed by a qualified dairy sanitarian to determine the cause of the residue and actions required to prevent future violations. The department shall suspend the producer's permit and count the violation on the producer's record. The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days during which time the producer must review the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, display the signed certificate in the milkhouse, and send verification to the commissioner. If these conditions are met, the Grade A or manufacturing grade permit must be reinstated. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended.

(e) A milk producer that has been certified as completing the "Milk and Dairy Beef Residue Prevention Protocol" within 12 months of the first violation of subdivision 3, clause (7), need only review the cause of the violation with a field service representative within three days to maintain Grade A or manufacturing grade permit and shipping status if all other requirements of this section are met.

(f) Civil penalties collected under this section must be deposited in the milk inspection services account established in this chapter.

32.212 MILK HOUSES FOR BULK TANKS.

Any producer using a bulk tank for cooling and storage of milk to be used for manufacturing purposes shall have an enclosed milk room which shall conform to the standards provided by this section. The floor shall be constructed of concrete or other impervious material, maintained in good repair, and graded to provide proper drainage. The walls and ceilings of the room shall be sealed and constructed of smooth easily cleaned material. All windows shall be screened and doors shall be self-closing. It shall be well ventilated and must meet the following requirements:

- (1) The bulk tank shall not be located over a drain or under a ventilator.
- (2) The hose port shall be located in an exterior wall and fitted with a tight self-closing door.
- (3) Each milk room shall have an adequate supply of water readily accessible with facilities for heating the water, to insure the cleaning and sanitizing of the bulk tank, utensils and equipment and the keeping of the milk room clean.
- (4) No lights shall be placed directly over the bulk tank.
- (5) The bulk tank shall be properly located in the milk room for easy access to all areas for cleaning and servicing.
- (6) The milkhouse shall be used only for storage of milk, milk utensils, and supplies incidental to the production of milk.
- (7) This section is effective for all bulk tanks for milk produced for manufacturing purposes.
- (8) No milk processor shall buy milk from any producer of milk using a bulk tank to be used for manufacturing purposes unless such producer has complied with the provisions of this section.
- (9) After July 1, 1965, no person shall install a bulk tank except in a milk room or milkhouse which complies with the provisions of this section.
- (10) The enforcement of this section shall be administered by the Minnesota Department of Agriculture.
- (11) Any person violating any provisions of this section shall be punished by a fine of not more than \$50.

32.22 SKIMMED MILK.

Notwithstanding the provisions of section 32.21, milk from which the cream has been removed, if such milk is otherwise wholesome and unadulterated, may be sold as such to makers of skimmed milk cheese, and by licensed dealers; but in the latter case only from vessels legibly marked "skimmed milk" in plain, common black letters upon a light colored background, each letter being at least one inch high and one-half inch wide, and these words being placed on the top or side of such vessel. These requirements shall not apply to skimmed or separated milk delivered to any patron of a creamery who furnishes milk thereto, but all skimmed milk from creameries and all whey from cheese factories so delivered to patrons shall first be pasteurized at a minimum

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temperature of 145 degrees Fahrenheit for not less than 30 minutes, or at a minimum temperature of 180 degrees Fahrenheit for continuous flow pasteurization.

32.25 MILK, CREAM, SKIM MILK, AND BUTTERMILK BOUGHT BY WEIGHT; TESTING METHODS.

Subdivision 1. **Milk fat, protein, and solids not fat bases of payment; tests.** Milk must be purchased from producers using a formula based on one or more of the following:

(1) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat;

(2) payment of a standard rate for the pounds of milk fat contained in the milk;

(3) payment of a standard rate for the pounds of protein contained in the milk;

(4) payment of a standard rate for the pounds of solids not fat contained in the milk; or

(5) payment of standard rates based on other attributes of value in the milk.

In addition, an adjustment may be made on the basis of milk quality and other premiums.

Testing procedures for determining the percentages of milk fat, protein, and solids not fat must comply with the Association of Analytical Chemists approved methods or be as adopted by rule.

Subd. 2. **Apparatus to conform to specifications.** All glassware, test bottles, pipettes, acid measures, chemicals, scales, and other apparatus used in the operation of these tests shall conform to the specifications set forth for the particular test method.

Subd. 3. **Penalties for violations.** Any person

(1) who shall employ any test other than those tests authorized by rule promulgated by the commissioner, or any methods other than the standard official methods for determining the milk fat content of milk or cream, or

(2) who shall incorrectly sample milk or cream purchased or sold, or

(3) who shall incorrectly weigh milk or cream purchased or sold, or

(4) who shall incorrectly grade milk or cream purchased or sold, or

(5) who shall make a false entry of the weight, or test result, or grade of any milk or cream purchased or sold, or

(6) who shall incorrectly sample, weigh, test, or record or report weights or tests of skim milk or buttermilk purchased or sold, or

(7) who shall underread the tests, or

(8) who shall falsify the reading of the tests, or

(9) who shall manipulate the reading of the tests, or

(10) who shall falsely state, certify, or use in the purchase or sale of milk or cream a misreading of such tests, whether the tests or actual reading shall have been made by such person or by any other person, shall be guilty of a misdemeanor.

32.391 DEFINITIONS.

Subdivision 1. **Application.** The definitions in this section apply to this chapter.

Subd. 1d. **Milk solids-not-fat.** "Milk solids-not-fat" is the portion of a milk product that is not water and is not fat as determined by procedures outlined in Standard Methods For The Examination Of Dairy Products (current edition).

Subd. 1e. **Fluid milk products.** "Fluid milk products" means cream, sour cream, half and half, reconstituted half and half, concentrated milk, concentrated milk products, skim milk, nonfat milk, chocolate flavored milk, chocolate flavored drink, chocolate flavored reconstituted milk, chocolate flavored reconstituted drink, buttermilk, cultured buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made by the addition of any substance to milk or to any of the above enumerated fluid milk products, when the same is declared to be a fluid milk product by rule promulgated by the commissioner.

Subd. 1f. **Goat milk.** "Goat milk" is a whole, fresh, clean lacteal secretion free from colostrum, obtained by the complete milking of one or more healthy goats.

Subd. 1g. **Sheep milk.** "Sheep milk" is a whole, fresh, clean lacteal secretion free from colostrum, obtained by the complete milking of one or more healthy sheep.

Subd. 2. **Pasteurization.** (a) The terms "pasteurization," "pasteurized," and similar terms mean:

(1) the process of heating every particle of milk, fluid milk products, goat milk, or sheep milk, in properly operated equipment approved by the commissioner, to a temperature of at least 145 degrees Fahrenheit and holding the temperature for at least 30 minutes;

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(2) the process of heating every particle of milk, fluid milk products, goat milk, or sheep milk, in properly operated equipment approved by the commissioner, to a temperature of at least 161 degrees Fahrenheit and holding the temperature for at least 15 seconds; or

(3) the process of heating every particle of milk, fluid milk products, goat milk, or sheep milk, in properly operated equipment approved by the commissioner, to the temperatures and holding for the times as the commissioner may prescribe by rule adopted in accordance with law containing standards more stringent than those imposed by this subdivision.

(b) Nothing contained in this definition shall be construed as excluding any other process which has been demonstrated to be equally efficient and is approved by the commissioner.

Subd. 3. **Cooling after pasteurization.** Immediately following pasteurization, all milk, fluid milk products, goat milk, and sheep milk shall be cooled, in properly operated equipment approved by the commissioner, to a temperature of 45 degrees Fahrenheit or lower, and maintained at 45 degrees Fahrenheit or lower until delivered; provided, however, that if the milk, fluid milk products, goat milk, or sheep milk is to be cultured immediately after pasteurization, then such cooling may be delayed until after the culturing process is completed; provided further that the commissioner may prescribe by rule adopted in accordance with law standards more stringent than those imposed by this subdivision.

32.392 APPROVAL OF DAIRY PLANTS.

No person shall operate a dairy plant in this state unless the dairy plant, and the equipment, water supply and plumbing system connected therewith shall have been first approved by the commissioner and a permit issued to operate the same. At the time of filing the application for a permit, the applicant shall submit to the commissioner duplicate floor plans of such plant which shall show the placement of equipment, the source of water supply and method of distribution, and the location of the plumbing system, including the disposal of wastes. All new construction or alteration of any existing dairy plants shall be made only with the approval of the commissioner and duplicate plans for such construction or alteration shall be submitted to the commissioner for approval. Any permit may be revoked by the commissioner for due cause after the holder of the permit has been given the opportunity for a hearing, in which case the holder of the permit shall be notified in writing, at least seven days prior to the date of such hearing, of the time and place of such hearing.

The fee for approval services is \$45 per hour of department staff time spent in the approval process. The fees must be deposited in the dairy services account in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner to administer this chapter.

32.393 LIMITATION ON SALE.

Subdivision 1. **Pasteurization.** No milk, fluid milk products, goat milk, or sheep milk shall be sold, advertised, offered or exposed for sale or held in possession for sale for the purpose of human consumption in fluid form in this state unless the same has been pasteurized and cooled, as defined in section 32.391; provided, that this section shall not apply to milk, cream, skim milk, goat milk, or sheep milk occasionally secured or purchased for personal use by any consumer at the place or farm where the milk is produced.

Subd. 2. **Labels.** All pasteurized milk, fluid milk products, goat milk, or sheep milk sold, offered or exposed for sale or held in possession for sale shall be labeled or otherwise designated as pasteurized milk, pasteurized fluid milk products, pasteurized goat milk, or pasteurized sheep milk, and in case of pasteurized fluid milk products the label shall also state the name of the specific product.

32.394 GRADE A PASTEURIZED MILK.

Subdivision 1. **Grade A pasteurized bacteria counts.** Grade A pasteurized milk, fluid milk products and goat milk are Grade A raw milk, fluid milk products and goat milk for pasteurization which have been pasteurized, cooled and prepared for distribution in a dairy plant approved by the commissioner, the bacterial count of which at no time after pasteurization and until delivery exceeds 20,000 bacteria per milliliter. The coliform count must not exceed ten per milliliter except that bulk tank transport shipments must not exceed 100 per milliliter. The standard plate count standard shall be omitted in the case of sour cream, cultured buttermilk, other cultured fluid milk products and cultured goat milk; provided further that the commissioner may prescribe standards and rules adopted in accordance with law more stringent than those imposed by this subdivision.

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Subd. 2. **Grade A raw bacteria counts.** Grade A raw milk or goat milk for pasteurization purposes is raw milk or goat milk which complies with all the requirements for its production, the bacterial count of which does not exceed 100,000 bacteria per milliliter prior to commingling with other producer milk at which time the bacteria count must not exceed 300,000 per milliliter prior to pasteurization. The commissioner may prescribe standards and rules adopted in accordance with law more stringent than those imposed by this subdivision.

Subd. 3. **Exemption.** Nothing in this section shall be construed to mean compulsory grading of pasteurized milk, pasteurized fluid milk products, pasteurized goat milk, raw milk for pasteurization, or raw goat milk for pasteurization; such grade shall apply only to pasteurized milk, pasteurized fluid milk products, pasteurized goat milk, raw milk for pasteurization, or raw goat milk for pasteurization on which the grade is declared on the label.

Subd. 4. **Rules.** The commissioner shall by rule adopt identity, production, and processing standards for milk, milk products, and goat milk which are intended to bear the Grade A label.

In the exercise of the authority to establish requirements for Grade A milk, milk products, and goat milk, the commissioner adopts definitions, standards of identity, and requirements for production and processing contained in the "Grade A Pasteurized Milk Ordinance" of the United States Department of Health and Human Services, in a manner provided for and not in conflict with law.

Subd. 5. **Sales as Grade A milk.** No person shall sell, offer or expose for sale, any milk, milk products or goat milk labeled Grade A, unless the milk, milk products or goat milk have been produced and processed in accordance with the requirements of Minnesota law and rule. Any processor desiring to use the Grade A label on milk, milk products or goat milk shall make application for a permit to the commissioner on a form prescribed and furnished by the commissioner. The permit shall be issued by the commissioner when the commissioner has determined that the applicant has complied with the requirements of Minnesota law and rule. Permits shall not be transferable with respect to person or location. A permit may be suspended by the commissioner upon failure by the holder of the permit to comply with any of the terms of Minnesota law and rule or for interference with inspection, and may be revoked by the commissioner for due cause after the holder of the permit has been given the opportunity for a hearing, in which case the holder of the permit shall be given a notice in writing of the time and place of such hearing at least seven days before the date of such hearing.

Subd. 6. **Inspection service.** To assure compliance with the laws and rules governing the production, handling, processing, and sale of Grade A milk, Grade A milk products and Grade A goat milk, the commissioner is hereby authorized to provide a service to be performed by trained and duly qualified milk sanitarians, for the inspection of such milk, milk products and goat milk, and of the premises and plants where such milk, milk products and goat milk are produced, handled and processed. Such service shall be for acquainting the processor and producers with the requirements for a Grade A milk supply, for preliminary inspection to determine if a processor has brought the processor's farms and plant to the state of compliance which will qualify the processor's products for the Grade A label, and for continuous inspection to assure that any farms and plants so accepted and all products therefrom so labeled shall remain in compliance. Said Grade A processor shall provide a continuous field service to assist the producers, who sell their milk to the processor's plant, to attain and to maintain compliance with Grade A requirements. Any person who performs such field service for such Grade A processor first shall obtain a permit therefor from the commissioner. Any person desiring to secure such permit shall make application therefor on a form provided by the commissioner, and before a permit is issued the commissioner shall determine that the applicant is competent and qualified to perform such field service. Said permit shall not be transferable and may be revoked for due cause after the holder of the permit has been given the opportunity for a hearing in which case the holder of the permit shall be given a notice in writing of the time and place of such hearing at least seven days before the date of such hearing.

Subd. 7. **Availability.** The aforesaid state service shall be available to all processors who wish to use the Grade A label on their milk, milk products and goat milk and who have not available to them substantially equivalent service, imposed with equal effectiveness by a city within the state.

Subd. 8. **Grade A inspection fees.** A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. A pasteurization plant requesting Grade A inspection service must hold a Grade A permit and pay an annual inspection fee of no more than \$500. For Grade A farm inspection service, the fee must be no more than \$50 per farm, paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring a reinspection in addition to the required biannual inspections, an

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additional fee must be paid by the processor or by the marketing organization on behalf of its patrons. The fee for reinspection of a farm with fewer than 100 cows is \$60 per reinspection. The fee for reinspection of a farm with 100 or more cows is \$150 per reinspection.

Subd. 8a. **Laboratory certification.** A laboratory, before conducting a test the results of which are to be used in the enforcement of requirements for distribution of milk, milk products or goat milk under the Grade A label, must be certified as meeting the requirements for laboratory approval that are established by rule of the commissioner, and must receive a permit from the commissioner. The permit shall remain valid without renewal unless suspended or revoked by the commissioner for failure to comply with the requirements. Satisfactory analytical procedures and results for split samples, the nature, number and frequency of which shall be in accordance with rules established by the commissioner, shall be required of a certified laboratory for retention of its certification and permit.

An application for initial certification or biennial recertification, or for recertification following suspension or revocation of a permit shall be accompanied by an annual fee based on the number of analysts approved and the number of specific tests for which they are approved. The fee is not less than \$150 or more than \$200 for each analyst approved and not less than \$35 or more than \$50 for each test approved. The commissioner may annually adjust assessments within the limits established by this subdivision to meet the cost recovery of the services required by this subdivision.

Subd. 8b. **Manufacturing grade farm certification.** A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market other than Grade A milk must apply for a manufacturing grade farm certification inspection from the commissioner. A manufacturing plant that pasteurizes milk or milk by-products must pay an annual fee based on the number of pasteurization units. This fee must not exceed \$140 per unit. The fee for farm certification inspection must not be more than \$25 per farm to be paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring more than the one inspection for certification, a reinspection fee of \$45 must be paid by the processor or by the marketing organization on behalf of its patrons.

Subd. 8c. **Grade A or manufacturing grade raw milk.** Grade A or manufacturing grade raw milk must not have been stored longer than 72 hours when it is picked up at the farm by the receiving plant. The commissioner or an agent of the commissioner may waive the 72-hour time limit in a case of hardship, emergency, or natural disaster. On farms permitted or certified for bulk tank storage, the milk may only be picked up from approved bulk milk tanks in proper working order.

Subd. 8d. **Processor assessment.** (a) A manufacturer shall pay to the commissioner a fee for fluid milk processed and milk used in the manufacture of fluid milk products sold for retail sale in Minnesota in an amount not less than five cents and not more than nine cents per hundredweight as set by the commissioner's order except that beginning July 1, 2003, the fee is set at seven cents per hundredweight and thereafter no change within any 12-month period may be in excess of one cent per hundredweight.

(b) Processors must report quantities of milk processed under paragraph (a) on forms provided by the commissioner. Processor fees must be paid monthly. The commissioner may require the production of records as necessary to determine compliance with this subdivision.

(c) The commissioner may create within the department a dairy consulting program to provide assistance to dairy producers who are experiencing problems meeting the sanitation and quality requirements of the dairy laws and rules.

The commissioner may use money appropriated from the dairy services account created in subdivision 9 to pay for the program authorized in this paragraph.

Subd. 8e. **Farm bulk milk pickup tankers.** Farm bulk milk pickup tankers, milk transports, and tankers used to transport milk products must be inspected and obtain a permit issued by the commissioner annually by July 1. The owner or operator must pay a \$25 permit fee per tanker to the commissioner. The commissioner may appoint such persons as the commissioner deems qualified to make inspections.

Subd. 9. **Payments; refunds; disposition.** Fees are payable by a processor or marketing organization by July 1 of each year for Grade A, and by January 1 of each year for manufacturing grade, and if not paid within 30 days of the due date, the service must be discontinued, and permission to market manufacturing grade or Grade A milk or milk products or use the Grade A label must be withdrawn. A processor may terminate payment and service without loss of the Grade A label if written notice of that intention is given prior to the due date of the payment of an assessment and if the continuous inspection of the plant is assumed by a city whose milk control ordinance is substantially equivalent to Minnesota law and rule and is enforced with equal effectiveness. If a farm discontinues the production of milk within six months of the billing date, a

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request for a refund based on inspection services not received may be made by the processor or by the marketing organization on behalf of its patrons. This request must be made in writing by July 1 for manufacturing grade, or by December 31 for Grade A, and on approval by the commissioner refunds must be made to the processor or marketing organization.

The fees for services performed by the activities of this section must be deposited in the agricultural fund and constitute a separate account to be known as the dairy services account, which is hereby created. Money in the account, including interest earned, is appropriated to the commissioner to administer this chapter.

Subd. 11. **Waiver of rules; water well distance requirement.** A dairy farmer who wishes to be permitted to produce grade A milk may not be denied the grade A permit solely because of provisions in rules adopted by the commissioner of health requiring a minimum distance between a water well and a dairy barn. To be eligible for a grade A permit, the following conditions must be met:

(1) the water well must have been in place prior to January 1, 1974;

(2) the water well must comply with all rules of the commissioner of health other than the minimum distance requirement; and

(3) water from the well must be tested at least once every six months in compliance with guidelines established by the commissioner of agriculture unless the water from the well meets water quality requirements for three consecutive years, in which case the water must be tested only once every 12 months until the water fails to meet water quality requirements during one of the tests.

Subd. 12. **Water testing guidelines.** The commissioner of agriculture, in consultation with the commissioner of health, shall establish guidelines for the testing required under section 32.394, subdivision 11, clause (3).

32.395 MILK OTHER THAN GRADE A.

Subdivision 1. **Pasteurized milk, fluid milk products and goat milk, other than Grade A.** Pasteurized milk, fluid milk products and goat milk, other than Grade A, are raw milk, fluid milk products and goat milk for pasteurization which have been pasteurized, cooled and prepared for distribution in a plant approved by the commissioner, the bacterial count of which at no time after pasteurization and until delivery, exceeds 50,000 bacteria per milliliter, standard plate count, as determined by averaging the logarithms of the results of the last four consecutive tests of samples taken on separate days, except that such average may be over 50,000 bacteria per milliliter if the last individual result is 50,000 bacteria per milliliter or lower, and not more than one of the last four coliform counts of which shall exceed ten per milliliter unless the last individual result is ten per milliliter or lower; provided that the standard plate count standard shall be omitted in the case of sour cream, cultured buttermilk, other cultured fluid milk products and cultured goat milk.

Subd. 2. **Raw milk or raw goat milk for pasteurization purposes, other than Grade A.** Raw milk or raw goat milk for pasteurization purposes, other than Grade A, is raw milk or raw goat milk which complies with all the requirements for its production, the bacterial count of which does not exceed 500,000 bacteria per milliliter, standard plate count or direct microscopic clump count, as determined by averaging the logarithms of the results of the last four consecutive tests of samples taken on separate days, except that such average may be over 500,000 bacteria per milliliter if the last individual result is 500,000 bacteria per milliliter or lower.

Subd. 3. **Rules.** The commissioner is authorized to promulgate by rule production and processing standards for pasteurized milk, pasteurized fluid milk products, pasteurized goat milk, raw milk for pasteurization and raw goat milk for pasteurization.

Subd. 4. **Other methods.** The commissioner may authorize, in respect to raw milk or raw goat milk for pasteurization purposes, any other method or methods of determining bacterial count.

32.397 ENFORCEMENT STANDARDS.

The standards set forth in sections 32.391 to 32.398 and rules adopted thereunder by the commissioner shall be the only such standards for use in the state of Minnesota. No municipality or other subdivision of state government shall provide, by ordinance more stringent or comprehensive standards than are contained in sections 32.391 to 32.398 and rules adopted thereunder by the commissioner.

32.398 ENFORCEMENT AND VIOLATIONS.

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Subdivision 1. **Enforcement.** The commissioner shall enforce the provisions of sections 32.391 to 32.398.

32.401 MILK AND CREAM FOR MANUFACTURING.

Subdivision 1. **Standards, grades, and price differentials.** In order to protect the public health and welfare, to promote the interests of the dairy industry in Minnesota, and to secure uniformity, the commissioner of agriculture may adopt standards, grades and price differentials between various grades of milk and cream for milk and cream purchased for manufacturing purposes. Before adopting any standards, grades, or price differentials for milk and cream, the commissioner shall hold a public hearing thereon, as provided by law. Until such standards, grades and price differentials are made and filed, the standards, grades, and price differential heretofore made by the commissioner remain in effect except as otherwise prescribed by law.

Subd. 2. **Statement of purchases furnished to seller.** All milk or cream purchased for manufacturing purposes shall be purchased on the basis of the standards, grades, and price differentials between grades so adopted. Every purchaser of milk or cream for manufacturing purposes shall, at time of payment therefor, furnish the person from whom purchased a statement showing the date of grading, the grade, and the price paid therefor. The statement may be included on the check delivered by the purchaser to the seller in payment of the milk or cream.

Subd. 3. **Enforcement.** The commissioner of agriculture shall enforce the provisions of this section.

Subd. 5. **Application.** This section shall not apply to any action now pending in any of the courts of this state, or to any cause of action arising, or violation which occurred, prior to April 18, 1955.

32.415 MILK FOR MANUFACTURING; QUALITY STANDARDS.

(a) The commissioner may adopt rules to provide uniform quality standards, and producers of milk used for manufacturing purposes shall conform to the standards contained in Subparts B, C, D, E, and F of the United States Department of Agriculture Consumer and Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and its Production and Processing, except that the commissioner shall develop methods by which producers can comply with the standards without violation of religious beliefs.

(b) The commissioner shall perform or contract for the performance of the inspections necessary to implement this section or shall certify dairy industry personnel to perform the inspections.

(c) The commissioner and other employees of the department shall make every reasonable effort to assist producers in achieving the milk quality standards at minimum cost and to use the experience and expertise of the University of Minnesota and the Agricultural Extension Service to assist producers in achieving the milk quality standards in the most cost-effective manner.

(d) The commissioner shall consult with producers, processors, and others involved in the dairy industry in order to prepare for the implementation of this section including development of informational and educational materials, meetings, and other methods of informing producers about the implementation of standards under this section.

32.416 SOMATIC CELL COUNT, GOAT MILK.

Notwithstanding any federal standard incorporated by reference in this chapter, the maximum allowable somatic cell count for raw goat milk is 1,500,000 cells per milliliter.

32.475 BUTTER, GRADING AND LABELING.

Subdivision 1. **Definitions.** As used in this section, score or grade means the grading of butter by its examination for flavor and aroma, body and texture, color, and salt, and by the use of other tests or procedures approved by the commissioner of agriculture, for ascertaining the quality of butter in whole or in part.

Subd. 2. **Minnesota grades.** It is unlawful to sell, offer or expose for sale, or have in possession with intent to sell any butter at retail unless it has been graded and labeled with such grades as follows:

- (a) Grade, Minnesota, AA – U.S. Grade AA
- (b) Grade, Minnesota, A – U.S. Grade A
- (c) Grade, Minnesota, B – U.S. Grade B
- (d) Grade, Minnesota, undergrade – all butter below Minnesota B.

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For the purposes of this section "sale at retail" shall include all sales to a restaurant or eating establishment that serves butter to its patrons or that uses butter in the preparation of any food which is served to its patrons.

Subd. 3. **United States grades.** United States AA, A and B grades, or as such grades may be amended or as they may be administered by the United States Department of Agriculture, shall be accepted in lieu of the corresponding Minnesota AA, A and B grades, but all United States grades below B shall, for the purpose of this section, correspond to Minnesota undergrade.

Subd. 4. **Methods and procedures, promulgation by commissioner of agriculture.** Methods and procedures to be used for ascertaining quality, grades, grading, labeling, and for arbitrating disputes with respect to grades may be promulgated by the commissioner of agriculture.

Subd. 5. **Foreign butter.** Butter from outside of the state of Minnesota sold within this state shall comply with the state grade and labeling standards provided in this section; and, unless marked with United States AA, A, and B grades, shall indicate the grade in a manner equivalent to the requirements for butter manufactured and sold within this state.

Subd. 6. **Advertisement for retail sale, indication of grade.** Any advertisement of butter offered for sale at retail to the public at a given price shall plainly and conspicuously indicate the grade of such butter.

Subd. 7. **Penalty.** Any person violating any provision of this section shall be guilty of a misdemeanor.

32.481 CHEESE.

Subdivision 1. **Definition.** "Cheese" as used in sections 32.481 to 32.484 includes all varieties of cheese, cheese spreads, cheese foods, cheese compounds, or processed cheese, made or manufactured in whole or in part from cow's, goat's, or sheep's milk.

32.482 MANUFACTURE OF CHEESE, REQUIREMENTS IN PROCESS.

No person, firm, or corporation shall manufacture, transport, sell, offer, or expose for sale or have in possession with intent to sell, at retail to a consumer any cheese which has not been (1) manufactured from milk or milk products which have been pasteurized in accordance with sections 32.391 and 32.392, (2) subjected to a heat treatment equivalent to pasteurization during the process of manufacture or processing, or (3) subjected to an aging process whereby it has been kept for at least 60 days after manufacture at a temperature not lower than 35 degrees Fahrenheit. Any cheese which has been made from unpasteurized milk and which has been repackaged, handled or processed in any manner so as to obliterate or destroy its date of manufacture shall be labeled to show the true date of manufacture or in lieu thereof bear a statement that such cheese is more than 60 days of age.

32.483 STATEMENT BY MANUFACTURER.

Each cheese or packaged cheese sold, offered, or exposed for sale or held in possession with intent to sell at either retail or wholesale, within this state, shall have affixed thereto by the manufacturer a statement clearly setting forth:

(1) the factory number where manufactured, or in states where official factory numbers are not assigned, the name of the manufacturer and address of the plant where manufactured; provided, however, that in case of process cheese, cheese spreads, cheese foods and cheese compounds, the name and address of the jobber or distributor may be substituted for the name of the manufacturer and address of the plant where manufactured;

(2) the name of the variety or the distinctive name of the product and the word "Pasteurized" if made from pasteurized milk;

(3) the name of the variety or the distinctive name of the product and the date of manufacture if made from unpasteurized milk; and

(4) the name of the variety or the distinctive name of the product and the word "Pasteurized" if made from milk which is pasteurized in the curd form during the making process.

When a cheese is repackaged or divided into wholesale cuts, the distributor shall affix to each package or cut a label containing the information required in clause (2) or (3), which appears on the original cheese, together with the name and address of the distributor. When selling cheese to the consumer, that portion to which the label is affixed shall be sold last.

32.484 ENFORCEMENT.

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The commissioner of agriculture shall be charged with the enforcement of sections 32.481 to 32.483 and shall have authority to promulgate in the manner provided by law all such rules as are necessary to the enforcement thereof.

32.486 CULTURED DAIRY FOOD; FARMSTEAD CHEESE.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Cultured dairy food" means a dairy product other than a grade A cultured dairy product.

(c) "Minnesota farmstead cheese" means cheese manufactured within the state of Minnesota on the same farm on which the milk is produced that is used in the manufacture.

Subd. 1a. **Processing requirements.** (a) Milk used to manufacture Minnesota farmstead cheese may not be more than 48 hours old when used.

(b) Before requiring pasteurization, the commissioner shall provide a plan at least 60 days before the next inspection to the manufacturer to assist the manufacturer in meeting the processing and facility requirements. The commissioner may require pasteurization if test samples demonstrate cheese and cultured dairy foods are not free of pathogens. The commissioner must inspect facilities at least four times each year.

Subd. 2. **Use of name restricted.** No cheese or packaged cheese that is sold, offered, or exposed for sale or held in possession with intent to sell at either retail or wholesale within this state may be labeled or described as "Minnesota farmstead cheese" unless it meets the criteria set forth in subdivision 1, and the manufacturer has obtained a written permit to use the name from the commissioner of agriculture, or the commissioner's designate.

Subd. 3. **Permit.** The commissioner or the commissioner's designate shall issue a permit authorizing the use of the name "Minnesota farmstead cheese" upon application made therefor on forms furnished by the commissioner, if the commissioner or the commissioner's designate is satisfied that the cheese manufactured by the applicant meets the requirements prescribed by subdivision 1. The commissioner or the commissioner's designated agents shall inspect the farm at reasonable times to insure compliance with subdivision 1. The permit may be suspended or revoked by the commissioner if the commissioner finds that the permittee is not in compliance with subdivision 1.

32.55 DEFINITIONS; FROZEN DAIRY FOODS.

Subdivision 1. **Terms.** For the purposes of subdivisions 2 to 13 and sections 32.56 to 32.645, and acts amendatory thereof, the terms defined in subdivisions 2 to 13, and acts amendatory thereof, have the meanings given them.

Subd. 2. **Frozen food.** "Frozen foods" means ice cream, frozen custard, French ice cream, French custard ice cream, ice milk, fruit sherbets, water ices, frozen malted milk, frozen milk shakes, frozen malts, frozen yogurt, frozen low-fat yogurt, frozen nonfat yogurt, reduced-fat ice cream, low-fat ice cream, nonfat ice cream, or any frozen food for which the commissioner has established a standard of identity, but shall not include frozen vegetables, fruits, meats, poultry, or bakery products.

Subd. 3. **Milk products.** "Milk products" means pure, clean, and wholesome cream, dried cream, plastic cream – sometimes known as concentrated milk fat, butter, butter oil, milk, concentrated milk, evaporated milk, sweetened condensed milk, superheated condensed milk, dried milk, skim milk, concentrated skim milk, evaporated skim milk, condensed skim milk, superheated condensed skim milk, sweetened condensed skim milk, sweetened condensed part-skim milk, nonfat dry milk, sweet cream buttermilk, condensed sweet cream buttermilk, dried sweet cream buttermilk, whey, concentrated whey, and dry whey, and shall include any of the foregoing products from which lactose has been wholly or partially removed.

Subd. 4. **Mix, ice cream mix.** "Mix" means the unfrozen combination of all ingredients of a frozen food with or without fruit, fruit juices, candy, nut meats, flavoring, or coloring. "Ice cream mix" means the mix from which ice cream is frozen, made from a combination of milk products and such other ingredients in such quantities as are consistent with such ingredients and quantities in definitions and standards established by the commissioner. Ice cream mix in concentrated or condensed form shall contain such relative amounts of ingredients that, when diluted according to directions, it shall comply with the definition of ice cream mix.

Subd. 5. **Mix base; ice cream mix base.** "Mix base" means mix powder or dry base and is the product resulting from the removal of water from mix and contains not more than five percent of moisture.

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"Ice cream mix base" means ice cream powder or dry ice cream mix and is the product resulting from the removal of water from ice cream mix and contains not more than five percent of moisture.

Subd. 12. **Imitation ice cream.** "Imitation ice cream" means any frozen substance, mixture or compound regardless of the name under which it is represented, which is made in imitation or semblance of ice cream, or is prepared or frozen as ice cream is customarily prepared or frozen and which is not a frozen food as provided for in this section.

Subd. 13. **Manufacture.** "Manufacture" means processing or freezing, or both.

Subd. 14. **Frozen yogurt; frozen low-fat yogurt; frozen nonfat yogurt.** "Frozen yogurt," "frozen low-fat yogurt," or "frozen nonfat yogurt" means a frozen dairy food made from a mix containing safe and suitable ingredients including, but not limited to, milk products. All or a part of the milk products must be cultured with a characterizing live bacterial culture that contains the lactic acid producing bacteria *Lactobacillus bulgaricus* and *Streptococcus thermophilus* and may contain other lactic acid producing bacteria.

32.555 COMPLIANCE WITH FEDERAL REGULATIONS.

(a) Frozen yogurt, frozen low-fat yogurt, and frozen nonfat yogurt must comply with Code of Federal Regulations, title 21, and sections 32.55 to 32.90.

(b) Reduced-fat ice cream, low-fat ice cream, and nonfat ice cream must comply with the frozen dessert provisions in Code of Federal Regulations, title 21, part 135.

32.56 MANUFACTURERS OF FROZEN FOODS TO OBTAIN LICENSE.

No person shall manufacture frozen foods, mix, ice cream mix, mix base, or ice cream mix base for resale, without first having obtained a license therefor from the Department of Agriculture, which is charged with the duty and power of administering and enforcing the provisions of sections 32.56 to 32.64. The commissioner shall establish standards in the manner provided in section 31.10, and acts amendatory thereof, for frozen foods for which no Minnesota standards exist. In the exercise of the authority to establish standards for frozen foods, the commissioner shall adopt definitions and standards of identity established pursuant to the Federal Food, Drug and Cosmetic Act insofar as said definitions and standards do not conflict with law. Nothing in sections 32.56 to 32.64 shall apply to educational institutions or to charitable, fraternal or religious organizations not regularly engaged in the manufacture of frozen foods, mix, ice cream mix, mix base, or ice cream mix base or to private homes manufacturing for their own use.

32.61 LICENSES; REVOCATION, SUSPENSION.

The Department of Agriculture shall have the power to suspend or revoke any license or certificate of registration thus granted, for failure to comply with the provisions of sections 32.56 to 32.64, or rules made thereunder.

32.62 CONTAINERS, LABELS.

Subdivision 1. **Contents of labels.** All cans or containers used in the sale or distribution of mix, ice cream mix, mix base, or ice cream mix base shall bear a label attached to the same giving the following information:

- (1) Name of product;
- (2) Percentage of milk fat contained in product;
- (3) Percentage of total solids in products;
- (4) Statement of net contents; and
- (5) Name and address of manufacturer or distributor.

Every package of frozen foods packed by the manufacturer shall bear a label. The label shall give the name of the product, the name and address of the manufacturer or distributor, a statement of the net contents, and such other information as the commissioner may require pursuant to section 31.12, and acts amendatory thereof. When the name and address of the distributor is given on the label of mix, ice cream mix, mix base, ice cream mix base or frozen foods, the name and address of the manufacturer also shall be given or in lieu of the name and address of the manufacturer an identification number or code assigned by the commissioner of agriculture may be used to represent such manufacturer.

Subd. 2. **Frozen foods, restrictions.** (1) No person shall sell, advertise or expose for sale, or offer for sale a frozen food, or mix, or mix base therefor, unless it conforms to a standard of identity prescribed by the commissioner in accordance with law.

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(2) When ice milk is sold, offered or exposed for sale in a package form, there shall be conspicuously printed thereon in ink upon a contrasting background, in type not less than 24-point Gothic capitals, the words "ice milk." When ice milk is served to a consumer, the owner, operator or manager of such retail establishment shall have signs conspicuously posted on the inside of such retail establishment with lettering large enough to be distinctly seen and read containing the words "ice milk sold here." Such signs shall remain posted so long as ice milk is sold or offered for sale to consumers.

(3) No person shall sell, advertise or offer or expose for sale any imitation ice cream.

(4) No person shall sell, offer for sale or advertise for sale any frozen food or mix, or mix base therefor, if the brand name of the frozen food, or mix, or mix base or label upon it, or the advertising accompanying it, shall give a false indication of origin, character, composition, name of manufacturer, or is otherwise false or misleading in any particular.

32.63 PLANTS KEPT SANITARY.

Any plant or establishment for the manufacture of frozen foods, mix, ice cream mix, mix base, or ice cream mix base operated under the provisions of sections 32.56 to 32.64 shall be so located, constructed, and equipped that it may be kept in a clean and sanitary condition, in accordance with the rules promulgated by the commissioner in the manner provided by law.

32.64 PASTEURIZATION.

Subdivision 1. **Requirement; definition.** All mix or ice cream mix shall be pasteurized. Pasteurization is hereby defined as the process of heating every particle of mix or ice cream mix in properly operated equipment approved by the commissioner to such temperatures and holding for such times as have been recognized by the United States Public Health Service and which have been adopted by the commissioner in accordance with law. Nothing contained in this definition shall be construed as excluding any other process which has been demonstrated to be equally efficient and is approved by the commissioner.

Subd. 2. **Cooling.** Immediately after pasteurization such mix or ice cream mix shall be cooled in properly operated equipment approved by the commissioner to such temperature as the commissioner shall prescribe by rule and held at or below that temperature until frozen.

Subd. 3. **Record chart.** A recording thermometer record chart, properly dated, of each batch of mix or ice cream mix pasteurized for use in the manufacture of frozen foods, mix base, or ice cream mix base, shall be available at the plant of pasteurization at all reasonable times, for inspection by the Department of Agriculture.

Subd. 4. **Bacterial count tests.** At no time after pasteurization shall frozen foods, mix, ice cream mix, reconstituted mix base, or reconstituted ice cream mix base have a bacterial count or a coliform count exceeding standards set forth in rules adopted by the commissioner in accordance with law. Such tests shall be made of a representative sample of frozen foods, mix, ice cream mix, mix base, reconstituted mix base, ice cream mix base, or reconstituted ice cream mix base taken from an unbroken package in the possession of the manufacturer, but in the event that no unbroken package is available when sample is requested, then it shall be taken from a broken package in the possession of the manufacturer.

32.645 PENALTIES.

Subdivision 1. **Gross misdemeanor; license revocation.** Any person licensed under the provisions of sections 28A.04, 28A.14, and 32.56 who knowingly violates, or who directs or knowingly permits any officer, agent, or employee to violate, section 32.62, subdivision 2, clause (1) or (3), is guilty of a gross misdemeanor. For each subsequent offense, in addition to any fine or imprisonment imposed under this subdivision, upon conviction thereof, the commissioner of agriculture shall revoke or withhold issuing to such offender any license required under the provisions of sections 28A.04, 28A.14, and 32.56.

Subd. 2. **Lesser penalties.** Any person violating section 32.62, subdivision 2, clause (2) or (4), for each first offense is guilty of a petty misdemeanor and for each subsequent offense, is guilty of a misdemeanor.

32.70 DEFINITIONS.

Subdivision 1. **Application.** The definitions in this section apply to sections 32.70 to 32.74.

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Subd. 2. **Basic cost.** (a) "Basic cost" for a processor means the actual cost of the raw milk plus 75 percent of the actual processing and handling costs for a selected class I or class II dairy product.

(b) "Basic cost" for a wholesaler means the actual cost of the selected class I or class II dairy product purchased from the processor or another wholesaler.

(c) "Basic cost" for a retailer means the actual cost of the selected class I or class II dairy product purchased from a processor or wholesaler.

Subd. 3. **Bona fide charity.** "Bona fide charity" means a corporation, trust, fund, or foundation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes.

Subd. 4. **Processor.** "Processor" means a person engaged in manufacturing or processing selected class I or class II dairy products in the person's own plant for sale in Minnesota.

Subd. 5. **Producer.** "Producer" means a person who operates a dairy herd or herds in Minnesota producing milk or cream commercially and whose milk or cream is sold to, or received or handled by, a distributor or processor. "Producer" does not include an incorporated or unincorporated association of producers.

Subd. 6. **Responsible person.** "Responsible person" means the business entity that makes payment to an individual Grade A or Grade B milk producer.

Subd. 7. **Selected class I dairy products.** "Selected class I dairy products" means milk for human consumption in fluid form and all other class I dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40, or successor orders.

Subd. 8. **Selected class II dairy products.** "Selected class II dairy products" means milk for human consumption processed into fluid cream, eggnog, yogurt, and all other class II dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40, or successor orders.

Subd. 9. **Sell at retail; sale at retail; retail sales.** "Sell at retail," "sale at retail," and "retail sales" mean a retail sale or offer for retail sale of a selected class I or class II dairy product for ultimate consumption or use.

Subd. 10. **Sell at wholesale; sale at wholesale; wholesale sales.** "Sell at wholesale," "sale at wholesale," and "wholesale sales" mean sale or offer for sale of a selected class I dairy product for purposes of resale or further processing or manufacturing, but does not include a producer selling or delivering milk to a processor.

Subd. 11. **Wholesaler.** "Wholesaler" means a person including a distributor in the business of making sales of selected class I or class II dairy products, at wholesale in Minnesota. In the case of a person making sales at both retail and wholesale, "wholesaler" applies only to the sales at wholesale.

32.71 DUTIES AND POWERS OF THE COMMISSIONER; DATA PRIVACY.

Subdivision 1. **Duties; rules.** The commissioner shall adopt rules to implement and administer sections 32.70 to 32.74 as necessary.

Subd. 2. **Data privacy.** Financial and production information received by the commissioner on processors, wholesalers, or retailers including, but not limited to, financial statements, fee reports, price schedules, cost documentation, books, papers, records, or other documentation for the purpose of administration and enforcement of this chapter shall be classified private data or nonpublic data pursuant to chapter 13. That classification shall not limit the use of the information in the preparation, institution, or conduct of a legal proceeding by the commissioner in enforcing this chapter.

32.72 SALES BELOW COST PROHIBITED; EXCEPTIONS.

Subdivision 1. **Policy; processors; wholesalers; retailers.** (a) It is the intent of the legislature to accomplish partial deregulation of milk marketing with a minimum negative impact upon small volume retailers.

(b) A processor or wholesaler may not sell or offer for sale selected class I or class II dairy products at a price lower than the processor's or wholesaler's basic cost.

(c) A retailer may not sell or offer for sale selected class I or class II dairy products at a retail price lower than (1) 105 percent of the retailer's basic cost until June 30, 1994; and (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use any method or device in the sale or offer for sale of a selected dairy product that results in a violation of this section.

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Subd. 2. **Exceptions.** The minimum processor, wholesaler, and retailer prices of subdivision 1 do not apply:

- (i) to a sale complying with section 325D.06, clauses (1) to (4);
- (ii) to a retailer giving away selected class I and class II dairy products free if the customer is not required to make a purchase; or
- (iii) to a processor, wholesaler, or retailer giving away selected class I and class II dairy products free or at a reduced cost to a bona fide charity.

32.74 REDRESS FOR INJURY OR THREATENED INJURY.

A person injured by a violation of sections 32.70 to 32.74 may commence a legal action based on the violation in a court of competent jurisdiction and may recover economic damages and the costs of the action, including reasonable attorneys' fees. A person injured or who is threatened with injury or loss by reason of violation of sections 32.70 to 32.74 may commence a legal action based on the violation and obtain injunctive relief in a court of competent jurisdiction against persons involved in a violation or threatened violation of sections 32.70 to 32.74 to prevent and restrain violations or threatened violations of sections 32.70 to 32.74 without alleging or proving actual damages or that an adequate remedy at law does not exist, so that injunctive relief can be obtained promptly and without awaiting evidence of injury or actual damage. This injunctive relief does not abridge and is not in lieu of any other civil remedy provided in sections 32.70 to 32.74.

32.745 ANNUAL SUSPENSION OF DAIRY TRADE PRACTICES ACT.

The provisions of section 32.72 are suspended during the months of June, July, and August 1997, and for the month of June each year thereafter in honor of "Dairy Month."

32.75 RECOMBINANT BOVINE GROWTH HORMONE LABELING.

Subdivision 1. **Definition.** For purposes of this section and sections 32.103, 151.01, and 151.15, "recombinant bovine growth hormone" or "rBGH" means a growth hormone, intended for use in bovine animals, that has been produced through recombinant DNA techniques, described alternately as recombinant bovine somatotropin, or rBST.

Subd. 2. **Labeling.** (a) Products offered for wholesale or retail sale in this state which contain milk, cream, or any product or by-product of milk or cream, which have been processed and handled pursuant to the requirements of this section, may be labeled: "Milk in this product is from cows not treated with rBGH." Labeling of dairy products under this section which are offered for sale within this state may also include an indication that the milk used is "farmer certified rBGH-free." Products offered for wholesale or retail sale in this state need not contain any further label information relative to the use of rBGH in milk production.

(b) The label described in paragraph (a) may appear on the principal display panel, as defined in section 31.01, subdivision 22, of a packaged product, be conspicuously attached to the container of a bulk product, or appear in any advertisement, as defined in section 31.01, subdivision 26, for a product, including media advertising, or displays or placards posted in retail stores.

Subd. 3. **Affidavit; records.** (a) A dairy plant purchasing milk or cream to be used in products labeled pursuant to subdivision 2 shall require an affidavit approved by the commissioner from producers supplying such milk. This affidavit must be signed by the producer or authorized representative and state that all cows used in the producer's dairy operations have not and will not be treated with rBGH, without advanced written notice of at least 30 days to the dairy plant.

(b) Dairy plants shall keep original affidavits on file for a period of not less than two years after receiving written notice from the producer of anticipated rBGH use, as provided in paragraph (a). These affidavits and corresponding records must be made available for inspection by the commissioner. Dairy plants supplying milk or cream to a processor or manufacturer of a product to be labeled pursuant to subdivision 2, for use in that product, shall supply a certification to that processor or manufacturer stating that producers of the supplied milk or cream have executed and delivered affidavits pursuant to paragraph (a).

Subd. 4. **Separation of nontreated cows and milk.** All milk or cream from non-rBGH-treated cows used in manufacturing or processing of products labeled pursuant to subdivision 2, or milk or cream supplied by a producer under an affidavit pursuant to subdivision 3, must be kept fully separate from any other milk or cream through all stages of storage, transportation, and processing until the milk or resulting dairy products are in final packaged form in a properly labeled container. Records of the separation must be kept by the dairy plant

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and product processor or manufacturer at all stages and made available to the commissioner for inspection.

32.90 PENALTY.

Any person, firm, corporation, association or copartnership violating any of the provisions of this chapter or any amendatory act for which no specific penalty is provided shall be guilty of a misdemeanor.

41A.20 SIDING PRODUCTION INCENTIVE.

Subd. 6. **Appropriation.** A sum sufficient to make the payments required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated from the general fund to the commissioner.

41D.01 MINNESOTA AGRICULTURE EDUCATION LEADERSHIP COUNCIL.

Subd. 4. **Expiration.** This section expires on June 30, 2018.

383C.809 ST. LOUIS COUNTY; PARTITION FENCE CONTROVERSIES.

Notwithstanding chapter 344, when an owner or occupant of land in St. Louis County applies to the fence viewers for settlement of a partition fence controversy under chapter 344, the fence viewers shall not require an owner or occupant who can establish to the fence viewers that the establishing owner or occupant has no need for a fence to pay any share of the cost of construction or maintenance of the fence. If an owner or occupant is exempt from payment of any of the costs of a partition fence because the owner or occupant does not need the fence, but that owner's or occupant's circumstances change to include the need for a partition fence within seven years of completion of the partition fence, either owner or occupant may request the fence viewers to perform a reevaluation and reassignment of shares of the cost of construction and maintenance in accordance with section 344.06. If the landowners or occupants disagree about the need for a fence, it is a controversy under that section. A decision by the fence viewers of a controversy relating to a partition fence may include an assignment of shares of the cost of construction, repair, or maintenance of a partition fence in accordance with the need and benefit of each party. Except as provided in this section, all other controversies relating to partition fences shall conform to chapter 344.

583.22 DEFINITIONS.

Subd. 7b. **Necessary living expenses.** As used in section 583.27, "necessary living expenses" means a sum approximately equal to 1-1/2 times the amount to which the family would be entitled if eligible for payments under chapter 256J, unless limited by section 583.27, subdivision 1, paragraph (b).