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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2296

05/04/2015 Authored by Bly; Johnson, C.; Hansen and Poppe
The bill was read for the first time and referred to the Committee on Agriculture Finance

1.1 A bill for an act
1.2 relating to state government; modifying disaster recovery loan program for
1.3 farmers; appropriating money for avian influenza response activities; authorizing
1.4 transfers and payments; amending Minnesota Statutes 2014, section 41B.047,
1.5 subdivisions 1, 3, 4.

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

1.7 Section 1. Minnesota Statutes 2014, section 41B.047, subdivision 1, is amended to read:

1.8 Subdivision 1. **Establishment.** The authority shall establish and implement a
1.9 disaster recovery loan program to help farmers:

1.10 (1) clean up, repair, or replace farm structures and septic and water systems, as well
1.11 as replace seed, other crop inputs, feed, and livestock, when damaged by high winds,
1.12 hail, tornado, or flood; ~~or~~

1.13 (2) purchase watering systems, irrigation systems, and other drought mitigation
1.14 systems and practices when drought is the cause of the purchase; or

1.15 (3) replace flocks, make building improvements, or cover loss of revenue when the
1.16 loss or damage is due to the confirmed presence of the highly pathogenic H5N2 avian
1.17 influenza in a commercial poultry flock in Minnesota.

1.18 Sec. 2. Minnesota Statutes 2014, section 41B.047, subdivision 3, is amended to read:

1.19 Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

1.20 (1) meet the requirements of section 41B.03, subdivision 1;

1.21 (2) certify that the damage or loss was sustained within a county that was the subject
1.22 of (i) a state or federal disaster declaration or (ii) a peacetime emergency declaration
1.23 made by the governor under section 12.31;

1.24 (3) demonstrate an ability to repay the loan;

2.1 (4) have a total net worth, including assets and liabilities of the borrower's spouse
 2.2 and dependents, of less than \$660,000 in 2004 and an amount in subsequent years which
 2.3 is adjusted for inflation by multiplying that amount by the cumulative inflation rate as
 2.4 determined by the Consumer Price Index; and

2.5 (5) have received at least 50 percent of average annual gross income from farming
 2.6 for the past three years.

2.7 Sec. 3. Minnesota Statutes 2014, section 41B.047, subdivision 4, is amended to read:

2.8 Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with
 2.9 an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited
 2.10 to 45 percent of the principal amount of the loan or ~~\$50,000~~ \$200,000, whichever is less.
 2.11 The interest rates and repayment terms of the authority's participation interest may differ
 2.12 from the interest rates and repayment terms of the lender's retained portion of the loan, but
 2.13 the authority's interest rate must not exceed four percent.

2.14 (b) Standards for loan amortization shall be set by the Rural Finance Authority
 2.15 not to exceed ten years.

2.16 (c) Security for the disaster recovery loans must be a personal note executed by the
 2.17 borrower and whatever other security is required by the eligible lender or the authority.

2.18 (d) The authority may impose a reasonable nonrefundable application fee for a
 2.19 disaster recovery loan. The authority may review the fee annually and make adjustments as
 2.20 necessary. The application fee is initially \$50. Application fees received by the authority
 2.21 must be deposited in the revolving loan account established under section 41B.06.

2.22 (e) Disaster recovery loans under this program will be made using money in the
 2.23 revolving loan account established under section 41B.06.

2.24 (f) Repayments of financial assistance under this section, including principal and
 2.25 interest, must be deposited into the revolving loan account established under section
 2.26 41B.06.

2.27 Sec. 4. **AVIAN INFLUENZA RESPONSE ACTIVITIES; APPROPRIATIONS.**

2.28 (a) \$3,619,000 is appropriated from the general fund in fiscal year 2015 to the
 2.29 commissioner of agriculture for avian influenza emergency response activities. This is
 2.30 a onetime appropriation and is available until expended.

2.31 (b) \$1,853,000 is appropriated from the general fund in fiscal year 2015 to the Board
 2.32 of Animal Health for avian influenza emergency response activities. This is a onetime
 2.33 appropriation and is available until expended.

3.1 (c) \$103,000 is appropriated from the general fund in fiscal year 2015 to the
3.2 commissioner of health for avian influenza emergency response activities. This is a
3.3 onetime appropriation and is available until expended.

3.4 (d) \$350,000 is appropriated from the general fund in fiscal year 2015 to the
3.5 commissioner of natural resources for sampling wild animals to detect and monitor the
3.6 avian influenza virus. This is a onetime appropriation and is available until expended.

3.7 (e) \$544,000 is appropriated from the general fund in fiscal year 2015 to the
3.8 commissioner of public safety to operate the State Emergency Operation Center in
3.9 coordination with the statewide avian influenza response activities. Appropriations under
3.10 this paragraph may also be used to support a staff person at the state's agricultural incident
3.11 command post in Willmar. This is a onetime appropriation and is available until expended.

3.12 (f) The commissioner of management and budget may transfer unexpended balances
3.13 from the appropriations in this section to any state agency for operating expenses related
3.14 to avian influenza emergency response activities. The commissioner of management and
3.15 budget must report each transfer to the chairs and ranking minority members of the senate
3.16 Committee on Finance and the house of representatives Committee on Ways and Means.

3.17 **Sec. 5. RURAL FINANCE AUTHORITY; APPROPRIATION.**

3.18 \$10,000,000 is appropriated in fiscal year 2015 from the general fund to the
3.19 commissioner of agriculture for transfer to the rural finance authority revolving loan
3.20 account under Minnesota Statutes, section 41B.06, for the purposes of disaster recovery
3.21 loans under Minnesota Statutes, section 41B.047.

3.22 **Sec. 6. CONTINGENT ACCOUNTS.**

3.23 The commissioner of management and budget may transfer available funds in the
3.24 general fund contingent account to any state agency for operating expenses relating to avian
3.25 influenza emergency response activities. Before making a transfer under this section, the
3.26 commissioner must provide notice of the transfer to the Legislative Advisory Commission
3.27 under Minnesota Statutes, section 3.30. The commissioner shall report to the Legislative
3.28 Advisory Commissioner on transfers made under this section by January 15, 2016.

3.29 **Sec. 7. DISASTER CONTINGENCY ACCOUNT FOR AVIAN INFLUENZA.**

3.30 Notwithstanding Minnesota Statutes, section 12.221, subdivision 6, for fiscal years
3.31 2016 and 2017 only, the disaster contingency account, under Minnesota Statutes, section
3.32 12.221, subdivision 6, may be used to pay for the costs of eligible avian influenza
3.33 emergency response activities. By January 15, 2018, the commissioner of management

4.1 and budget must report to the chairs and ranking minority members of the senate Finance
4.2 Committee and the house Committee on Ways and Means on any amount used for avian
4.3 influenza emergency response activities under this section.

4.4 Sec. 8. **EFFECTIVE DATE.**

4.5 This act is effective the day following final enactment.