

2019 Special Session, Agriculture and Housing Budget Bill, Summary of Policy Articles

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ARTICLE 2. AGRICULTURE STATUTORY CHANGES

Section 1 [Agriculture emergency account] modifies spending authorization from the agriculture emergency account to be used only for responding to emergencies.

Section 2 [Livestock investment grants] provides that costs incurred to acquire the perimeter fences that are required by law for farmed Cervidae are eligible for livestock investment grants awarded by MDA.

Section 3 [Prohibited pesticide use] provides for an enhanced monetary penalty assessed by MDA against a person who applies a pesticide in a manner that results in damage to an adjacent state park, state forest, or other properties in the state outdoor recreation system.

Sections 4 to 8 [AFREC extension] extends the 40 cent per ton fertilizer surcharge and the Agricultural Fertilizer Research and Education program an additional five years to 2025 and allows for projects related to metropolitan fertilizers.

Section 9 [Enhanced penalty] allows the MDA to double the monetary penalty for a person who applies a pesticide in a manner that results in damage to adjacent state outdoor recreation land.

Section 10 [Industrial hemp definition] modifies the definition of “industrial hemp” to include seeds and plant derivatives.

Section 11 [Hemp possession] authorizes possession of industrial hemp that was lawfully grown in another state.

Section 12 [Food handler fees] eliminates gross sales of liquor from the calculation of gross sales to determine the fee charged for liquor stores making their own ice.

Sections 13 and 14 [Livestock expansion program] provides clarifying language that modernization is a part of the RFA's livestock expansion program.

Section 15 [Livestock equipment loan program] clarifies that the RFA's livestock equipment loan program may be used for robotic milking equipment.

Section 16 [Pasture definition] combines two existing definition of "pasture" for the purposes of the feedlot program and adds a category of sacrificial areas as temporarily exempt from vegetation requirements.

Section 17 [Feedlot regulation] provides that a feedlot permit cannot include restrictions on pastures owned or utilized by a feedlot operator other than restrictions in a manure management plan and strikes one of the definitions of "pasture" in current law.

Section 18 [Pasture definition] strikes a definition of "pasture" in current law.

Section 19 [Industrial hemp rules] allows for use of the expedited rulemaking process for industrial hemp rules to conform to the 2018 Federal Farm Bill.

Section 19 [Industrial hemp plan and report] direct the MDA to apply to the United States Department of Agriculture (USDA) for primary regulatory authority over industrial hemp in Minnesota, develop a framework for regulating the possession, and report this recommended framework to certain legislative committees no later than February 15, 2020.

Section 20 [Emerging farmers report] directs the MDA to examine how best to cultivate and support emerging farmers and to report findings to certain legislative committees by February 1, 2020.

Section 21 [Nursery stock report] directs the MDA to report on recommendations to certain legislative committees by March 1, 2020, on regulatory oversight of nursery stock labeled as beneficial to pollinators.

ARTICLE 2. BIOINCENTIVE PROGRAM CHANGES

Section 1 [Advanced biofuel definition] modifies the definition of "advanced biofuel" for the purpose of the advanced biofuel bioincentive program.

Section 2 [Biomass definition] defines "biomass" for the purpose of the three Bioeconomy producer incentive programs.

Section 3 [Renewable chemical definition] modifies the term "renewable chemical" for the purpose of the three Bioeconomy producer incentive programs.

Section 4 [Advanced biofuel producer payments; minimum production level] decreases the minimum advanced biofuel production level to 1,500 million metric British thermal units

(MMbtu) from 23,750 MMBtu to be eligible for producer payments. This section also makes technical changes.

Section 5 [Advanced biofuel producer payments; raw materials] adds oil and animal fats as raw materials that may be used to produce advanced biofuel and be eligible for producer payments. This section also eliminates the first-come, first-served basis for payments and provides for pro rata distribution when shortfalls in funding occur.

Section 6 [Cellulosic biomass requirements; advanced biofuels] makes technical and clarifying changes related to advanced biofuel production incentive payments.

Section 7 [Renewable chemical producer payments; minimum production level] decreases the minimum renewable chemical production level to 250,000 pounds from 750,000 pounds to be eligible for producer payments. This section also makes technical changes.

Section 8 [Renewable chemical producer payments clarification] clarifies blending of renewable chemicals and the eligibility for payment. This section also eliminates the first-come, first-served basis for payments and provides for pro rata distribution when shortfalls in funding occur.

Section 9 [Cellulosic biomass requirements; renewable chemicals] makes technical and clarifying changes related to renewable chemical production incentive payments.

Section 10 [Biomass thermal; eligibility] makes technical changes to the biomass thermal incentive payment eligibility.

Section 11 [Biomass thermal producer payments clarification] makes technical changes to the biomass thermal production incentive eligibility. This section also eliminates the first-come, first-served basis for payments and provides for pro rata distribution when shortfalls in funding occur.

Section 12 [Cellulosic biomass requirements; biomass thermal] makes technical and clarifying changes related to biomass thermal production incentive payments.

ARTICLE 4. GRAIN BUYERS AND GRAIN WAREHOUSES

{Note that all of the sections in this article are effective July 1, 2020}

Section 1 [Applicability] extends applicability of an existing set of defined terms under the grain buyers law to include a new section created at the end of this article.

Section 2 [Grain buyers law; cash sales] clarifies the definition of “cash sale” under the grain buyers law.

Section 3 [Technical] removes an outdated reference to an entity that does not exist today.

Section 4 [Grain buyers and storage account] establishes examination fees for grain buyers that is similar to what is required for grain storage facilities and provides that interest earned on the grain buyers and storage account is credited to the account.

Section 5 [Grain buyers bond requirements] exempts grain buyers that only buy up to \$100,000 in cash grain purchases in a year from the bond requirements and strikes obsolete language.

Section 6 [Cash sales payment method] allows for a wire or mail payments to be considered cash sales.

Section 7 [Financial statement review and audit] requires a reviewed financial statement for all grain buyers and storage licensees with purchases under \$5 million annually and an audited financial statement for buyers and storage licensees with purchases of \$5 million or more annually. This section also: requires any board of directors to sign the financial statement; exempts grain buyers that only buy up to \$100,000 in cash grain purchases in a year from the financial statement requirements; and requires the commissioner to annually provide information on the fiduciary duties to all persons required to sign financial statements.

Sections 8 to 9 [Oral contracts; voluntary extension of credit] provide that a written confirmation of an oral contract to buy grain through a voluntary extension of credit must be confirmed in writing within ten days and signed by both parties.

Section 10 [Rules] extends rules under the grain buyers law to include a new section created in the grain buyers law.

Section 11 [Examination] establishes an annual examination requirement under the grain buyers law.

Section 12 [Technical] removes an outdated reference to an entity that does not exist today.

Sections 13 and 14 [Definitions; grain storage law] define “grain bank” and “temporary storage” for the purposes of the grain storage law.

Section 15 [Supplemental examinations] requires that any supplemental examinations of grain storage facilities must be conducted by the MDA and provides that interest earned on the grain buyers and storage account is credited to the account.

Section 16 [Bond alternative] allows grain storage facilities to deposit an irrevocable letter of credit in lieu of a bond.

Section 17 [Grain considered stored] provides that all grain in temporary storage must be owned by the grain storage licensee and that grain assigned to a grain bank is stored grain.

Section 18 [Schedule of examinations] eliminates the required second annual examination and provides that the need for additional examinations of grain storage facilities will be determined

by the commissioner of agriculture and provides that the financial reporting requirements for grain buyers also applies to grain storage facilities.

Section 19 [Fiduciary information] directs the MDA to work with the Minnesota State Bar Association to develop information on fiduciary duties for grain buyers and storage facilities.

ARTICLE 6. HOUSING STATUTORY CHANGES.

Section 1 [Trailer use] provides for the overdimensional loads containing buildings, including modular and manufactured homes.

Section 2 [Manufactured home installer license fees] reduce the license fee for manufactured home installers to \$180 from \$300.

Section 3 [Definition] defines “modular home” for the purposes of the manufactured home park law as single-family dwellings that are substantially manufactured or constructed at an off-site location with final on-site assembly and attached to a permanent foundation site.

Section 4 [Placement of modular homes] provides that modular homes may be placed in manufactured home parks and classified as a manufactured home with prior approval of a manufactured home park owner and is subject to all rights, obligations, and duties of a manufactured home under state law.

Section 5 [Manufactured home installer license] modifies the licensing fee provisions for manufactured home installers to be consistent with other fee provisions.

Section 6 [Definition] defines “representative acting on behalf of residents” as a person or organization who represents more than half of the manufactured home park when trying to purchase the park for the owners.

Section 7 [Conversion of use; minimum notice] requires a 12 month notice, instead of the existing nine month notice, for conversion of a manufactured home park to another use, and requires the resident to have 90 days instead of 60 days after the public hearing to vacate the home park. This section also requires the closure statement to include the closure date, and to reissue the notice of closure in certain circumstances.

Sections 8 and 9 [Technical] broadens the section to include any local authority instead of municipalities only.

Section 10 [Manufactured home park closing; neutral third party] provides that a qualified neutral third party for the purposes of manufactured home park closings must be familiar with manufactured housing and the closing provisions of Minnesota law. The neutral third party must keep a detailed accounting of all payments from the manufactured home trust fund and provide the information to the manufactured park owner, the local authority, and the Housing Finance Agency.

Section 11 [Manufactured home park closing; intent to convert use] prohibits the park owner from entering a purchase agreement to sell or convert the park to another use for 45 days, except that they can enter an agreement to sell the park to the residents of the park if the residents of the park can make an offer to meet the cash price and other terms and conditions of the sale. Requires the park owner to negotiate in good faith and to allow the representative a reasonable period to access the information necessary to make a decision about the purchase of the manufactured home park.

Section 12 [Conversion of use of park after purchase] prohibits a manufactured home park from providing the conversion notice to residents for 12 months if the park did not provide the proper notice required in section 6.

Section 13 [Effect of noncompliance] contains clarifying changes.

Section 14 [Affidavit of compliance] clarifies who should record an affidavit of compliance and that the affidavit is presumptive evidence of compliance with the park owner providing the notice to the residents of the intent to convert the manufactured home park required in this article.

Section 15 [Manufactured home relocation trust fund] clarifies that manufactured home owners who do not submit their assessment to the park owner are not eligible for payment from the compensation fund, increases minimum balance in the fund to \$2 million from \$1 million, and waives the annual assessment for any manufactured home park owner who has not received an assessment from the Commissioner of Management and Budget by July 31.

Section 16 [Relocation expenses; report] requires the neutral third party to process reimbursement payments within 14 days; increases the maximum amount that may be deducted for demolition and removal of a manufactured home to \$1,500 from \$1,000 when a manufactured home owner tenders title to the home in lieu of moving; moves the date required for the manufactured home relocation trust fund annual report to October 15 each year; and provides additional information on the annual manufactured home relocation trust fund annual report.

Section 17 [Reporting on manufactured home parks] requires the Department of Health and delegated local authorities to annually report to the Department of Management and Budget with the names, addresses, and other data on manufactured home parks licensed by the department or local authority.

Sections 18 and 19 [Housing improvement areas] clarifies that the housing improvement area process may be used by cities or other housing authorities to pay for improvements and assessed on the properties.

Section 20 [Manufactured home individual assistance grants] corrects the reference to the national standard for manufactured homes for down-payment assistance grants.

Section 21 [Manufactured home park infrastructure grants] adds park acquisition as eligible for the manufacture home park infrastructure grants.

Section 22 [Homeownership education, counseling, training, and capacity building grants; reporting] provides specific information that must be provided to the MHFA in an annual report by organizations receiving homeownership education, counseling, training, and capacity building grants, including evidence of the organization’s standing with the Department of Revenue and the Secretary of State. The MHFA is required to report each year on the information received to legislative housing committee and division members. An organization that does not report all of the information required is prohibited from future state funding.

Section 23 [Biennial report of the MHFA] requires information for each of the MHFA’s programs on the cost per unit of housing and the cost per square foot.

Section 24 [Federal tax credit allocation] amends the qualified allocation plan (QAP) for federal tax credits to remove the 2018 changes restricting conditions on the MNFA.

Section 25 [MHFA grants and loans; priorities] provides a goal for the MHFA of a reasonable balance in issuing loans and grants to metro and nonmetro areas and post on their website any scoring used to rank applications after final decisions are made after July 1, 2020.

Section 26 [Economic development and housing challenge grants] specifies that the economic development and housing challenge grant program is not subject to broad interpretation.

Section 27 [Advances to the manufactured home relocation trust fund] allows for advances of up to \$400,000 from state appropriations to the manufactured home relocation trust fund, if the balance in the fund is insufficient to pay all claims. All advances would be reimbursed.

Section 28 [Workforce and affordable homeownership development program] allows grants to cities and tribal governments under the workforce and affordable homeownership development program.

{Minnesota Bond Allocation Act changes, sections 29 to 55: all sections are effective on January 1, 2020}

Sections 29 to 36 [Definitions] defines “aggregate bond limitation,” “AMI” (area median income), “LITHC,” “preservation project,” “30 percent AMI residential rental project,” “50 percent AMI residential rental project,” “100 percent LIHTC project,” and “20 percent LIHTC project” for the purpose of issuing residential rental housing bonds under the Minnesota Bond Allocation Act. Note that the definition for “aggregate bond limitation” provides a 55 percent limit on use of the bonds for residential rental projects.

Section 37 [Single family housing set aside; bond allocation] reduces the single family housing set aside for housing bond pool allocations to 27 percent from 31 percent for the next two bond allocation cycles.

Section 38 [Entitlement reservation] provides for release of entitlement issuers bond allocation on the last Monday in June instead of July 15. Most of the following section make similar date changes related to this change in addition to the other changes.

Section 39 [Small issue and public facilities pool] eliminates any reference to the housing pool that is being created separately in the next section.

Section 40 [Allocation application; housing pool] establishes a separate process for applying for allocations from the housing pool for residential rental projects.

Section 41 [Housing pool allocation] eliminates the delay in senior residential rental property projects to after May 15, and establishes priorities for funding projects based on the new terms defined: (1) preservation project; (2) 30 percent AMI residential rental project; (3) 50 percent AMI residential rental project; (4) 100 percent LIHTC project; (5) 20 percent LIHTC project; (6) other residential rental projects.

Sections 42 to 44, 46, 47, 49, and 51 to 55 [Conforming changes] make conforming changes to the Minnesota Bond Allocation Act to reflect the date changes and the separation of the process for housing bonds.

Section 45 [Return of allocation] provides for reallocation procedures for the housing pool that depend on when during the year an allocation is cancelled and returned for reallocation. Provides for return of the application deposit on a return for reallocation; the amount of the deposit return declines as time passes.

Section 48 [Application for residential rental projects; unified pool] modifies the general application process for the unified pool to apply to residential housing projects using the new defined terms. This section also eliminates the need to state whether the project is senior housing.

Section 50 [Allocation procedure; unified pool] provides a priority for housing projects based on whether it is a: (1) preservation project; (2) 30 percent AMI residential rental project; (3) 50 percent AMI residential rental project; (4) 100 percent LIHTC project; (5) 20 percent LIHTC project; (6) other residential rental projects. This section also provides for random selection when two residential rental housing projects are on the same priority level and the bonding authority is not available for both; and that projects that do not receive funding will be funded in the future before new projects at the same priority level.

Section 56 [Written lease required] requires leases to identify the specific unit that will be rented in a lease between a tenant and a landlord when the building has 12 or more units.

Section 57 [Lease duration notice] creates new lease requirements that require the date a tenant will move in and move out of a unit must be written on the first page of the lease and if the move in or move out date are not on the first or last day of the month, then the terms of the lease must indicate if the rent is prorated.

Section 58 [Time period for notice to quit or rent increase]

Subd. 1. Application. Provides that this section applies to residential leases only when the lease requires different periods of time for landlords and tenants to provide notice related to renewing the lease, moving out, or changing the rent.

Subd. 2. Tenant option to choose notice period. Allows tenants to choose to use the time period the landlord has to give notice that a lease is ending or that the rent is increasing when the tenant is giving notice to move out.

Subd. 3. Landlord notice requirements. Prohibits a landlord from giving a tenant notice that they need to move out or give the tenant a rent increase that is shorter than the notice the tenant has to give to the landlord letting them know they are planning to move out.

Section 59 [Technical] corrects a term.

Section 60 [Itasca County license fee increase] creates a special local law for Itasca County that allows the county to limit future license fee increases to ten percent annually on homeowners who pay an annual license fee to the owner of the underlying property.

Section 61 [Repealer] repeals the statutory form for a recorded notice.