



March 9, 2023

Senate State and Local Government and Veterans Committee  
Chair Erin Murphy  
3211 Minnesota Senate Building  
St. Paul, MN 55155

Dear Chair Murphy, Ranking Member Anderson and Members of the Committee,

The Minnesota Corn Growers Association and the Minnesota Soybean Growers Association respectfully submit the following written testimony on SF 2584, the Clean Transportation Standard Act.

The Minnesota Corn Growers Association (MCGA) represents nearly 7,000 dues-paying corn farmer members and the Minnesota Soybean Growers (MSGA) represents nearly 2,500 dues-paying soybean farmer members. Our members are proud of their contribution towards raising crops that are primary feedstocks for Minnesota's robust biofuels sector that provide multiple benefits to Minnesota's economy and environment including cleaner air, lower transportation sector carbon emissions and reduced fuel costs for consumers and business.

Our associations are opposed to SF 2584, as introduced. SF 2584 proposes to establish a Clean Transportation Standard, also referred to as Low Carbon Fuel Standard (LCFS). Although we appreciate the Minnesota Senate considering legislation that recognizes the valuable contributions that today's production of ethanol, biodiesel, renewable diesel and other low-carbon liquid biofuels can help to meet Minnesota's greenhouse gas emission reduction goals in the transportation sector, we have several concerns with the bill.

1. SF 2584 leaves several important policy design considerations to be determined through agency rulemaking instead of detailing important aspects of the policy as determined by the Legislature. It is our position that if we are to enact a truly fuel-neutral policy where all low-carbon fuel alternatives compete on a level-playing field, the Legislature should determine policy design

questions and not leave critical aspects up to administrative rulemaking. We acknowledge that there is a role for agency rulemaking for a complicated multi-faceted transportation emission reduction policy, but the legislature must give more direction to ensure a technology and feedstock neutral low carbon fuel program. Given the number of provisions that deal directly with agriculture, we question if the Minnesota Pollution Control Agency (MPCA) is the appropriate agency to administer a program that, among other things, would provide credits for specific types of agriculture production or develop procedures to verify carbon intensity reductions from agricultural feedstocks.

2. We agree with the principle of a technology and feedstock neutral low carbon fuel program - if the state choose to adopt one. SF 2584 is neither technology nor feedstock neutral. Subd 7, lines 5.7-5.13 prohibit certain technologies and crops from generating credits under a low carbon fuel program. Further, the bill defines (lines 1.12-1.16) the GREET model as the definitive tool to do the measurement, but also leaves it up to agency rulemaking to adapt the model for Minnesota. We have witnessed in other jurisdictions such as California, that when the GREET model has been adapted for state use, indirect land use change penalties have created an unequal playing field in evaluating lifecycle emissions among low carbon fuel options resulting in a competitive disadvantage for biofuels. A market-based low carbon fuel policy must be based on a consistent carbon performance standard and ensure equal metrics in measurement of carbon intensity, including treatment of direct and indirect emissions of vehicle technologies and fuels.

The prohibition from the generation of credits laid out in Subd 7 (2) (ii) unfairly hurts farmers in a number of scenarios. Without a definition of "cropping history" this bill is vague and can have some very severe unintended consequences. MCGA and MSGA have worked with the Minnesota Department of Agriculture to promote young and emerging farmers in the state. This prohibition would prevent them from participating in this market regardless of how low their carbon footprint is. This means that current farmers would have an even bigger advantage at renting or buying ground as they could pay more since they have a federal cropping history where a new farm would not. In addition a farmer who tries to re-enroll acres in CRP but is not able to because the program is full or underfunded, would now have that revenue source shut off for five years regardless of the carbon intensity of their farming method. Models used to look at a fuels intensity already look at indirect land use change and this prohibition from generating credits either excludes certain farmers or best case gives them a double penalty. This provision unfairly punishes young and emerging farmers as well as farmers that made decisions to enroll in federal programs years before this legislation was introduced for no discernable reason since indirect land use change is already accounted for in every fuel carbon intensity model.

3. SF 2584 contains several sections that deal directly with agriculture and includes provisions that will have a direct impact on the major feedstock suppliers (corn and soybean farmers) for low carbon liquid fuels, including a system of credit premiums (Subd 7, lines 5.14-5.18). The system

proposed in the bill represents a misunderstanding of how agricultural feedstocks are bought and sold and could jeopardize federal crop insurance coverage for major commodity crops, which is the primary safety net for Minnesota farmers.

4. Subd.7, paragraph (b), lines 5.19-5.23 would charge the MPCA, in consultation with several other agencies to “establish methods to verify credit premiums.” However, the current language is too general and doesn’t provide enough direction on what those methods might be beyond satellite and aerial verification. There is no language providing for the protection of farm level data. As agriculture has adopted technology including precision agriculture, soil sampling with grid maps and GPS positioning to apply nutrients only to the areas of field where it is most needed, data has become a valuable asset for modern agriculture and the current language does not provide any protection for level data. Further, not all activities eligible for a credit premium cannot be easily verified by satellite.
  
5. MCGA and MSGA are supportive of incentives for soil health farming practices. Our associations are supporters of SF 1245, a bill championed by Senator Gustafson to expand a soil health grant program the Minnesota Department of Agriculture. Practices such as reduced tillage, cover crops or improvement nutrient management or the addition of manure as a fertilizer source for crops require an upfront capital investment by farmers for new equipment and we believe a stronger approach to increase soil health implementation is through direct financial assistance rather than a credit premium as outlined in SF 2584. The current definition of soil health farming practices on lines 3.1 through 3.9 of SF 2484 does not include the full width and breadth of soil health practices contained in separate legislation under consideration by the Senate Agriculture committee and is a good example of why this legislation should also be considered by the Senate Agriculture Committee.

The five concerns above outline our top concerns with the current draft of SF 2584, although it doesn’t capture every concern we have with the bill. We appreciate the opportunity to submit written testimony and if you have specific questions you can contact Amanda Bilek, Senior Public Policy Director for MCGA at [abilek@mncorn.org](mailto:abilek@mncorn.org) or Joe Smentek, Executive Director for MSGA at [jsmentek@mns soybean.com](mailto:jsmentek@mns soybean.com).