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RE: Permitting reform legislation (HF 8)

Dear Members of the House Environment and Natural Resources Committee:

Agriculture annually contributes approximately 330,000 jobs and \$40.3 billion in economic activity in Minnesota. Yet, Minnesota, along with the United States, is amid a Great Farm Recession. Inflation, extreme weather events, major animal health events, turmoil in global markets, and disruptions in supply chains have created a perfect storm for farm families and the local businesses that serve them. On average, net farm income has decreased by nearly 24% over the past two years, and there will be no relief in sight in 2025.

Coming out of a Great Farm Recession will not be easy, but there are some significant reforms that Minnesota can do in a bipartisan manner to help stimulate Greater Minnesota and our agriculture and agribusiness economy.

Last year, the legislature made numerous improvements to the permitting process for new renewable energy projects. Now, we have an immense chance to make additional permitting improvements that will create new and expanded economic opportunities for agriculture and livestock operations throughout Minnesota, including anaerobic digesters to capture methane from food and animal waste, the next generation of biofuel and sustainable aviation fuel facilities, and green hydrogen and ammonia projects to support energy storage and shipping fuel.

Improving Minnesota's permitting process is not a partisan issue. It is essential that legislators from both parties, as well as state agencies, are actively engaged in the reform discussions. AgriGrowth considers permitting reform if it is centered on three key areas:

Focus on the permitting process, not environmental standards

Permitting reform must focus on agency timelines to create more certainty for project proposers, existing permit holders, stakeholders, and local communities. Permitting reform is not about deregulating industries or loosening federal and state environmental standards.

Lean into technology and innovation

Governor Tim Walz's recently proposed budget included funding for the MPCA to conduct a pilot study to determine if AI can improve the permitting process. Around the country,

states and municipalities are leaning into technology and AI to help improve transparency and timeliness in the permitting process. The State of Virginia created a transparency platform that lets applicants track their application's daily status and the timeline of critical permit steps. The platform shows each step and who owns it, whether a state agency or the applicant. In Hawaii, the City of Honolulu uses AI to ensure permit applications meet all necessary requirements before being transferred for completion. Technology, not additional staffing, can better address our permitting challenges.

Ensure reforms benefit Minnesota farms

The state's onerous permitting process majorly impacts Minnesota's livestock industry. Costs and timelines associated with environmental review and permitting have resulted in few new or expanded feedlots constructed in Minnesota. In fact, Minnesota saw less than a dozen new or expanded dairies, swine, and poultry feedlots built in the past decade.

Much of the permitting reform discussion has centered around the Minnesota Pollution Control Agency's (MPCA) timeliness for air and wastewater permits. While those permits are essential to many in agriculture, they do not adequately address the numerous pinch points in the permitting process. The legislature has an opportunity to improve the environmental review process, including creating an exception process to determine whether an Environmental Assessment Worksheet must be created because the proposed project is similar to other approved projects.

In addition, the Minnesota Department of Natural Resources' (DNR) ability to complete aquifer tests and issue water appropriation permits on time has become a serious concern impacting Minnesota's farm economy. Permitting reform must also address DNR's processing of water appropriation permit applications.

AgriGrowth looks forward to engaging with lawmakers over the coming weeks to help answer any questions and provide additional context on why these reforms are important to Minnesota's agriculture and agribusiness economy.

Best wishes,

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