



STU LOUREY
GOVERNMENT RELATIONS
DIRECTOR
 stu@mfu.org

As I write this on May 1, the state legislature is set to adjourn in just three weeks and lawmakers need to complete their work to craft a spending, tax and policy package that will make up the state budget for the upcoming two years.

You can read the latest on legislative work at www.mfu.org/category/legislative, but here's a look at where things stand with three weeks to go.

On April 25, MFU President Gary Wertish spent the early afternoon sitting down with Gov. Tim Walz, Senate Ag Chair Aric Putnam, DFL-St. Cloud; House Ag Chair Samantha Vang, DFL-Brooklyn Center; House Ag Ranking Member Paul Anderson, R-Starbuck, and Commissioner Thom Petersen to talk about the session as part of a Linder Farm Network noontime program. This provided the opportunity to recap a busy week that included both ag bills passing and heading to conference committee.

"There are differences in these budgets, but it's clear that legislators were listening to farmers when they drafted these bills," Wertish said following the 70-58 passage of the House bill on April 20.

The Senate passed Chair Putnam's proposal (SF1955) on a broad bipartisan basis with a vote of 58 to 7 on April 13.

Both bills total around \$445 million, including a \$48 million increase to ag programs over the next biennium in alignment with joint spending targets agreed to by the governor and legislative leaders. In all, both bills align well with the priorities MFU brought into session including investing in a grain indemnity fund, expanding local and regional meat processing, supporting new and emerging farmers, soil health, biofuels infrastructure, cooperative

As session nears the finish line, grain indemnity fund still in play

development, emergency preparedness, and other programs.

The policy and spending differences between the House and Senate proposals will be debated and approved by a conference committee, which includes:

- Senate Agriculture Committee Chair Aric Putnam, DFL-St. Cloud
- Senate Agriculture Committee Vice Chair Rob Kupec, DFL-Moorhead
- Senate Agriculture Committee Ranking Member Torrey Westrom, R-Elbow Lake
- House Agriculture Committee Chair Samantha Vang, DFL-Brooklyn Center
- House Agriculture Committee Vice Chair Kristi Pursell, DFL-Northfield
- House Agriculture Committee Ranking Member Paul Anderson, R-Starbuck

A main point of debate could be House language directing the Minnesota Department of Agriculture (MDA) to establish a systemic pesticide-treated seed program to conduct research, establish best management practices and develop science-based recommendations for the use of treated seed. This is a less ambitious proposal than that originally brought forward by House Environment Chair Rick Hansen, DFL-South St. Paul, which would have required new regulatory restrictions and formal verification of need for the use of treated seed (HF2472).

A second difference is the House language that would restructure the Board of Animal Health (BAH). The proposal would expand the board's membership to 11 and remove the requirement that members be live-stock producers or licensed veterinarians.

"This board makes devastatingly consequential decisions for livestock producers," Wertish said in his letter explaining our concerns with this proposal. "We believe that [the proposed] "knowledgeable in animal agriculture, animal health or pets and companion animals" is too loose a

definition to guarantee that [the board's] decisions will be informed by science and knowledge of current management practices."

During his interview on Linder Farm Network, Commissioner Petersen suggested the potential to add one new member to the BAH to help bring knowledge of companion animal health and to make voting easier with seven members.

Grain indemnity fund

A big spending item in both bills is the state's initial investment to establish the grain indemnity fund. The Senate proposed \$14 million and the House proposed \$5 million. The fund—which will protect farmers who are caught up in elevator collapses—is capped at \$15 million and assessments on sold grain will 'click on' when the fund dips below \$9 million. An investment above that lower threshold will not only make the fund immediately solvent, but also ensure that fees are not assessed on sold grain starting in 2024.

When thinking about assessments on sold grain serving as the long-term funding mechanism for the fund, MFU, the soybean growers, and legislative champions have been quick to point out:

- Farmers are already paying for the current, failed system that this proposal would replace. According to MDA, the industry pays between \$500,000 and \$2.5 million for bonds every year. This cost is passed onto producers and in exchange for next to no protection—11 cents on the dollar on average.
- Premiums would only 'click on' in years when this fund dips below \$9 million and remain in effect until the fund reaches \$15 million. Unlike bonds, which are an annual cost, farmers would only need to contribute when there's a draw on the fund.

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phones, laptops and home appliances. As I wrote last month, Right to Repair is an issue that isn't going away because of the MOUs the American Farm Bureau Federation signed with John Deere and Case New Holland. Similar deals were agreed upon in 2018 and they amounted to empty promises. We expect much the same this time.

Farmers Union is asking for legislation to allow farmers and independent mechanics to work on farm equipment. Now, the original equipment manufacturers and their dealerships have a monopoly on repairing equipment. Without Right to Repair, smaller and midsized farmers are at a competitive disadvantage, because the dealership has a financial incentive to take care of its larger customers first.

In the spring and fall, farmers don't want to wait for the equipment dealership to fix someone else's tractor when they could take their tractor to an independent repair shop and get back to work faster. It's all about having a competitive marketplace where farmers decide where to get their equipment fixed. Farmers need and work with their dealerships, but want more options in a competitive marketplace. At present, farmers are held captive and don't have any other options for equipment repairs.

I'll have more information about the legislative session in next month's issue and I'll also tell you about my trip to South Africa to attend the World Farmers Organization general assembly. Until then, be safe out there and enjoy summer in Minnesota.

Legislative update

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- Premiums would be set by the agriculture commissioner and capped at \$20 per \$10,000 of marketed grain. But they would likely be much lower. For example, if the fund was drawn down to \$5 million and required \$10 million, it would result in premiums of about \$7 per \$10,000 of marketed grain.
- Finally, there is an opt out provision where farmers can get their contribution back in exchange for no protection from the fund.

All that said about key differences, the bills went into conference. Predictions are always risky, but I believe farmers should count on a smooth and efficient process for developing a final package for agriculture.

Taxes, healthcare and RFA funding

The Senate tax proposal was the last bill from either the House or Senate to be unveiled this session.

If passed, the proposal would amount to the largest tax cut in state history. The proposal (SF1811) from Chair Anne Rest, DFL-New Hope, addresses MFU priorities. These include:

- Extending and expanding the Beginning Farmer Tax Credit by eliminating the sunset on the program, allowing family members to use the credit for sale of ag land to assist in generational farm transition, increasing the credit for sale of agriculture assets from 5 percent to 8 percent and up to \$50,000, and increasing the credit for sale of agricultural assets to Black, Indigenous and farmers of color from 5 percent to 12 percent and up to \$50,000. This bill (SF1879) was carried by Putnam and multiple MFU members testified in support throughout the session. This was also included in the House Tax proposal sponsored by Rep. Aisha Gomez, DFL-Minneapolis.
- Funding Soil and Water Conservation Districts (SWCDs) through a new local government aid program to provide them with stable, long-term funding.

- Increasing the first-tier ag homestead limit from \$2.15 million to \$3.5 million to better keep pace with skyrocketing land values and provide needed property tax relief. This bill was carried by Sen. Bill Weber, R-Luverne, and was not heard in the House. As the tax proposals move forward, MFU will continue to advocate to see that these priorities are included in a final package.

On healthcare, the Minnesota Senate passed a proposal (SF2995) by Chair Melissa Wiklund, DFL-Bloomington, to set the course toward a MinnesotaCare public option that would allow farmers and others to 'buy-in' to the longstanding program which covers lower-income Minnesotans. Members may have also heard about the state's effort to establish a Prescription Drug Affordability Board (PDAB) to rein in drug prices that are a principle driver of healthcare costs. Unsurprisingly, the industry trade group for the pharmaceutical companies (PhRMA) have launched an expensive public campaign targeting lawmakers in swing districts.

Thankfully, legislative champions are undeterred.

"Boy did we make some folks mad. And we made the right folks mad," said Sen. Grant Hauschild, DFL-Hermantown, in a press conference ahead of the Senate vote on this proposal. "No family should have to rely on fundraising and GoFundMe pages to get the prescription drugs that they need and that's why I got into this race . . . So I revel in this fight."

On May 1, the Senate unanimously passed a bill to replenish the Rural Finance Authority's (RFA) revolving loan fund with \$50 million. This is important because that bonded loan account—which includes the popular Beginning Farmer Loan—is set to run out of funding this year.

"This bill was born out of the farm crisis of 1986 to deliver farmers affordable loans and services," Vang said in remarks to her colleagues. "They remain an important tool for farmers."

If you have questions, thoughts or concerns about MFU's legislative work, contact stu@mfu.org or (320) 232-3047.

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