

1 Senator Vickerman from the Committee on Agriculture,
2 Veterans and Gaming, to which was referred

3 S.F. No. 1151: A bill for an act relating to agriculture;
4 defining a term; requiring certain payments; establishing a base
5 funding level for rural economic development including ethanol
6 producer payments; amending Minnesota Statutes 2004, section
7 41A.09, subdivisions 2a, 3a.

8 Reports the same back with the recommendation that the bill
9 be amended as follows:

10 Page 2, line 1, delete "of processing and marketing
11 facilities" and insert "activities"

12 Page 4, line 34, delete "catch-up" and insert "deficiency"

13 And when so amended the bill do pass and be re-referred to
14 the Committee on Finance. Amendments adopted. Report adopted.

15

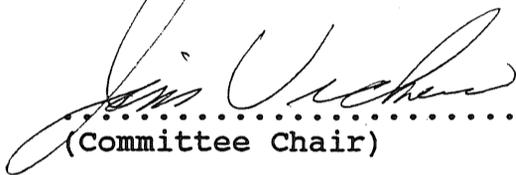
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.....
(Committee Chair)

March 7, 2005.....
(Date of Committee recommendation)

1 Senator Vickerman from the Committee on Agriculture,
2 Veterans and Gaming, to which was referred

3 S.F. No. 787: A bill for an act relating to agriculture;
4 directing commissioner of agriculture to conduct a study
5 regarding a rail container load-out facility in or near Willmar.

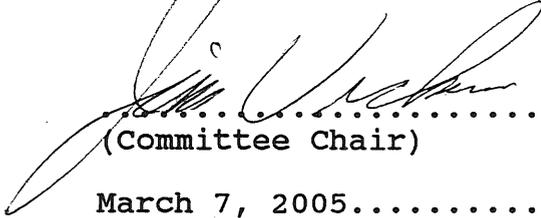
6 Reports the same back with the recommendation that the bill
7 be amended as follows:

8 Page 1, line 7, after "agriculture" insert ", in close
9 consultation with the commissioner of transportation,"

10 Page 1, line 10, delete "such"

11 And when so amended the bill do pass and be re-referred to
12 the Committee on Finance. Amendments adopted. Report adopted.

13

14 
15
16 (Committee Chair)

17 March 7, 2005.....
18 (Date of Committee recommendation)

03/03/05

[COUNSEL] GK

SCS0787A-1

"Passed"
Finance

- 1 Senator moves to amend S.F. No. 787 as follows:
- 2 Page 1, line 7, after "agriculture" insert ", in close
- 3 consultation with the commissioner of transportation,"
- 4 Page 1, line 10, delete "such"

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AGRICULTURE TRANSPORTATION TRENDS REPORT

**Craig Damstrom
Trade Consultant, MDA**

LACK OF CONTAINER AVAILABILITY-Problem increases in severity the further the grower, packer or distributor is located from the ocean terminal. Innovative agricultural exporters are seeking out importers to gain access to these containers as soon as they are unloaded at the importers distribution center.

CAUSES OF CONTAINER SHORTAGE-Trade imbalance with China exceeds short term the more than 170 new ships greater than 8000 TEU's that will enter service from 2005-2007. (These new ship are equivalent in volume to 2472 shuttle trains) Ag export rates do not justify delays for utilization of these containers for backhauls of US agricultural products

WHAT IS THE IMPACT OF CONTAINER SHORTAGE?-Affects meat to China, salt to Puerto Rico, Juice to Florida, Cotton to China, Pork to Brazil and **IP products from Upper Midwest to all export markets.**

FREIGHT RATE FORECAST-Long term the addition of large 8000-10,000 TEU ships coming into service over the next few years will increase carrier capacity and lower rate trends. However during the first quarter of 2005, with the projections of continuing growth of import demand into the US, it appear that rates will continue to climb

SURCHARGES-Bunker surcharges are similar to 2004 due to high fuel costs. In 2005 BNSF announced a 24-hour limit on free time for each container followed by an assessment of \$150 for each day before the container was returned.

TERMINAL CONGESTION-Container congestion is now a national problem which includes all West, Southern and Canadian ports including Minneapolis and Chicago rail ramps. Rerouting of containers to more distant ports exacerbates the already limited rail and truck capacity.

SHIFTING FROM RAIL TO TRUCK-Some shippers report that 80% of the loads for shipment by rail are now being moved by truck. Shippers report "an increase reliance on truck, even while we are experiencing a shortage of reefer trucks in US mid-west" In terms of cost, shippers report trucking rates 20% higher this year due to 15% more loads seeking truck service than there are truck available.

BOTTOM LINE- For Minnesota and the Midwest to access low cost containers for export of our added value Agricultural products we need to improve "turn around time" to the ports. To accomplish this objective, the Willmar project must take into consideration all of the potential transportation synergies that are available in Minnesota. MDA has, and will continue to working closely with MDOT, MSA, and our stake holders to help make sure that this objective is accomplished

Thank you,

Thank you, Chair and Committee members,

My name is Craig Damstrom. I grew up in Montana on a Wheat/Cattle operation and after College spent 20 years working for Fortune 500 Companies in Latin America. I have an irrigated corn/edible/sugar beet/potato farm near Alexandria that we live on and rent to local specialized farm operations. For the past 4 years I have worked as a Trade Consultant in the AMS Division of The Minnesota Department of Agriculture. One of my major efforts over the last four years has been focused on helping the Minnesota/Midwest Shippers Association organize to serve as an advocate for individual farmers and small local firms shipping IP crops. This effort was undertaken as a result of one of the program strategies recommended by an outside consultant, contracted by MDA, as necessary to implement a highly synergistic IP crop system for the State. Another strategy recommended that I have been involved in was to support the development of IP crop handling facilities at country elevators, other facilities and rivers and lake port facilities that serve individual farmers and small local firms.

Today, I appear before you as you deliberate the need to conduct a study of the feasibility and desirability to construct a rail container load out facility in or near the city of Willmar.

Based on my experience I believe that it is essential that a feasibility study should be undertaken with the following key aspects included in the study:

- Volume of containers required by the RR and 3 Water Carriers to receive a competitive price VS. Minneapolis and Chicago for container shipments.
- Project costs of bulk shipments vs. container shipments in the future to the West Coast and to the Gulf.
- Project container volume usage for Ag and Non Agricultural usage for the next 10 years including incoming and outgoing

- Identify sourcing points and Water Carriers for empty containers and requirements from them to supply on a long term basis.
- Investment cost for installation of a rail container load out facility yard for dedicated services at Willmar
- Investment for installation of a spur to use the RailRunner concept to move containers to other intermodal sites from Willmar.
- Determine synergistic opportunities to use short line rail to access water (River and Lake) and other rail delivery points.
- Compare total logistical costs to key destination vs. other major intermodal centers with total drayage costs included.
- Determine the environmental benefits for relocation of container loading to Willmar.
- Determine savings on roads and drayage for relocation of container loading to Willmar.
- Determine economic impact to the Dilworth facility

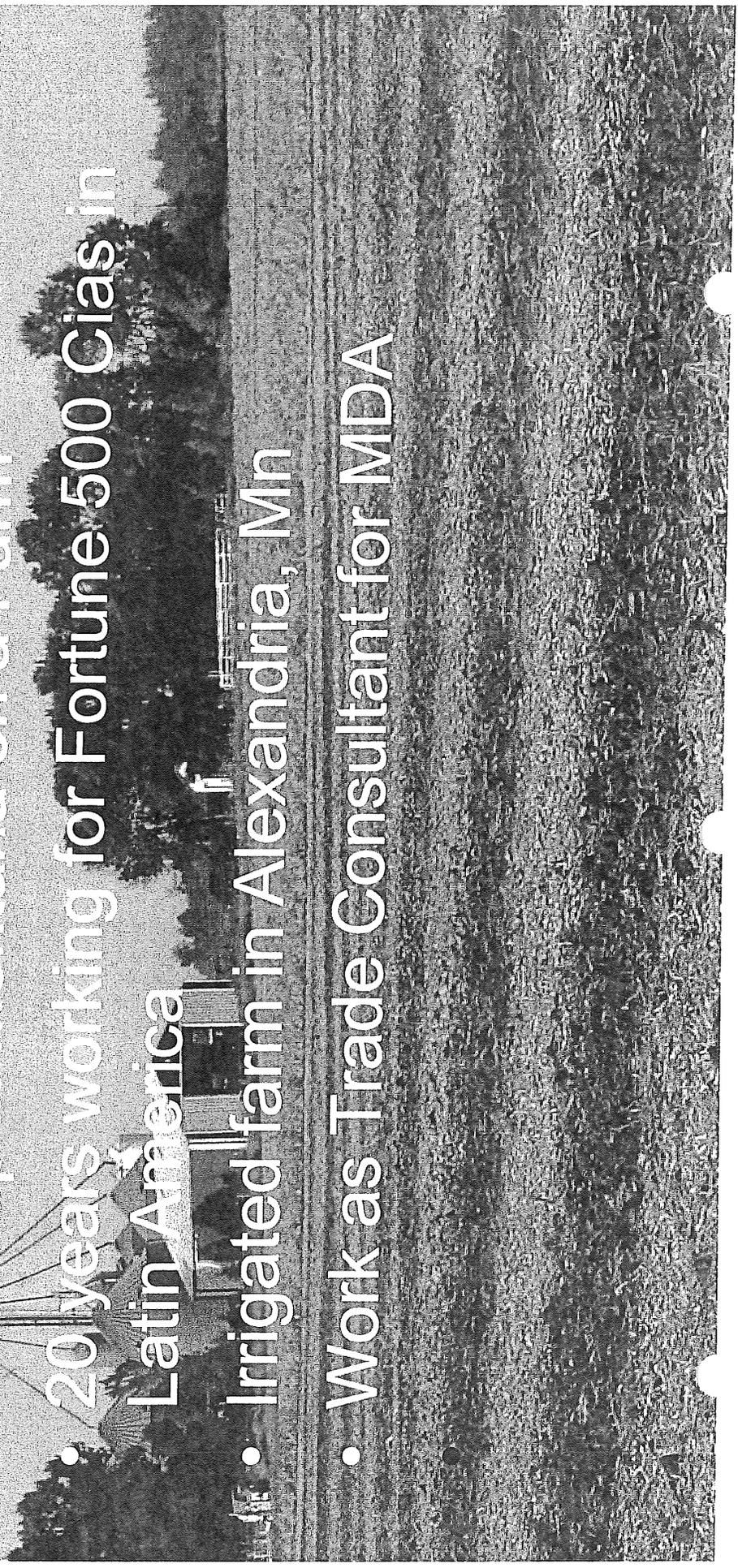
The trend of Rail Roads over the past years has been to decrease the number of loading sites. Today, it is cheaper to ship containers from Chicago to the West Coast than from Minneapolis. This makes sense to the economics of the Rail Roads, but places Minnesota at a cost disadvantage for IP products.

One concept that could give Willmar a container loading site today and allow growth to a fully dedicated container loading system for the future is the RailReach concept which is now running between Jacksonville, FL to Fort Wayne, IN. This concept needs to also be evaluated in the study.

Thank you,

Thank you Chair and Committee Members

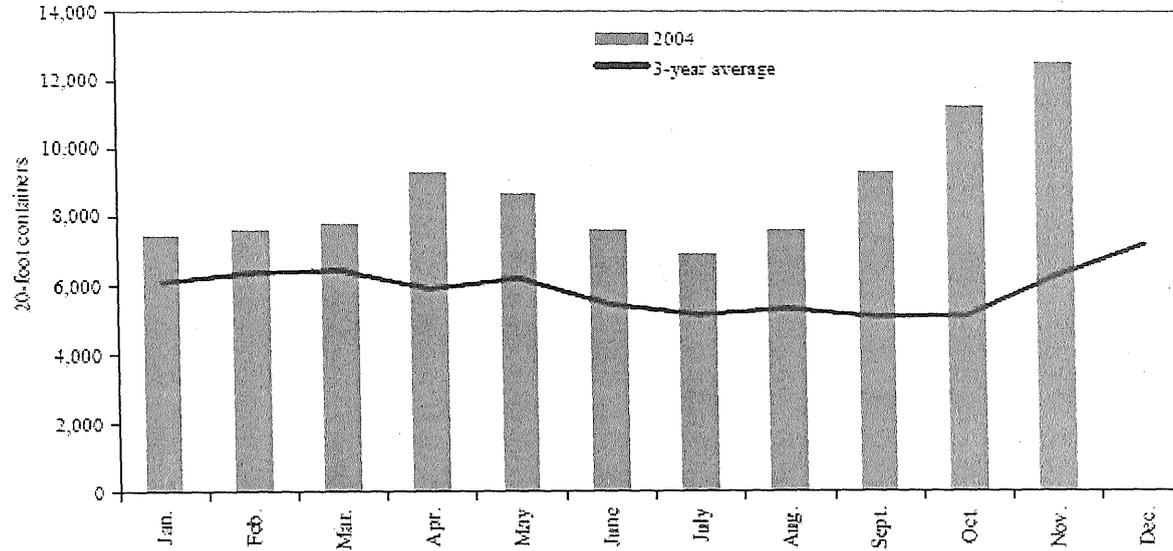
- My Name is Craig Damstrom
- Grew up in Montana on a Farm
- 20 years working for Fortune 500 Cias in Latin America
- Irrigated farm in Alexandria, Mn
- Work as Trade Consultant for MDA



Source: Ocean Line Bureau, Transportation & Marketing Programs, 2004-2007

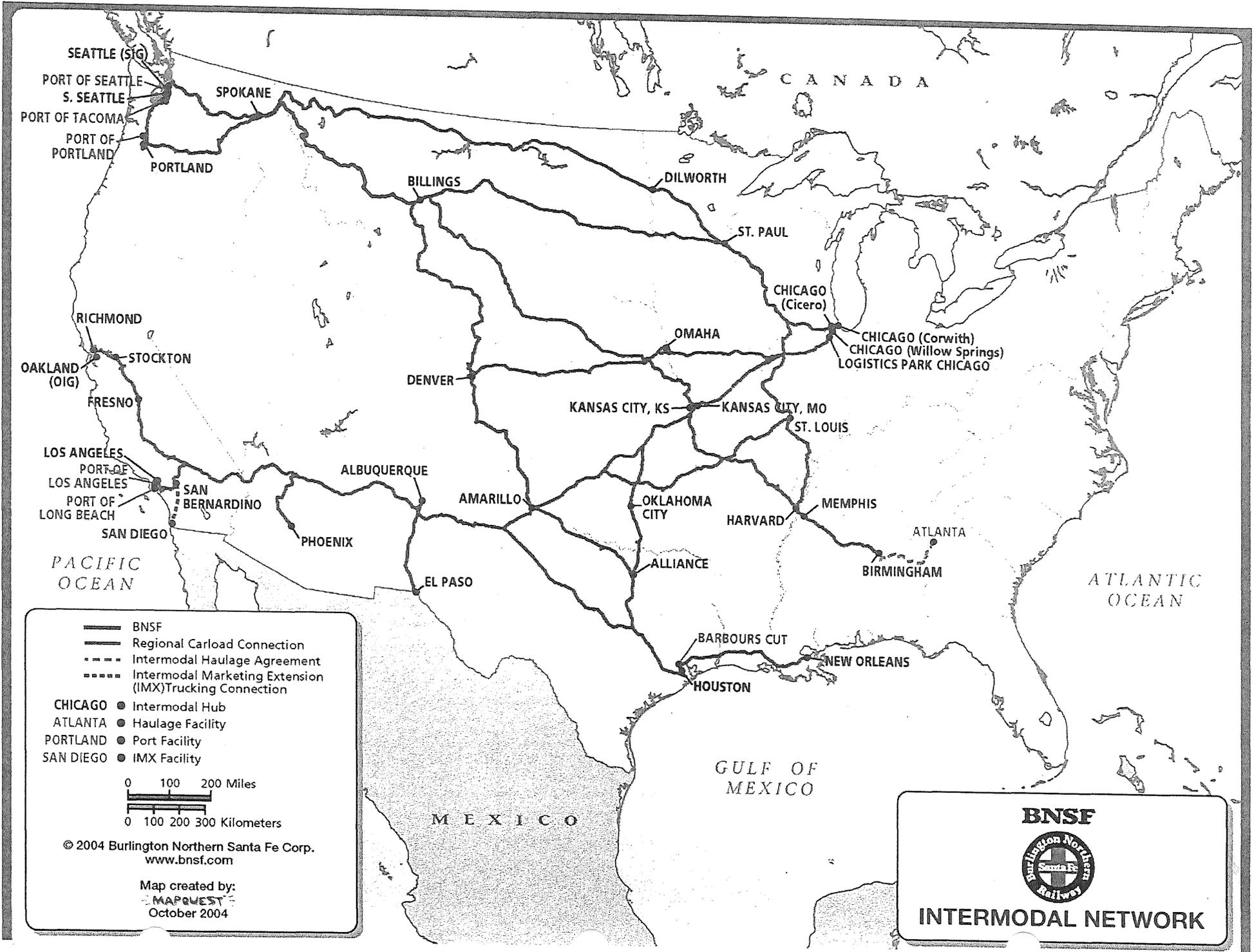
Container ocean freight rates – average rate per twenty-foot equivalent unit (TEU) weighted by shipping line market share and trade route.

Figure 14
Monthly shipments of containerized grain for 2004 compared with a 3-year average



Note: PERS data is available with a lag of approximately 40 days

Source: Port Import Export Reporting Service (PIERS), *Journal of Commerce*



— BNSF
 — Regional Carload Connection
 - - - Intermodal Haulage Agreement
 - - - - Intermodal Marketing Extension (IMX) Trucking Connection

CHICAGO ● Intermodal Hub
 ATLANTA ● Haulage Facility
 PORTLAND ● Port Facility
 SAN DIEGO ● IMX Facility

0 100 200 Miles
 0 100 200 300 Kilometers

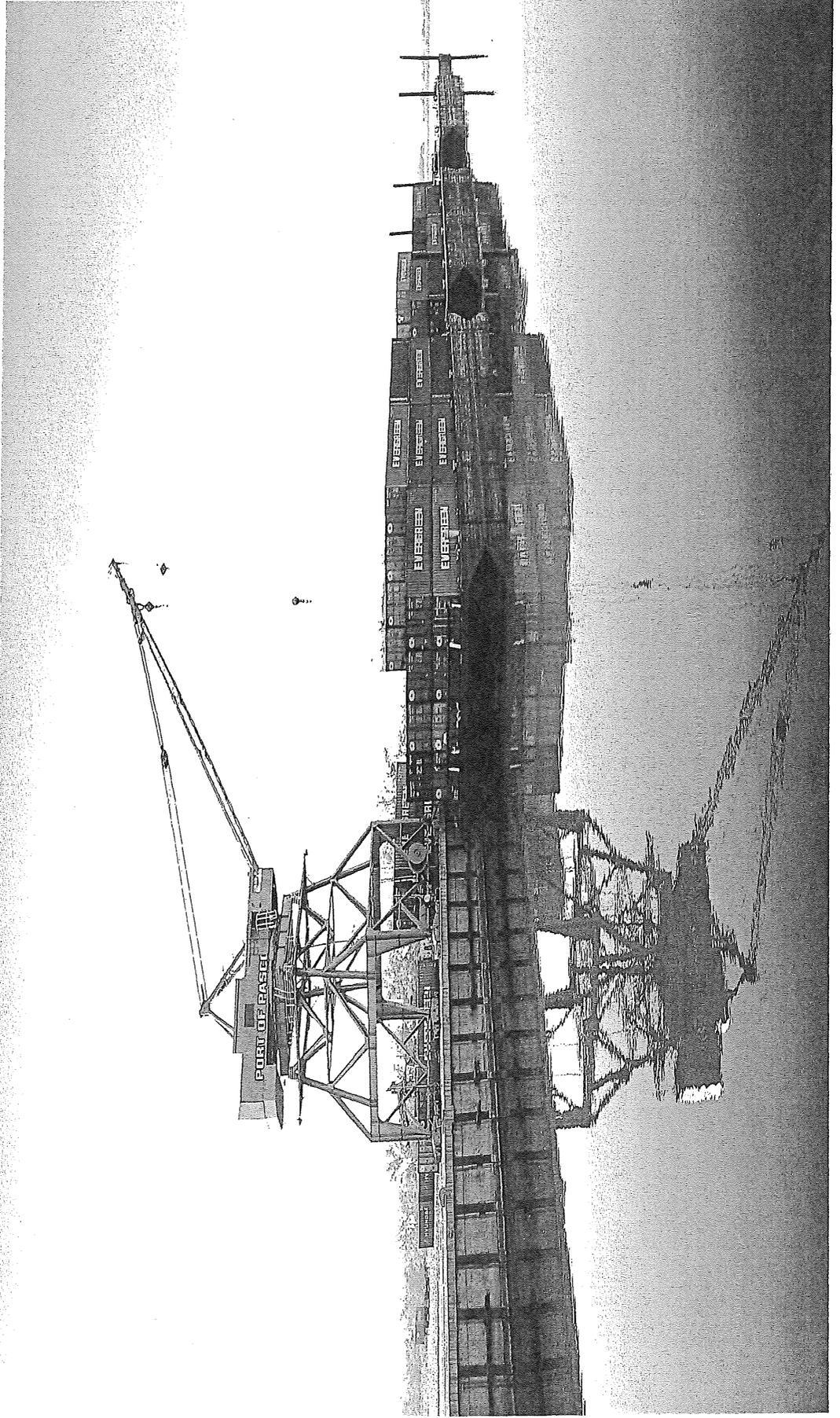
© 2004 Burlington Northern Santa Fe Corp.
 www.bnsf.com

Map created by:
 MAPQUEST
 October 2004

BNSF

INTERMODAL NETWORK

“COB” – Columbia River



Major effort with Shippers Association over last 3 years

- Organized to implement a highly synergistic IP crop system for the State.
 - Support development of IP crop handling facilities to serve farmers and small local firms
 - Support and work jointly with MDOT, MTO and river lake authorities to stimulate the development of IP crop handling and shipping facilities
-

Feasibility for a Rail Container Load Out Facility for Willmar

- Study for pricing needed from RR and Water Carriers to be competitive.
 - Do not construct and assume RR and Water Carriers will give competitive rates!!
 - What is the most critical element for container transport. Container sourcing or cost?
-

Key Aspects to Include in the Study

- Project cost of bulk and container over 10 years
 - Project container usage for imports and exports over 10 years.
 - Identify sourcing points for empty containers for export.
 - Cost for fully dedicated rail container load out yard
-

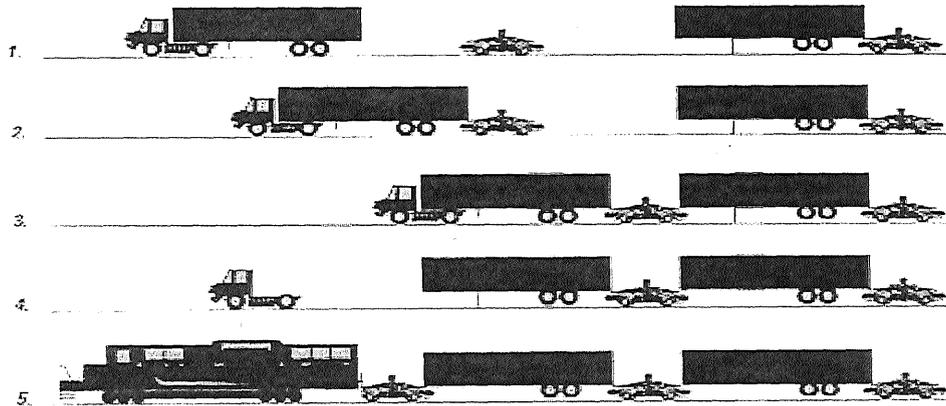
Key Aspects to Include in the Study (Continued)

- Investment for RailRunner or similar concept as Phase 1 of project.
 - Opportunities for synergy with other RR lines, Lake and River Transport
 - Compare logistical cost to key destinations vs other major intermodal centers
 - Environmental, roads and drayage savings
 - Economic impact to Dilworth facility
-

RailRunner N.A. Inc.
401-B Fertilla Street
Carrollton, GA 30117
Phone: 770-214-1127
Sales Phone: 215-248-4151
Sales Email: info@railrunner.com
Website: www.railrunner.com

Terminal Operations: RailRunner in action.

The diagram below shows the simplicity and flexibility of RailRunner's bi-modal system in the terminal.



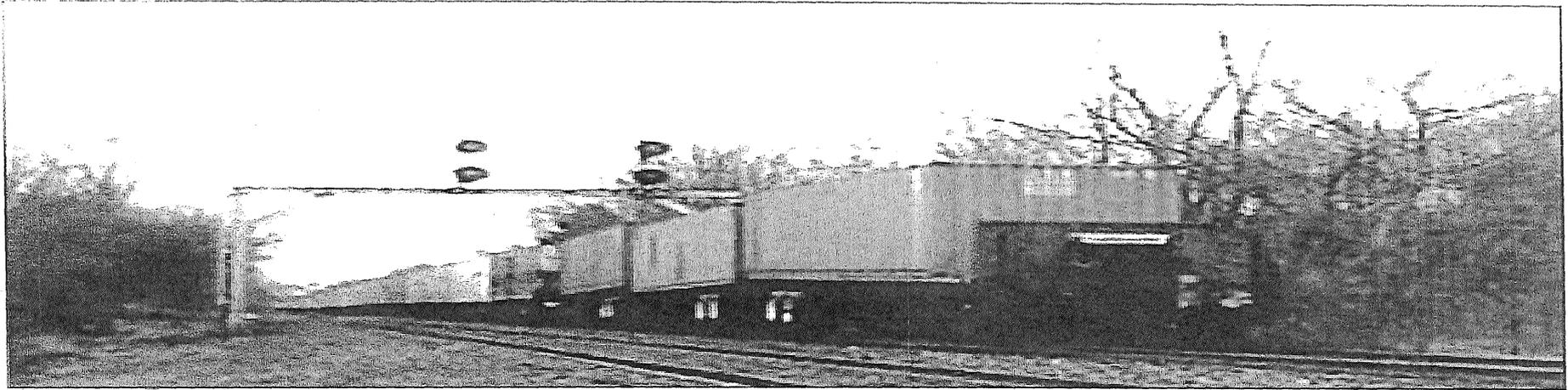
1. Tractor positions RailRunner Container and Chassis on track and backs into RailRunner Bogie. As chassis slides on to bogie, chassis wheels lift clear of track. Once chassis is positioned on bogie, locking pin on bogie automatically attaches chassis. Tractor detaches from chassis, leaving it on landing gear.
2. Tractor repeats steps 1 for second RailRunner Container/Chassis and Bogie.
3. Tractor backs entire second unit (combined container, chassis, and bogie) to front of first chassis. As second bogie connects to first chassis, landing gear of first chassis raises clear of track. No manual rising of landing gear is required.

Technology, expertise, and experience you can count on.

New port services, double stack feeder lanes, shorter haul truck markets, and specialized container commodities such as solid waste, wood products, and auto parts are all prime candidates for RailRunner. RailRunner's trained staff has the transportation expertise, railroad experience, and tools necessary to evaluate your specific application. Our economic model can develop a detailed financial analysis of your business and determine the best way to support your operations. Contact RailRunner today at 215-248-4151 or info@railrunner.com, or visit our web site at <http://www.railrunner.com>. Start learning about a new, exciting way to do business!

RailReach™

A new Container Service Between Jacksonville and the Upper Mid-West Using 21st Century RailRunner™ Innovation!



RailRunner announces RailReach, a new container service between Jacksonville, FL and the upper Midwest. RailReach is a competitive alternative for container shipments between key cities in northeast Florida and Ohio, Indiana, Michigan, and Illinois. Using RailRunner's flexible technology and the Triple Crown Services network, RailReach offer a unique container service that saves you money and meets your shipping needs.

RailRunner and Triple Crown: A Bi-Modal Partnership for the 21st Century

RailReach uses the innovative RailRunner bi-modal system and the Triple Crown Services network centered in Et

RailRunner Network One Call Does It All

RailReach is managed by Rail (RNS). One call to RNS does it

your container to destination fast and reliably with no highway-related delays.



RailReach™ Service Schedule

Jacksonville, FL to Fort Wayne, IN		
Pick Up Day	Cut Off Time	Arrival Time
Monday	Tuesday 00:30 AM	Thursday 00:01 AM
Tuesday	Wednesday 00:30 AM	Friday 00:01 AM
Wednesday	Thursday 00:30 AM	Saturday 00:01 AM
Thursday	Friday 00:30 AM	Sunday 00:01 AM
Friday	Saturday 00:30 AM	Monday 00:01 AM

Fort Wayne, IN to Jacksonville, FL		
Pick Up Day	Cut Off Time	Arrival Time
Monday	Tuesday 01:00 AM	Wednesday 07:30 PM
Tuesday	Wednesday 01:00 AM	Thursday 07:30 PM
Wednesday	Thursday 01:00 AM	Friday 07:30 PM
Thursday	Friday 01:00 AM	Saturday 07:30 PM
Friday	Saturday 01:00 AM	Sunday 07:30 PM



waldo@railrunner.com <http://www.railrunner.com> +1 215 248-4151

Senators Johnson, D.E.; Kubly and Dille introduced--

S.F. No. 787: Referred to the Committee on Agriculture, Veterans and Gaming.

1 A bill for an act

2 relating to agriculture; directing commissioner of
3 agriculture to conduct a study regarding a rail
4 container load-out facility in or near Willmar.

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

6 Section 1. [RAIL CONTAINER LOAD-OUT FACILITY STUDY.]

7 The commissioner of agriculture shall conduct a study of
8 the feasibility and desirability of constructing a rail
9 container load-out facility in or near the city of Willmar. The
10 study must include an estimate of the costs and benefits of such
11 a facility to the city and region and to the state
12 transportation system. The commissioner shall report to the
13 governor and legislature on the results of the study by January
14 15, 2006.

Passed

1 Senator moves to amend S.F. No. 1150 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. [336.2A-222] [SURETY BOND REQUIREMENT FOR
4 LESSORS.]

5 A person who originates a lease for sale to a third party
6 is required to maintain a surety bond or irrevocable letter of
7 credit in an amount of not less than \$50,000, issued by an
8 insurance company or bank authorized to do so in this state. If
9 the person maintains a current bond or irrevocable letter of
10 credit exceeding this amount, then this is not an additional
11 requirement. The bond or irrevocable letter of credit must be
12 available for the recovery of losses or damages incurred by a
13 leasee as the result of fraud on the part of the originator."

14 Delete the title and insert:

15 "A bill for an act relating to commercial transactions;
16 requiring persons who sell leases to a third party to maintain a
17 surety bond; proposing coding for new law in Minnesota Statutes,
18 chapter 336."

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16 requiring persons who sell leases to a third party to maintain a
17 surety bond; proposing coding for new law in Minnesota Statutes,
18 chapter 336."

Senator Skoe introduced--

S.F. No. 1150: Referred to the Committee on Judiciary.

1

A bill for an act

2

relating to agriculture; requiring businesses that
sell leases to file a bond; proposing coding for new
law in Minnesota Statutes, chapter 17.

3

4

5

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

6

Section 1. [17.988] [SELLING LEASES FOR AGRICULTURAL

7

EQUIPMENT; BOND REQUIRED.]

8

A business that sells leases for agricultural equipment

9

must file a bond issued by a surety company authorized to

10

transact business in this state and approved by the commissioner

11

of commerce as to solvency and responsibility. The amount of

12

the bond must be at least ... percent of the business's assets.

Senators Sams and Dille introduced--

S.F. No. 1151: Referred to the Committee on Agriculture, Veterans and Gaming.

1 A bill for an act

2 relating to agriculture; defining a term; requiring
3 certain payments; establishing a base funding level
4 for rural economic development including ethanol
5 producer payments; amending Minnesota Statutes 2004,
6 section 41A.09, subdivisions 2a, 3a.

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

8 Section 1. Minnesota Statutes 2004, section 41A.09,
9 subdivision 2a, is amended to read:

10 Subd. 2a. [DEFINITIONS.] For the purposes of this section,
11 the terms defined in this subdivision have the meanings given
12 them.

13 (a) "Ethanol" means fermentation ethyl alcohol derived from
14 agricultural products, including potatoes, cereal grains, cheese
15 whey, and sugar beets; forest products; or other renewable
16 resources, including residue and waste generated from the
17 production, processing, and marketing of agricultural products,
18 forest products, and other renewable resources, that:

19 (1) meets all of the specifications in ASTM specification
20 D4806-01; and

21 (2) is denatured as specified in Code of Federal
22 Regulations, title 27, parts 20 and 21.

23 (b) "Ethanol plant" means a plant at which ethanol is
24 produced.

25 (c) "Commissioner" means the commissioner of agriculture.

26 (d) "Rural economic infrastructure" means the development

1 of processing and marketing facilities that will enhance the
2 value of agricultural crop or livestock commodities or
3 by-products or waste from farming operations.

4 Sec. 2. Minnesota Statutes 2004, section 41A.09,
5 subdivision 3a, is amended to read:

6 Subd. 3a. [ETHANOL PRODUCER PAYMENTS.] (a) The
7 commissioner shall make cash payments to producers of ethanol
8 located in the state that have begun production by June 30, 2000.
9 For the purpose of this subdivision, an entity that holds a
10 controlling interest in more than one ethanol plant is
11 considered a single producer. The amount of the payment for
12 each producer's annual production, except as provided in
13 paragraph (c), is 20 cents per gallon for each gallon of ethanol
14 produced on or before June 30, 2000, or ten years after the
15 start of production, whichever is later. Annually, within 90
16 days of the end of its fiscal year, an ethanol producer
17 receiving payments under this subdivision must file a disclosure
18 statement on a form provided by the commissioner. The initial
19 disclosure statement must include a summary description of the
20 organization of the business structure of the claimant, a
21 listing of the percentages of ownership by any person or other
22 entity with an ownership interest of five percent or greater,
23 and a copy of its annual audited financial statements, including
24 the auditor's report and footnotes. The disclosure statement
25 must include information demonstrating what percentage of the
26 entity receiving payments under this section is owned by farmers
27 or other entities eligible to farm or own agricultural land in
28 Minnesota under the provisions of section 500.24. Subsequent
29 annual reports must reflect noncumulative changes in ownership
30 of ten percent or more of the entity. The report need not
31 disclose the identity of the persons or entities eligible to
32 farm or own agricultural land with ownership interests,
33 individuals residing within 30 miles of the plant, or of any
34 other entity with less than ten percent ownership interest, but
35 the claimant must retain information within its files confirming
36 the accuracy of the data provided. This data must be made

1 available to the commissioner upon request. Not later than the
2 15th day of February in each year the commissioner shall deliver
3 to the chairs of the standing committees of the senate and the
4 house of representatives that deal with agricultural policy and
5 agricultural finance issues an annual report summarizing
6 aggregated data from plants receiving payments under this
7 section during the preceding calendar year. Audited financial
8 statements and notes and disclosure statements submitted to the
9 commissioner are nonpublic data under section 13.02, subdivision
10 9. Notwithstanding the provisions of chapter 13 relating to
11 nonpublic data, summaries of the submitted audited financial
12 reports and notes and disclosure statements will be contained in
13 the report to the committee chairs and will be public data.

14 (b) No payments shall be made for ethanol production that
15 occurs after June 30, 2010.

16 (c) If the level of production at an ethanol plant
17 increases due to an increase in the production capacity of the
18 plant, the payment under paragraph (a) applies to the additional
19 increment of production until ten years after the increased
20 production began. Once a plant's production capacity reaches
21 15,000,000 gallons per year, no additional increment will
22 qualify for the payment.

23 (d) Total payments under paragraphs (a) and (c) to a
24 producer in a fiscal year may not exceed \$3,000,000.

25 (e) By the last day of October, January, April, and July,
26 each producer shall file a claim for payment for ethanol
27 production during the preceding three calendar months. A
28 producer that files a claim under this subdivision shall include
29 a statement of the producer's total ethanol production in
30 Minnesota during the quarter covered by the claim. For each
31 claim and statement of total ethanol production filed under this
32 subdivision, the volume of ethanol production must be examined
33 by an independent certified public accountant in accordance with
34 standards established by the American Institute of Certified
35 Public Accountants.

36 (f) Payments shall be made November 15, February 15, May

1 15, and August 15. A separate payment shall be made for each
2 claim filed. Except as provided in paragraph (g), the total
3 quarterly payment to a producer under this paragraph may not
4 exceed \$750,000.

5 (g) Notwithstanding the quarterly payment limits of
6 paragraph (f), the commissioner shall make an additional payment
7 in the fourth quarter of each fiscal year to ethanol producers
8 for the lesser of: (1) 20 cents per gallon of production in the
9 fourth quarter of the year that is greater than 3,750,000
10 gallons; or (2) the total amount of payments lost during the
11 first three quarters of the fiscal year due to plant outages,
12 repair, or major maintenance. Total payments to an ethanol
13 producer in a fiscal year, including any payment under this
14 paragraph, must not exceed the total amount the producer is
15 eligible to receive based on the producer's approved production
16 capacity. The provisions of this paragraph apply only to
17 production losses that occur in quarters beginning after
18 December 31, 1999.

19 (h) The commissioner shall reimburse ethanol producers for
20 any deficiency in payments during earlier quarters if the
21 deficiency occurred because appropriated money was insufficient
22 to make timely payments in the full amount provided in paragraph
23 (a). Notwithstanding the quarterly or annual payment
24 limitations in this subdivision, the commissioner shall begin
25 making payments for earlier deficiencies in each fiscal year
26 that appropriations for ethanol payments exceed the amount
27 required to make eligible scheduled payments. Payments for
28 earlier deficiencies must continue until the deficiencies for
29 each producer are paid in full.

30 (i) The commissioner may make direct payments to producers
31 of rural economic infrastructure with any amount of the annual
32 appropriation for ethanol producer payments and rural economic
33 infrastructure that is in excess of the amount required to make
34 scheduled ethanol producer payments and catch-up payments for
35 payments delayed because appropriated funds in earlier fiscal
36 years were insufficient.

1 Sec. 3. [ESTABLISHMENT OF BASE LEVEL FUNDING.]

2 The appropriation for value-added agricultural products for
3 fiscal year 2005 under Laws 2003, chapter 128, article 3,
4 section 2, subdivision 4, is established as base level funding
5 for fiscal years 2006 and thereafter for purposes of ethanol
6 producer payments and payments to providers of rural economic
7 infrastructure.

Senators Sams and Dille introduced--

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21 (2) is denatured as specified in Code of Federal
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25 (c) "Commissioner" means the commissioner of agriculture.

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3 by-products or waste from farming operations.

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7 commissioner shall make cash payments to producers of ethanol
8 located in the state that have begun production by June 30, 2000.
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10 controlling interest in more than one ethanol plant is
11 considered a single producer. The amount of the payment for
12 each producer's annual production, except as provided in
13 paragraph (c), is 20 cents per gallon for each gallon of ethanol
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28 Minnesota under the provisions of section 500.24. Subsequent
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36 the accuracy of the data provided. This data must be made

1 available to the commissioner upon request. Not later than the
2 15th day of February in each year the commissioner shall deliver
3 to the chairs of the standing committees of the senate and the
4 house of representatives that deal with agricultural policy and
5 agricultural finance issues an annual report summarizing
6 aggregated data from plants receiving payments under this
7 section during the preceding calendar year. Audited financial
8 statements and notes and disclosure statements submitted to the
9 commissioner are nonpublic data under section 13.02, subdivision
10 9. Notwithstanding the provisions of chapter 13 relating to
11 nonpublic data, summaries of the submitted audited financial
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13 the report to the committee chairs and will be public data.

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15 occurs after June 30, 2010.

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17 increases due to an increase in the production capacity of the
18 plant, the payment under paragraph (a) applies to the additional
19 increment of production until ten years after the increased
20 production began. Once a plant's production capacity reaches
21 15,000,000 gallons per year, no additional increment will
22 qualify for the payment.

23 (d) Total payments under paragraphs (a) and (c) to a
24 producer in a fiscal year may not exceed \$3,000,000.

25 (e) By the last day of October, January, April, and July,
26 each producer shall file a claim for payment for ethanol
27 production during the preceding three calendar months. A
28 producer that files a claim under this subdivision shall include
29 a statement of the producer's total ethanol production in
30 Minnesota during the quarter covered by the claim. For each
31 claim and statement of total ethanol production filed under this
32 subdivision, the volume of ethanol production must be examined
33 by an independent certified public accountant in accordance with
34 standards established by the American Institute of Certified
35 Public Accountants.

36 (f) Payments shall be made November 15, February 15, May

1 15, and August 15. A separate payment shall be made for each
2 claim filed. Except as provided in paragraph (g), the total
3 quarterly payment to a producer under this paragraph may not
4 exceed \$750,000.

5 (g) Notwithstanding the quarterly payment limits of
6 paragraph (f), the commissioner shall make an additional payment
7 in the fourth quarter of each fiscal year to ethanol producers
8 for the lesser of: (1) 20 cents per gallon of production in the
9 fourth quarter of the year that is greater than 3,750,000
10 gallons; or (2) the total amount of payments lost during the
11 first three quarters of the fiscal year due to plant outages,
12 repair, or major maintenance. Total payments to an ethanol
13 producer in a fiscal year, including any payment under this
14 paragraph, must not exceed the total amount the producer is
15 eligible to receive based on the producer's approved production
16 capacity. The provisions of this paragraph apply only to
17 production losses that occur in quarters beginning after
18 December 31, 1999.

19 (h) The commissioner shall reimburse ethanol producers for
20 any deficiency in payments during earlier quarters if the
21 deficiency occurred because appropriated money was insufficient
22 to make timely payments in the full amount provided in paragraph
23 (a). Notwithstanding the quarterly or annual payment
24 limitations in this subdivision, the commissioner shall begin
25 making payments for earlier deficiencies in each fiscal year
26 that appropriations for ethanol payments exceed the amount
27 required to make eligible scheduled payments. Payments for
28 earlier deficiencies must continue until the deficiencies for
29 each producer are paid in full.

30 (i) The commissioner may make direct payments to producers
31 of rural economic infrastructure with any amount of the annual
32 appropriation for ethanol producer payments and rural economic
33 infrastructure that is in excess of the amount required to make
34 scheduled ethanol producer payments and catch-up payments for
35 payments delayed because appropriated funds in earlier fiscal
36 years were insufficient.

1 Sec. 3. [ESTABLISHMENT OF BASE LEVEL FUNDING.]
2 The appropriation for value-added agricultural products for
3 fiscal year 2005 under Laws 2003, chapter 128, article 3,
4 section 2, subdivision 4, is established as base level funding
5 for fiscal years 2006 and thereafter for purposes of ethanol
6 producer payments and payments to providers of rural economic
7 infrastructure.