

Senators Dibble, Anderson and Frederickson introduced—  
S.F. No. 3511: Referred to the Committee on Finance.

1 A bill for an act  
1.3 relating to economic development; modifying the base appropriation for  
1.4 employment programs for people who are deaf or hard-of-hearing; amending  
1.5 Laws 2005, First Special Session chapter 1, article 3, section 2, subdivision 4.

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

1.6 Section 1. Laws 2005, First Special Session chapter 1, article 3, section 2, subdivision  
1.7 4, is amended to read:

1.8  
1.9 Subd. 4. Workforce Services 27,960,000 28,160,000

1.10	Summary by Fund		
	General	20,165,000	20,165,000
1.12	Workforce Development	7,795,000	7,995,000

1.13 \$4,864,000 the first year and \$4,864,000 the  
1.14 second year are from the general fund and  
1.15 \$7,420,000 the first year and \$7,420,000  
1.16 the second year are from the workforce  
1.17 development fund for extended employment  
1.18 services for persons with severe disabilities  
1.19 or related conditions under Minnesota  
1.20 Statutes, section 268A.15. Of the amount  
1.22 from the workforce development fund,  
\$500,000 each year is onetime.

2.1 \$1,690,000 the first year and \$1,690,000  
2.2 the second year are from the general  
2.3 fund for grants under Minnesota Statutes,  
2.4 section 268A.11, for the eight centers for  
2.5 independent living. Money not expended the  
2.6 first year is available the second year.

2.7 \$150,000 the first year and \$150,000 the  
2.8 second year are from the general fund  
2.9 and \$175,000 the first year and \$175,000  
2.10 the second year are from the workforce  
2.11 development fund for grants under Minnesota  
2.12 Statutes, section 268A.03, to Rise, Inc.  
2.13 for the Minnesota Employment Center for  
2.14 People Who are Deaf or Hard-of-Hearing.  
2.15 Money not expended the first year is available  
2.16 the second year. ~~Of the amount from the~~  
2.17 ~~workforce development fund, \$150,000 each~~  
2.18 ~~year is onetime.~~

2.19 \$1,000,000 the first year and \$1,000,000  
2.20 the second year are from the general fund  
2.21 and \$200,000 the first year and \$400,000  
2.22 the second year are from the workforce  
2.23 development fund for grants for programs  
2.24 that provide employment support services to  
2.25 persons with mental illness under Minnesota  
2.26 Statutes, sections 268A.13 and 268A.14.  
2.27 Up to \$77,000 each year may be used  
2.28 for administrative and salary expenses.  
2.29 The appropriation from the workforce  
2.30 development fund is onetime.

2.31 \$4,940,000 the first year and \$4,940,000 the  
2.32 second year are from the general fund for  
2.33 state services for the blind activities.

2.34 \$7,521,000 the first year and \$7,521,000 the  
2.35 second year are from the general fund for the

3.1 state's vocational rehabilitation program for  
3.2 people with significant disabilities to assist  
3.3 with employment, under Minnesota Statutes,  
3.4 chapter 268A.

3.5 On or after July 1, 2005, the commissioner  
3.6 of finance shall cancel the unencumbered  
3.7 balance in the contaminated site cleanup and  
3.8 development account to the unrestricted fund  
3.9 balance in the general fund.



# Minnesota Senate

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S.F. No. 3283, 1st Engrossment - 84th Legislative Session (2005-2006) Posted on Mar 22, 2006

*[Handwritten signature]*

- 1.1 A bill for an act
- 1.2 relating to agriculture; providing for a checkoff for fertilizer, soil amendment,
- 1.3 and plant amendment; establishing a Minnesota Agricultural Fertilizer Research
- 1.4 and Education Council and program; exempting on-farm storage from fertilizer
- 1.5 facility safeguarding and permitting; appropriating money; amending Minnesota
- 1.6 Statutes 2004, section 18C.305, by adding a subdivision; proposing coding for
- 1.7 new law in Minnesota Statutes, chapter 18C.
- 1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.9 Section 1. Minnesota Statutes 2004, section 18C.305, is amended by adding a
- 1.10 subdivision to read:
- 1.11 Subd. 3. Exemption. A permit and safeguard is not required for a person who stores
- 1.12 on the person's own property and for the person's own use no more than 6,000 gallons
- 1.13 of liquid commercial fertilizer.
- 1.14 **Sec. 2. [18C.70] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH**
- 1.15 **AND EDUCATION COUNCIL.**
- 1.16 Subdivision 1. Establishment; membership. (a) The Minnesota Agricultural
- 1.17 Fertilizer Research and Education Council is established. The council is composed of
- 1.18 12 voting members as follows:
- 1.19 (1) two members of the Minnesota Crop Production Retailers;
- 1.20 (2) one member of the Minnesota Corn Growers Association;
- 1.21 (3) one member of the Minnesota Soybean Growers Association;
- 1.22 (4) one member of the sugar beet growers industry;
- 1.23 (5) one member of the Minnesota Association of Wheat Growers;
- 1.24 (6) one member of the potato growers industry;
- 2.1 (7) one member of the Minnesota Farm Bureau;
- 2.2 (8) one member of the Minnesota Farmers Union;
- 2.3 (9) one member from the Minnesota Irrigators Association;
- 2.4 (10) one member of the Minnesota Grain and Feed Association; and
- 2.5 (11) one member of the Minnesota Independent Crop Consultant Association or the
- 2.6 Minnesota Certified Crop Advisor Program.
- 2.7 (b) Council members shall serve three-year terms. After the initial council is
- 2.8 appointed, subsequent appointments must be staggered so that one-third of council
- 2.9 membership is replaced each year. Council members must be nominated by their
- 2.10 organizations and appointed by the commissioner. The council may add ex officio,
- 2.11 nonvoting members at its discretion. The council shall meet at least once per year, with all
- 2.12 related expenses reimbursed by members' sponsoring organizations or by the members

2.13 themselves.

2.14 **Subd. 2. Powers and duties.** The council shall review applications and select  
 2.15 projects to receive agricultural fertilizer research and education program grants, as  
 2.16 authorized in section 18C.71. The council shall establish a program to provide grants to  
 2.17 research, education, and technology transfer projects related to agricultural fertilizer, soil  
 2.18 amendments, and plant amendments. For the purpose of this section, "fertilizer" includes  
 2.19 soil amendments and plant amendments. The department shall act as the fiscal agent in  
 2.20 charge of collecting fees, distributing program funds, and otherwise administering the  
 2.21 program.

2.22 **Subd. 3. Checkoff fees.** Any person, whether in Minnesota or elsewhere, that  
 2.23 sells fertilizer to producers must collect a checkoff of 40 cents per ton of fertilizer sold  
 2.24 and forward the checkoff funds at least semiannually to the commissioner along with  
 2.25 forms provided by the commissioner. For the purposes of this section, a producer means  
 2.26 any person who owns or operates an agricultural producing or growing facility for an  
 2.27 agricultural commodity and shares in the profits and risk of loss from such operation, and  
 2.28 who grows, raises, feeds, or produces the agricultural commodity in Minnesota during the  
 2.29 current or preceding calendar year.

2.30 **Subd. 4. Program account.** There is established in the state treasury an agricultural  
 2.31 fertilizer research and education program account in the agricultural fund. The checkoff  
 2.32 funds raised pursuant to this section must be deposited in the account. Money in the  
 2.33 account, including interest earned, is appropriated to the commissioner to carry out the  
 2.34 program and to refund checkoff funds as described in subdivision 5.

2.35 **Subd. 5. Refunds.** Any producer may, by use of forms provided by the  
 2.36 commissioner, and upon presentation of such proof as the commissioner requires, have  
 3.1 the checkoff fee refunded, provided the checkoff fee was remitted in a timely basis. The  
 3.2 producer must submit annual refund requests to the commissioner before February 28 for  
 3.3 checkoff fees paid in the previous calendar year.

3.4 **Subd. 6. Rules.** The commissioner's duties under this section and section 18C.71  
 3.5 are not subject to the provisions of chapter 14.

3.6 **Subd. 7. Expiration.** This section expires on January 8, 2017.

3.7 **Sec. 3. [18C.71] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH**  
 3.8 **AND EDUCATION PROGRAM.**

3.9 **Subdivision 1. Eligible projects.** Eligible project activities include research,  
 3.10 education, and technology transfer related to the production and application of fertilizer,  
 3.11 soil amendments, and other plant amendments. Chosen projects must contain a component  
 3.12 of outreach that achieves a timely dissemination of findings and their applicability to the  
 3.13 production agricultural community.

3.14 **Subd. 2. Awarding of program grants.** Applications for program grants shall  
 3.15 be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research  
 3.16 and Education Council. Applications must be submitted on or before the deadline  
 3.17 prescribed by the council. All applications are subject to a thorough in-state review by a  
 3.18 peer committee established and approved by the council. Each project meeting the basic  
 3.19 qualifications is subject to a yes or no vote by each council member. Projects chosen  
 3.20 to receive funding must achieve an affirmative vote by at least eight of the 12 council

- 3.21 members. Projects awarded program funds must submit an annual progress report in the  
3.22 form prescribed by the council.  
3.23 Subd. 3. **Annual audit.** The program must have an annual audit of financial  
3.24 activities, which the council must file with the commissioner on or before June 1 for the  
3.25 immediately preceding year ending December 31.  
3.26 Subd. 4. **Expiration.** This section expires January 8, 2017.
- 3.27 Sec. 4. **EFFECTIVE DATE.**  
3.28 Sections 1 to 3 are effective January 1, 2007.

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Please direct all comments concerning issues or legislation  
to your House Member or State Senator.

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General questions or comments.

1.1 Senator ..... moves to amend S.F. No. 3283 as follows:

1.2 Page 2, line 19, before the period, insert "but does not include vegetable or animal  
1.3 manures that are not manipulated"

*Dille*

SF 3283

**Report to the State Legislature:  
Recommendations from the  
Ag Nutrient Task Force**

Date: March 6, 2006

20

**TASK FORCE MEMBERSHIP**

<b>Legislative Appointments (2 House &amp; 2 Senate)</b>		
Sen. Steve Dille	Senate	Dassel, Meeker
Sen. Jim Vickerman	Senate	Tracy, Lyon
Rep. Al Juhnke	House	Willmar, Kandiyohi
Rep. Greg Blaine	House	Little Falls, Morrison
<b>Agricultural Crop Growers (8 Representatives)</b>		
Dan Benson	MN Farmers Union	Murdock, Swift
Larry Muff	MN Soybean Growers	New Richmond, Waseca
Paul Gray	Area 2 Potato Growers	Clear Lake, Sherburne
Douglas Ruud	MWC	Twin Valley, Norman
Richard Magnusson	MAWG	Roseau, Roseau
Allan Peterson	MN Irrigators Assoc.	Clear Lake, Sherburne
Randy Kramer	Self Employed Farmer	Bird Island, Renville
Andy Quinn	MN Corn Growers	Litchfield, Meeker
<b>Fertilizer Retailers (4 Representatives)</b>		
Robert Schoper	Agriliance	Jeffers, Cottonwood
Mike Minnehan	Watowan Farm Service	Slayton, Murray
Robert Zelenka	MN Grain and Feed	Metro
Bill Bond	MN Crop Retailers	Metro
<b>Soil Nutrient Consultants (1 Representative)</b>		
Dennis Berglund	Centrol Crop Consulting	Twin Valley, Norman
<b>Researchers (2 Representatives)</b>		
George Rehm	UM/Extension	Metro
T. Scott Murrell	Potash and Phosphate Institute	Metro
<b>MN Department of Agriculture</b>		
Perry Aasness	Deputy Commissioner	Metro

**CHRONOLOGY OF COMMITTEE ACTIVITIES**

Brief summaries and highlights from each of the five ANTF meetings are listed below. Each set of meeting minutes, associated presentations, handouts, statutory language, and various work products can be found by going to the ANTF website (below). Agenda's were generally developed by the task force at the end of each meeting, finalized by the chair and distributed in advance of each meeting by MDA staff. Table 1 provides a quick overview of the functions of each meeting as it related to the four main assigned legislative tasks.

<http://www.mda.state.mn.us/appd/ace/antf/>

## **EXECUTIVE SUMMARY**

The 2005 legislature passed legislation directing the Commissioner of Agriculture to assemble an Agricultural Nutrient Task Force (ANTF) to study four topics related to agricultural nutrient issues. At a minimum, the ANTF was to review and make recommendations on at least the following topics and practices:

1. The need for research, education and training in the selection and application of agricultural fertilizer and soil nutrients in the state;
2. The imposition of a tonnage fee on all agricultural fertilizer applied in Minnesota and the designated uses of the proceeds from the fee;
3. The desirability of amending statutes and rules that apply to the selection, purchase, storage, and application of agricultural fertilizer and soil nutrients, including the reasonableness of rules for their on-farm storage; and
4. Methods of inspections and monitoring for compliance with fertilizer regulations to protect against the theft of anhydrous ammonia for production of methamphetamine.

### **Ag Nutrient Task Force Process**

A twenty member task force was formed in August of 2005 and met five times between Sept, 2005 and Feb., 2006. Members had diverse agricultural backgrounds collectively knowledgeable about soil fertility research, fertilizer sales and management issues, general producer opinions and challenges, and associated policy and rules. The ANTF heard presentations, reviewed a variety of documents, discussed and deliberated information related to their charge in statutes. The meetings were exceptionally well attended (one exception due to adverse weather). Recommendations were thoroughly discussed and determined through an agreed upon procedure at the final meeting.

### **Recommendations of the Ag Nutrient Task Force**

**As related to the need for soil fertility research/education and designated uses of the fee:**

- Additional fertility research and associated education is needed for production agriculture to address long-term issues;
- Additional funding needs to be generated to pay for fertility research and associated education;
- The fertilizer tonnage fee should be increased to pay for additional fertility research and associated education;
- The ANTF recommends the fee be set at 40 cents per ton;
- As part of the Council's responsibilities, the Council will revisit the amount of the fees and make recommendations to the state legislature regarding increasing or decreasing the amounts;
- Due to the long-term nature of research and the need for program continuity, the Task Force recommends a sunset period of six to ten years;
- The ANTF recommends that the Minnesota Department of Agriculture serves as

- the fiscal agent to collect the fees, distribute refunds, and administer the program;
- The additional fertilizer tonnage research and education fee must be refundable;
  - With the assistance of the MDA, the Council will further address the refund issue;
  - An annual fiscal audit will be conducted on the financial aspects of the AG Fertilizer Research and Education Council and the report will be available to producers using the MN Soybean Growers method as a model;
  - The council be comprised of 12 voting members from: MN Crop Production Retailers (2); MN Corn Growers (1); MN Soybean Growers (1); Sugarbeet Growers (1); MN Wheat Growers/Council (1); Potato Growers (1); Farm Bureau (1); Farmers Union (1), Irrigators Assoc. (1), MN Grain and Feed Assoc. (1), and a Crop Consultant (1) appointed by the Commissioner of AG;
  - Members of the council will be nominated by their organization and subject to official appointment by the Commissioner of Agriculture. The crop consultant representative will be appointed directly by the Commissioner;
  - The council must achieve a two-third vote for funding approval;
  - The official name of the council will be the "Minnesota Agricultural Fertilizer Research and Education Council";
  - Membership on the council will consist of 3-year terms, with one-third of member replacement annually;
  - The council can add ex-officio, non-voting members, at their discretion;
  - The council will meet at least once per year;
  - Travel expenses are to be reimbursed by their sponsoring organization;
  - All research projects that are funded are subject to: 1) thorough in-state and out-state peer review; 2) contain a component of outreach and timely dissemination of information to the production agricultural community; and 3) required annual written research reports.
  - Eligible activities include research, education and technology transfer;
  - Research is the principle purpose of the Council. Additionally, education projects should include a non-ag educational component; and
  - In order to facilitate the collection of fees and refunds, the Council would begin in January.

**As related to On-Farm Bulk Liquid Storage:**

- The ANTF recommends that the legislature review the liability issue as it pertains to on-farm bulk storage of liquid fertilizer and that ownership of the fertilizer product be a main factor with regard to liability; and
- The ANTF also recommends, either through rule or statute, that on farm storage of bulk liquid fertilizer be defined as greater than 6,000 gallons per site.

**As related to the Production of Methamphetamine:**

- No additional requirements (such as tank locking mechanisms, fencing; or anhydrous ammonia additives) to address methamphetamine production are recommended; and
- The ANTF also recommends that the legislature encourage other states to pass

legislation to restrict the sale of pseudoephedrine.

**Table 4. RESEARCH NEEDS FOR THE NEAR FUTURE<sup>1</sup>**

Prepared for the AG Nutrient Task Force by George Rehm, John Lamb and Carl Rosen-Department of Soil, Water and Climate, University of Minnesota

- 1. Farming Without Anhydrous**  
High energy costs will continue to place more dependence on foreign manufactured urea. This shift will place more emphasis on nitrogen management practices that are appropriate for the entire growing season.
- 2. Fertilizer Requirements In A High Yield Environment**  
Without question, crop yields have improved dramatically in the past few years. It's an appropriate time to re-evaluate and re-examine guidelines. This could come from current data and a need for new data. Fertilizer management practices in a high yield environment must be addressed.
- 3. A Marriage For Manure And Commercial Fertilizer Use**  
Livestock manure, once almost ignored, is becoming a more important resource for economic crop production. Traditionally, manure has been viewed as a sole source of nutrients. Perhaps, there are ideal combinations of manure and commercial fertilizer. This concept has not been touched in previous research efforts.
- 4. Fertility Management In Conservation Tillage Systems**  
Adoption of conservation tillage production systems is projected to increase. Some aspects of fertilizer management for these systems are known.
- 5. Fertilizer Management Using Precision Technologies**  
Opportunities for use of precision technologies including remote sensing in crop production are expanding. This is especially true with fertilizer use. The challenge is to make the use of these technologies profitable. Strategies for achieving this profitability must be based on research, designed to evaluate the effectiveness.
- 6. Forage Fertilization**  
There is general agreement that adequate fertilization is important to profitable forage production. A comprehensive research program to provide up-to-date recommendations for all forage crops is needed in Minnesota.
- 7. An In-Depth Examination of Phosphorus and Potassium For Crop Production In Minnesota**  
Long recognized as important nutrients for crop production, the dynamics of potassium and phosphorus in modern production systems are not well understood. Three are major questions that must be answered.
- 8. Long Term Nutrient Management Philosophies In The Whole Crop Rotation**  
Managing nutrients for one crop in any rotation can affect residual soil test values. The effect of these changes on other crops in a rotation should be investigated.
- 9. Nutrient Management In A Biomass World**  
The use of crops for production of energy is becoming a reality. Nutrient management for production of these crops used for energy production may be different from those used when crops are grown for food. Utilization of crops for energy production may also affect chemical, biological, and physical soil properties.
- 10. Interaction With Factors That Stress Crops**  
Crop stress is a major concern of crop producers. Stress cannot usually be predicted. Yet, there are management practices that can be used to reduce the severity of the stress. Nutrient management may be one of those practices. Potential interactions with stress factors have not been researched. This is a new area of research with many possibilities.

<sup>1</sup> For discussion purposes at the 2-10-06 ANTF meeting

**Fiscal Note – 2005-06 Session**

**Bill #:** S3283-1E **Complete Date:** 03/31/06

**Chief Author:** DILLE, STEVE

**Title:** MN AGRIC FERT RESEARCH & ED COUNCIL

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

**Agency Name:** Agriculture Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
Agriculture Fund			45	835	880
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
Agriculture Fund			45	835	880
<b>Revenues</b>					
Agriculture Fund				880	880
<b>Net Cost &lt;Savings&gt;</b>					
Agriculture Fund			45	(45)	0
<b>Total Cost &lt;Savings&gt; to the State</b>			45	(45)	0

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
Agriculture Fund			0.50	1.00	1.00
<b>Total FTE</b>			0.50	1.00	1.00

## **Bill Description**

This bill incorporates the recommendations of the Agricultural Nutrient Task Force. It exempts small, on-farm storage of liquid commercial fertilizer from permitting and safeguarding; creates a refundable 40¢/ton fertilizer check-off fee used to fund research, education and outreach projects related to the production and application of fertilizer; and creates a Minnesota Agricultural Fertilizer Research and Education Council to oversee the awarding of funds.

In 2005, the legislature established the Agricultural Nutrient Task Force to review and make recommendations on several topics and practices related to agricultural fertilizer and soil nutrients.

## **Assumptions**

It is assumed that 2.2 million tons of fertilizer are sold in Minnesota annually and subject to this fee;

It is assumed that the cost of each refund is \$ 48;

It is assumed that 1500 growers will request a refund;

It is assumed that the Council will approve grants in the second half of the first year of operation FY08 and expend all funds available;

It is assumed that 1.0 FTE (Agricultural Advisor) will be needed to review, verify, and approve refunds; provide staff support for the grant application process (RFP, provide staff support to the Council, coordinate the peer review of applications and proposals prior to Council review, coordinate the peer review for research results);

It is assumed that in the first six months of operation staff, at cost of \$37,085, will be needed to process one-half of the year's refund requests in the amount of \$8,317 for a total cost to the program, before any fees are collected, of \$45,402.

## **Expenditure and/or Revenue Formula**

Revenue:

2.2 million tons of fertilizer sold in Minnesota annually x \$0.40/ton = \$880,000

Estimated costs of refunds:

\$48.00\* x 1,500\*\* (refunds) = \$72,000

Estimated amount of refunded fees:

\$11.09 (avg. fee per grower) x 1,500 (estimated number of refunds requested) = \$16,635

Staff costs:

Agricultural Advisor @ salary of \$40,000/year with health and other fringe @ \$16,920 and supplies, travel, rent, communication, equipment @ \$8,450 and indirects @ \$8,800 for a total of \$74,170.

\* \$48.00 is the average cost for processing refunds at the Minnesota State colleges and Universities Metro alliance. The Activity Based Accounting Rate was calculated by dividing the total expenses by the number of transactions processed between FY02 and FY04 at the eleven institutions.

\*\* The refund number is an estimate based of the number of refunds that are provided by the MDA at the request of corn growers that participate in the corn check off program (approximately 1000 refunds are requested annually from a base of 54,000 corn growers). Extrapolating that ratio to the total number of growers in Minnesota (approximately 80,000) provides and estimated 1500 refund requests.

## **Long-Term Fiscal Considerations**

It is assumed that the changes in expenditures and revenues as a result of this legislation will be sustained in future years. However, it is possible that the refund rate estimate can be in error and that the refund rate will change over time. Since no other similar research fund in the US is operated with a refund component, it is not possible to estimate the refund precisely for this fund.

Fees are to be paid on a semi-annual basis with the first fee collection following the first six month period of enactment (1/08). Therefore, refunds will be required to be paid to producers prior to fees being collected by the MDA

Also as more projects are funded, more staff work may become necessary as the number of projects grow.

### **Local Government Costs**

It is assumed that there will not be any costs to Local Units of Government.

### **References/Sources**

MDA records and staff estimates;

Ag Nutrient Task Force meetings and report;

MnSCU metro alliance activity-based cost study (FYs 02-04 average).

Agency Contact Name: Greg Buzicky (651-201-6639)  
FN Coord Signature: STEVE ERNEST  
Date: 03/30/06 Phone: 201-6580

### **EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT  
Date: 03/31/06 Phone: 296-7642

1.1 A bill for an act  
relating to economic development; making technical and housekeeping changes  
1.3 to programs in the Department of Employment and Economic Development;  
1.4 requiring the commissioner of employment and economic development to assist  
1.5 small businesses with accessing certain federal funds; requiring the department  
1.6 to implement certain fees for services; appropriating the revenue from fees;  
1.7 amending Minnesota Statutes 2004, sections 43A.08, subdivision 1a; 116L.04,  
1.8 subdivisions 1, 1a; 116L.12, subdivision 4; 446A.03, subdivision 5; proposing  
1.9 coding for new law in Minnesota Statutes, chapter 116J.

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

1.11 Section 1. Minnesota Statutes 2004, section 43A.08, subdivision 1a, is amended to read:

1.12 Subd. 1a. **Additional unclassified positions.** Appointing authorities for the  
1.13 following agencies may designate additional unclassified positions according to this  
1 subdivision: the Departments of Administration; Agriculture; Commerce; Corrections;  
1.15 Education; Employee Relations; Employment and Economic Development; Explore  
1.16 Minnesota Tourism; Finance; Health; Human Rights; Labor and Industry; Natural  
1.17 Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans  
1.18 Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the state  
1.19 Board of Investment; the Office of Administrative Hearings; the Office of Environmental  
1.20 Assistance; the Offices of the Attorney General, Secretary of State, and State Auditor;  
1.21 the Minnesota State Colleges and Universities; the Higher Education Services Office; the  
1.22 Perpich Center for Arts Education; and the Minnesota Zoological Board.

1.23 A position designated by an appointing authority according to this subdivision must  
1.24 meet the following standards and criteria:

1.25 (1) the designation of the position would not be contrary to other law relating  
1.26 specifically to that agency;

2.1 (2) the person occupying the position would report directly to the agency head or  
2.2 deputy agency head and would be designated as part of the agency head's management  
2.3 team;

2.4 (3) the duties of the position would involve significant discretion and substantial  
2.5 involvement in the development, interpretation, and implementation of agency policy;

2.6 (4) the duties of the position would not require primarily personnel, accounting, or  
2.7 other technical expertise where continuity in the position would be important;

2.8 (5) there would be a need for the person occupying the position to be accountable to,  
2.9 loyal to, and compatible with, the governor and the agency head, the employing statutory  
2.10 board or commission, or the employing constitutional officer;

2.11 (6) the position would be at the level of division or bureau director or assistant  
2.12 to the agency head; and

2.13 (7) the commissioner has approved the designation as being consistent with the  
2.14 standards and criteria in this subdivision.

2.15 **Sec. 2. [116J.656] SMALL BUSINESS ACCESS TO FEDERAL RESEARCH**  
2.16 **FUNDS.**

2.17 **(a) The commissioner shall assist small businesses to access federal funds through**  
2.18 **the federal Small Business Innovation Research program and the Small Business**  
2.19 **Technology Transfer program. In providing this assistance, the commissioner shall**  
2.20 **maintain connections to eligible federal programs, assess specific funding opportunities,**  
2.21 **review funding proposals, provide referrals to specific consulting services, and hold**  
2.22 **training workshops throughout the state.**

2.23 **(b) Unless prohibited by federal law, the department must implement fees for**  
2.24 **services that help companies seek federal Phase II Small Business Innovation Research**  
2.25 **grants. The fees must be deposited in a special revenue account and are annually**  
2.26 **appropriated to the department for the Small Business Innovation Research and Small**  
2.27 **Business Technology Transfer programs.**

2.28 **Sec. 3. Minnesota Statutes 2004, section 116L.04, subdivision 1, is amended to read:**

2.29 **Subdivision 1. Partnership program. (a) The partnership program may provide**  
2.30 **grants-in-aid to educational or other nonprofit educational institutions using the following**  
2.31 **guidelines:**

2.32 **(1) the educational or other nonprofit educational institution is a provider of training**  
2.33 **within the state in either the public or private sector;**

2.34 **(2) the program involves skills training that is an area of employment need; and**

3.1 (3) preference will be given to educational or other nonprofit training institutions  
3.2 which serve economically disadvantaged people, minorities, or those who are victims of  
economic dislocation and to businesses located in rural areas.

3.4 (b) A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent~~  
3.5 A portion of a grant may be used for preemployment training.

3.6 Sec. 4. Minnesota Statutes 2004, section 116L.04, subdivision 1a, is amended to read:

3.7 Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid  
3.8 for developing programs which assist in the transition of persons from welfare to work and  
3.9 assist individuals at or below 200 percent of the federal poverty guidelines. The program  
3.10 is to be operated by the board. The board shall consult and coordinate with program  
3.11 administrators at the Department of Employment and Economic Development to design  
3.12 and provide services for temporary assistance for needy families recipients.

3.13 Pathways grants-in-aid may be awarded to educational or other nonprofit training  
3.14 institutions for education and training programs and services supporting education and  
3.15 training programs that serve eligible recipients.

3.16 Preference shall be given to projects that:

3.17 (1) provide employment with benefits paid to employees;

3.18 (2) provide employment where there are defined career paths for trainees;

3.19 (3) pilot the development of an educational pathway that can be used on a continuing  
3.20 basis for transitioning persons from welfare to work; and

3.21 (4) demonstrate the active participation of Department of Employment and  
3.22 Economic Development workforce centers, Minnesota State College and University  
institutions and other educational institutions, and local welfare agencies.

3.23 Pathways projects must demonstrate the active involvement and financial  
3.24 commitment of private business. Pathways projects must be matched with cash or in-kind  
3.25 contributions on at least a one-to-one ratio by participating private business.

3.26 A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent of~~  
3.27 A portion of a grant may be used for preemployment training.

3.28 Sec. 5. Minnesota Statutes 2004, section 116L.12, subdivision 4, is amended to read:

3.29 Subd. 4. **Grants.** Within the limits of available appropriations, the board shall make  
3.30 grants not to exceed \$400,000 each to qualifying consortia to operate local, regional, or  
3.31 statewide training and retention programs. Grants may be made from TANF funds, general  
3.32 fund appropriations, and any other funding sources available to the board, provided the  
3.33 requirements of those funding sources are satisfied. ~~Up to 25 percent~~ A portion of a  
3.34

4.1 grant may be used for preemployment training. Grant awards must establish specific,  
4.2 measurable outcomes and timelines for achieving those outcomes.

4.3 Sec. 6. Minnesota Statutes 2004, section 446A.03, subdivision 5, is amended to read:

4.4 Subd. 5. **Executive director.** The commissioner shall employ, with the concurrence  
4.5 of the authority, an executive director in the unclassified service. The director shall  
4.6 perform duties that the authority may require in carrying out its responsibilities.

1.1 Senator ..... moves to amend S.F. No. 2705 as follows:

1.2 Page 4, after line 6, insert:

1.4 "Sec. 7. Minnesota Statutes 2004, section 473.252, subdivision 3, is amended to read:

1.5 Subd. 3. **Distribution of funds.** (a) The council must use the funds in the account  
1.6 to make grants to municipalities or development authorities for the cleanup of polluted  
1.7 land in the metropolitan area. A grant to a metropolitan county or a development authority  
1.8 must be used for a project in a participating municipality. The council shall prescribe  
1.9 and provide the grant application form to municipalities. The council must consider the  
1.10 probability of funding from other sources when making grants under this section.

1.11 (b)(1) The legislature expects that applications for grants will exceed the available  
1.12 funds and the council will be able to provide grants to only some of the applicant  
1.13 municipalities. If applications for grants for qualified sites exceed the available funds,  
1.14 the council shall make grants that provide the highest return in public benefits for the  
1.15 public costs incurred, that encourage development that will lead to the preservation or  
1.16 growth of living-wage jobs or the production of affordable housing, and that enhance the  
1.17 tax base of the recipient municipality. For purposes of ranking applications, equal weight  
1.18 shall be given to preservation or growth of living-wage jobs and to the production of  
1.19 affordable housing.

1.20 For purposes of this section, affordable housing includes both:

1.21 (i) affordable rental housing for persons or families whose income, at the time  
1.22 of initial occupancy, does not exceed 60 percent of median income as determined by  
1.23 the United States Department of Housing and Urban Development for the metropolitan  
area; and

1.25 (ii) affordable ownership housing units for persons or families whose income, at the  
1.26 time of initial occupancy, does not exceed 80 percent of median income as determined by  
1.27 the United States Department of Housing and Urban Development for the metropolitan  
1.28 area.

1.29 (2) In making grants, the council shall establish regular application deadlines in  
1.30 which grants will be awarded from the available money in the account. If the council  
1.31 provides for application cycles of less than six-month intervals, the council must reserve  
1.32 at least 40 percent of the receipts of the account for a year for application deadlines that  
1.33 occur in the second half of the year. If the applications for grants exceed the available  
1.34 funds for an application cycle, no more than one-half of the funds may be granted to  
1.35 projects in a statutory or home rule charter city and no more than three-quarters of the  
1.36 funds may be granted to projects located in cities of the first class.

- 2.1 (c) A municipality may use the grant to provide a portion of the local match
- 2.2 requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557."
- 2.3 Amend the title accordingly

SCS2705A-1

OK

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1.2 Page 4, after line 6, insert:

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- 2.2 requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557."
- 2.3 Amend the title accordingly

OK

1.1 Senator ..... moves to amend S.F. No. 2705 as follows:

1.2 Page 2, lines 23 and 26, delete "department" and insert "commissioner"

1.1 Senator ..... moves to amend S.F. No. 3283 as follows:

1.2 Page 2, line 19, before the period, insert "but does not include vegetable or animal  
1.3 manures that are not manipulated"

**Minnesota  
Office of the Revisor of Statutes**[Legislature Home](#) | [Links to the World](#) | [Help](#) | [Ad](#)[House](#) | [Senate](#) | [Joint Departments and Commissions](#) | [Bill Search and Status](#) | [Statutes, Laws, and Rules](#)**Minnesota Statutes 2005, 116J.543**

Copyright 2005 by the Office of Revisor of Statutes, State of Minnesota.

[Minnesota Statutes 2005, Table of Chapters](#)[Table of contents for Chapter 116J](#)**116J.543 Film production jobs program.**

The film production jobs program is created. The program shall be operated by the Minnesota Film Board with administrative oversight and control by the commissioner of employment and economic development. The program shall make payment to producers of long-form and narrative film productions that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film Board of expenditures for wages for work on new film production jobs in Minnesota by resident Minnesotans. The film jobs include work such as technical crews, acting talent, set construction, soundstage or equipment rental, local postproduction film processing, and other film production jobs.

The Film Board must make recommendations to the commissioner about program payment, but the recommendations are not binding and the commissioner has the authority to make the final determination on payments. The commissioner's determination must be based on the amount of wages documented to the Film Board and the likelihood that the payment will lead to further documentable wage payments. Payment may not exceed \$100,000 for a single long-form and narrative film. No more than five percent of the funds appropriated for the program in any year may be expended for administration. Individual feature film projects shooting on or after January 1, 1997, will be eligible for fund allocations.

HIST: 1997 c 200 art 1 s 53; 1Sp2003 c 4 s 1

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Please direct all comments concerning issues or legislation  
to your [House Member](#) or [State Senator](#).

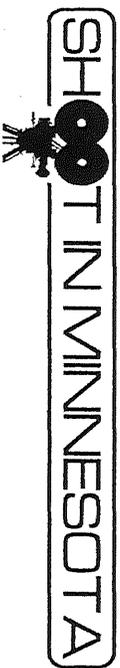
For Legislative Staff or for directions to the Capitol, visit the [Contact Us](#) page.

[General questions or comments.](#)

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# Minnesota's Film Production Tax Credit

*It just makes sense!*



MINNESOTA FILM & TV BOARD

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## How many states have film incentives?

- 44 states and Minnesota isn't one of them.
  - Minnesota offers incentives for TV commercials, but not films.
  - South Dakota recently enacted film incentives.
  - Wisconsin has incentive legislation pending.
  - Iowa proposes to increase its incentive program
-



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# Why does Minnesota need an incentive program?

- We need incentives to compete in this arena, and keep jobs here in Minnesota.
  - As more films and commercials are shot here, employment in the industry will grow and it will become more vertically integrated.
-

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## What if Minnesota doesn't have film incentive program?

- We will continue to lose Minnesota themed productions to states with incentive programs.
  - Production companies that would like to shoot in Minnesota will choose locations in other states that offer incentives.
-



## SNOWBATE RESULTS 1997- 2002

(For Feature Films, TV Movies, and National TV Series)

		FY1998	FY1999	FY2000	FY2001	FY2002	FYS1998-2002
\$ spent in MN that's eligible for the Snowbate	MN Crew	6,493,101	3,894,745	6,369,752	8,886,088	6,179,712	\$31,823,398
	MN Acting Talent	406,309	443,378	1,416,176	1,017,995	829,374	\$4,113,232
	Art Department	485,965	314,073	463,929	442,979	120,402	\$1,827,349
	Set Construction Costs	563,758	171,231	505,069	770,144	486,645	\$2,496,847
	Equipment Purchases/Rental	927,357	235,389	436,003	931,138	580,656	\$3,110,543
	Studio Rental/Location Fees	840,343	442,920	369,034	853,804	222,528	\$2,755,628
	Production Office Rental	283,069	154,616	220,497	479,155	271,921	\$1,409,258
	MN Transportation	223,940	159,096	85,656	97,139	45,807	\$611,638
	MN Post Production	111,763	43,260	792,601	1,145,930	987,707	\$3,081,262
	<b>Snowbate Expenditure Total</b>	<b>9,919,828</b>	<b>5,858,709</b>	<b>10,685,716</b>	<b>14,624,412</b>	<b>9,724,753</b>	<b>\$50,813,418</b>
	<b>Snowbate Reimbursement</b>	<b>359,045</b>	<b>285,606</b>	<b>475,000</b>	<b>475,154</b>	<b>475,000</b>	<b>\$2,069,805</b>
Other \$ spent in MN	Airline Expenditures	383,760	352,188	128,663	380,594	107,046	\$1,352,251
	MN Legal/Accounting Services	108,046	31,388	42,058	45,211	45,426	\$272,129
	MN Catering & Meals	338,268	166,223	327,510	343,054	74,293	\$1,249,348
	Hotel Expenditures	361,170	281,663	135,299	483,536	64,190	\$1,325,858
	MN Per Diem Expenditures	377,649	178,942	170,672	411,584	26,494	\$1,165,341
	Misc.	26,150	60,311	962,502	548,882	26,295	\$1,624,140
	<b>Total Spent in Minnesota</b>	<b>11,514,871</b>	<b>6,929,425</b>	<b>12,629,263</b>	<b>16,837,274</b>	<b>\$ 10,068,496</b>	<b>\$57,979,328</b>

The Snowbate is a program created by the Minnesota Film Board to stimulate more feature film and television series production in the state. The rebate is designed to give producers an incentive to shoot in Minnesota versus a competing market by returning a percentage (5% from 1997 to 2000; 10% in 2001-2002) of documented Minnesota production expenditures to them with a maximum rebate of \$ 100,000 per project.

Note: Each fiscal year runs from July 1 to June 30. For example, FY2002 was 7/1/01 to 6/30/02.



**Shoot In Minnesota** is a non-profit trade association dedicated to promoting, reinvigorating and advancing the growth of Minnesota's feature film, commercial and television production industry. We represent Minnesota's crew, talent, and producers and work in conjunction with the Minnesota Film & TV Board.

**Shoot In Minnesota** and **The Minnesota Film & TV Board** support SF2208 (Cohen) and HF3226 (Charron), an economic development tool to stimulate the industry and build the Minnesota workforce.

15% tax credit on production expenditures to Minnesota talent and workers including screenplays, photography, lodging, set construction and related services when taxes are paid in Minnesota

**Shoot In Minnesota** and **The Minnesota Film & TV Board** support:

- Extending the current sales tax exemption on commercials to movie production.
- Since Minnesota ceased to have incentives, the number of movies and television commercials made in Minnesota has dwindled from a steady stream in the 1990's to a mere trickle. Employment in the film industry has declined, and many crew members have had to find other means of livelihood.
- Minnesota is one of seven states that offer no incentives to the movie industry.
- The recent production *North Country*, which spent \$3,000,000 in Minnesota, mostly on the Iron Range, was only partially filmed here even though it is a Minnesota story. Another \$10,000,000 to 15,000,000 was spent in New Mexico, where the producers were able to take advantage of a competitive incentive package.
- Major Hollywood studios, as well as independent filmmakers, and commercial producers take their work and jobs to states such as Illinois, New Mexico and Louisiana that offer competitive incentives.
- Incentives are an economic development tool that produces immediate impact. Millions of dollars are spent on a variety of workers, vendors, and professionals. This impact is not limited to the film industry, but reverberates throughout entire communities, benefiting hotels, restaurants, car rental agencies, insurance companies, hardware and lumber suppliers, and other small and large Minnesota businesses.
- According to the Bureau of Labor Statistics, employment in the motion picture and video industries is projected to grow 31% between 2002 and 2012, double the projected 16% growth of all other industries combined.
- Minnesota *must* rebuild, grow and steward our film industry. It's a matter of jobs, good business and state pride. Movies like *Grumpy Old Men* and *Fargo*, have not only benefited our State's economy, but have imprinted a bit of Minnesota's soul and lore on our nation's collective psyche. Help us make Minnesota *the* premier location for film production in the United States.

Shoot In Minnesota  
1180 Lincoln Avenue  
St. Paul, Minnesota 55105

[www.shootinminnesota.org](http://www.shootinminnesota.org)

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Executive Director  
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