

March 1, 2022

Energy and Utilities Finance and Policy Committee

Chair David H. Senjem

95 University Avenue W, Room 1150

St. Paul, MN 55155

Agriculture Finance and Policy Committee

Chair Mike Sundin

State Office Building

100 Rev. Dr. Martin Luther King Blvd

Dear Committee Members,

Minnesota's Property Assessed Clean Energy (PACE) program has provided low-cost financing for over 350 clean energy projects across the state, totaling over \$225 million dollars of investment. These projects stimulate private investment and improve business cash flows while reducing energy costs and environmental impacts.

Currently, agriculture producers can only utilize PACE for projects such as installing solar panels. SF3060/HF2624 would expand the definition of projects eligible for PACE financing to include permanent farmland improvements, such as drainage and irrigation systems with holding ponds as appropriate, grading or leveling, tree crops, soil improvements, and fencing and water systems for actively managed grazing, to name a few.

Under this proposal, farmers could apply for PACE financing after receiving sign-off from any current lender they are working with. PACE, operated by the St. Paul Port Authority, reviews and approves applications with environmental quality assessments, and distributes funds to start projects, often within 45 days. PACE loans are typically granted at rates around 4-5% for a 10-year term, lower than traditional financing. The loan is repaid through a voluntary property tax assessment, keeping the financing for improvements connected to the land that was improved.

Farmers have experienced firsthand the impacts of extreme weather patterns: heavier rainfalls, drier droughts, and volatile temperatures, all of which affect their production and financial bottom line. Farmers' cash flows are being further squeezed by rising input costs and inflationary pressures. Providing producers additional tools to improve the resiliency of their land will protect their businesses and help protect the global food supply chain into the future.

Minnesota can demonstrate continued national leadership in agricultural innovation by giving farmers new options to improve the productivity and resiliency of their most valuable asset. We respectfully ask for your support of SF3060/HF2624.

Sincerely,



Tamara Nelsen

Executive Director

Minnesota AgriGrowth Council