



Governor's 2023 Ag Budget Recommendations

Deputy Commissioner Andrea Vaubel

"Our mission is to enhance all Minnesotans' quality of life by equitably ensuring the integrity of our food supply, the health of our environment, and the strength and resilience of our agricultural economy."

- Gathered ideas from Division Directors and Staff
- Legislative Portal – open August 1st through September 15th
- Public Meetings – September 7th and 8th
- Stakeholder Meetings

Healthy Soil Grant Program

- **\$4M total in FY24-25**
- **Summary:** This proposal builds on the new Soil Health Financial Assistance Program (SHFAP) that began as a pilot last year with a \$500,000 appropriation. It supports the state's Healthy Soil Management Plan through the voluntary implementation of soil health management practices by awarding funds to access specialized equipment and machinery.

AgBMP Revolving Loan Increase

- **\$4M total (FY24-25) and \$3M per year ongoing**
- **Summary:** This proposal seeks to increase lending capacity for the AgBMP Loan program to address its funding shortfall and support projects and practices that help our state's air and water quality.

AGRI Sunset Extension

- **\$17,582,000 per year ongoing**
- **Summary:** This proposal extends the Agricultural Growth, Research, Innovation (AGRI) program sunset date from June 30, 2025, to June 30, 2035, through a change to MINN. STAT. 41A.12, subd. 4.

Biofuels Infrastructure Grants

- **\$1.5M per year ongoing**
- **Summary:** This proposal seeks to continue the AGRI Biofuels Infrastructure Financial Assistance Program. These grants help service stations upgrade their equipment (fuel dispensers, underground tanks, and associated equipment) to be able to sell blends of gasoline containing 15% or more of ethanol. Grants are to be made to service stations in Minnesota that are independently owned or belong to chains of 10 stations or less.

AGRI Meat Processing Grants

- **\$250,000 per year ongoing**
- **Summary:** This proposal seeks to expand the AGRI appropriation by increasing the funding available specifically for grants to meat, poultry, egg, and milk processors.

Beginning Farmer Equipment Grants

- **\$200,000 per year ongoing**
- **Summary:** This proposal seeks to support a grant program specifically for new and emerging farmers to increase market access and sales. This is part of the Department's Value-Added Grant Program. The funds will be used for grants to individuals and operating costs, including engagement and outreach work associated with grant program development, execution, and administration.

Services to Immigrant & BIPOC Producers & Businesses

- **\$250,000 per year ongoing**
- **Summary:** This proposal seeks to support organizations that will provide culturally appropriate services to immigrant and BIPOC ag producers and food-system related businesses.

Emerging Farmers Office Expansion

- **\$700,000 (FY24-25) and \$625,000 per year ongoing**
- **Summary:** These funds will support the additional staff needed to provide services for emerging farmers throughout Minnesota, specifically in the areas of grant management, oversight, coordination, communication and technical support, administration and logistics, overall office management, and Tribal consultations. These positions are in addition to the existing position in the office - the Emerging Farmer Outreach & Engagement Coordinator.

This proposal connects to two additional proposals for Beginning Farmer Equipment and Infrastructure Grants, and Services to Immigrant and BIPOC producer and food-system businesses. Staff within the Emerging Farmers Office are needed to develop and manage services identified in these proposals.

This proposal also includes the elimination of the sunset for the EFWG.

Minnesota Grown Expansion

- **\$75,000 per year ongoing**
- **Summary:** This proposal expands the Minnesota Grown Program's ability to promote locally raised and processed meat and poultry by increasing the annual appropriation from \$186,000 to \$261,000. The additional \$75,000 will be administered with existing program staffing levels and will allow the agency to invest in paid advertising, social media promotion, public relations activities, and significantly expanded content on the popular www.minnesotagrown.com website.

Farm Safety, Health, and Wellness Grants

- **\$250,000 per year ongoing**
- **Summary:** This proposal seeks to support farm safety outreach and equipment cost-share payments to farmers; stress and mental health outreach, promotion, and support to farmers and others in the agricultural community; and, a pass-through grant to the Minnesota FFA Foundation to engage FFA chapters in creating innovative education, training, or outreach projects that respond to community needs to mitigate stress and promote mental health.

Ag Emergency Account

- **\$1.5M one time**
- **Summary:** This proposal seeks to replenish the MDA's Ag Emergency Account to ensure the agency is ready to respond to ag-related emergencies in a timely manner.

The Good Acre LEAFF Program

- **\$100,000 per year ongoing**
- **Summary:** This proposal seeks to support The Good Acre's Local Emergency Assistance Farmer Fund (LEAFF) which provides underserved farmers with new market channels by paying market-rate prices for their produce, all of which is then donated to hunger-relief organizations across Minnesota.

Maintain Service Levels

- **\$8,055,000 FY24-25 and \$9,288,000 FY26-27**
- **Summary:** This proposal seeks funding to ensure the MDA can deliver its current services as cost pressures increase. Agency operating budgets cover items like employee compensation growth, IT service rates, vendor contract increases, interagency service contracts, and laboratory preventative maintenance contracts.

MDA IT Modernization

- **\$2,400,000 FY24-25 one time - fee authorization FY24 and ongoing**
- **Summary:** This proposal supports efforts to replace MDA's old and outdated IT systems. By moving to modern technologies, the department could improve customer self-service options and streamline staff work to provide better customer service.

- **\$40,000,000**
- **Summary:** This proposal seeks an appropriation to purchase bonds for the purpose of funding RFA Bond Loans. We are projected to exhaust current available funds by October of this year.

RFA Capacity Increase

- **\$150,000 per year ongoing**
- **Summary:** This proposal adds additional resources that will reduce bottlenecks in processing and service times. This will allow for more timely approval and funding of loans the RFA provides, as well as the timely processing of tax credits and grants.

Meat Processing Liaison

- **\$150,000 per year ongoing (\$75k general fund, \$75k federal)**
- **Summary:** This proposal seeks to support a Meat Processing Navigator position at the Minnesota Department of Agriculture (MDA). This position would assist new and prospective meat processing plants to navigate the food safety regulatory requirements for becoming a meat processor, find available grants and potential funding sources, and work through other local processor issues, such as zoning, plumbing and other infrastructure requirements.

Food Licensing Modernization

- **\$3,827,000 in FY24**
- **Summary:** This proposal seeks to redirect non-dedicated food handler license and inspection fee revenue from the general fund into a new Ag fund account. This allows the program to create a fund balance that ensures short term salaries are addressed and creates overall long-term funding stability.

Grain Indemnity Fund

- **\$5,000,000 one time (FY24)**
- **Summary:** This proposal seeks a one-time appropriation from the General Fund to establish a grain indemnity fund that will protect producers who have unpaid grain sales when grain buyers or warehouses become financially insolvent. We are requesting a one-time investment from the state to establish the fund which will then be replenished through fees associated either with sales of grain or in lieu of current bonding costs.

AGRI Value-Added Entrepreneurial Support

- **\$250,000 per year ongoing**
- **Summary:** This proposal seeks to expand the current AGRI value-added program by focusing on key areas of entrepreneurial support including grants for co-packing, cold storage, and commercial kitchens, additional value-added grants, and expanded investment in the New Markets Cost-Share program, focusing on food safety and environmental sustainability.

Bioincentive Program Funding Increase

- **\$5,000,000 FY24-25 and \$10,000,000 in FY26-27**
- **Summary:** This proposal adds funding to pay claims for incentive payments out of the existing AGRI Bioincentive Program. Claims for these payments greatly exceed appropriated funds – this ask will reduce this shortfall.

Grants for Farmers Market Hubs

- **\$700,000 in FY24-25**
- **Summary:** This proposal seeks to establish and administer a competitive grant program for farmers market hubs in Minnesota. This grant will provide funding to start, sustain, and grow aggregation efforts at farmers markets. Grants will support a variety of market hub expenses, such as investment in equipment and infrastructure, staffing, training, and program development.

Increase Second Harvest Milk Allocation

- **\$250,000 per year ongoing**
- **Summary:** This proposal supplements an existing grant to SHH to purchase milk, protein, and surplus ag items (primarily fruit and vegetables). These funds would be used specifically for milk purchases.

Expanded International Trade Support

- **\$150,000 per year ongoing**
- **Summary:** This proposal will support a full-time international trade representative based at the MDA for trade missions and international marketing support as demand for these services have outgrown our current capacity.

County Fair Premium Increase

- **\$200,000 per year ongoing**
- **Summary:** This proposal increases the aid for eligible county and district agricultural societies and associations. This will increase the existing base appropriation to \$674,000.

Noxious Weed Grants

- **\$400,000 per year ongoing**
- **Summary:** This proposal seeks funding to make grants to local units of government and Tribal nations for noxious weed detection, control, and management. These grants have proven to be an effective way for the MDA to provide coordination of efforts while enabling needed on-the-ground management.

Climate Implementation Coordinator

- **\$150,000 per year ongoing**
- **Summary:** This proposal seeks to establish a new climate implementation coordinator position at the MDA. This position will be focused on coordinating activities across MDA divisions and counterparts in other agencies related to Climate Action Framework goals, develop strategic partnerships with outside organizations, and coordinate federal funding opportunities related to climate.

Pass-Through Grants to Ag Organizations

- **\$800,000 in FY24-25**
- **Summary:** This proposal is one time funding for pass through grants to Center for Rural Policy and Development, Northern Crops Institute, Minnesota Turf Seed Council, Minnesota State Poultry Association, Minnesota State Horticultural Society, and Minnesota Livestock Breeders Association.

Funding for Pollinator Research Account

- **\$100,000 per year ongoing**
- **Summary:** This proposal is funding to the University of Minnesota (including consultation with the MDA) to fund research and outreach activities focused on improving pollinator habitat and pest management practices that reduce the effects of pesticides on pollinators while retaining the economic strength of Minnesota's agriculture. Topics could include, but are not limited to IPM, pest economic thresholds, pesticide seed treatments, pesticide risks to pollinators, and identifying pesticides management programs that are compatible with pollinators.

Fertilizer Tonnage Fee Increase

- **\$750,000 per year (estimate and fees, not general fund)**
- **Summary:** This proposal seeks a \$0.25/ton increase to the fertilizer tonnage fee. Increased revenue will allow the MDA to continue current support on inspection and permitting, conduct nitrogen point source evaluations and investigations, and sample consumer fertilizer products.

Legalizing Adult-Use Cannabis

- **\$822,000 in FY24-25 and \$676,000 in FY26-27**
- **Summary:** This proposal will cover the costs MDA will incur related to the legalization of adult-use cannabis. This includes MDA responsibilities as a new state office is established including licensing, inspection, enforcement, surveillance, and grants assistance.

Bonding: East Grand Forks Building Repair

- **\$457,000 (\$384,000 in GO Bonds, \$73,000 in cash)**
- **Summary:** The Governor seeks to renovate the MDA potato inspection facility located in East Grand Forks. This building is used primarily for potato-related services, including Seed Potato Certification, laboratory testing for pathogens, potato cyst nematode surveys, USDA shipping point inspections, federal crop insurance grading, and sampling.

Budget Neutral Changes

- Pet Food Registration Streamlining
- Plan Review Fee Modernization
- Expanded Eligibility for Farm to School
- OSB Production Incentive Amendments
- Expanded Option for AGRI Sustainable Ag Demonstration Grant
- Modify Bee Kill Compensation Fund
- Updated Fee Structure for Nursery Certificates
- RFA Down Payment Assistance Grant Extension
- Clarifying Federal Fund Authority for CWD

General Fund: Summary Snapshot

| Recommendation | FY 2024 | FY 2025 | TOTAL | FY 2026 | FY 2027 | TOTAL |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Maintain Current Levels | \$3,411 | \$4,644 | \$8,055 | \$4,644 | \$4,644 | \$9,288 |
| RFA Capacity Increase | \$150 | \$150 | \$300 | \$150 | \$150 | \$300 |
| Meat Processing Liaison | \$75 | \$75 | \$150 | \$75 | \$75 | \$150 |
| MDA IT Modernization | \$1,200 | \$1,200 | \$2,400 | \$0 | \$0 | \$0 |
| EFO Expansion | \$275 | \$425 | \$700 | \$625 | \$625 | \$1,250 |
| Food Licensing Modernization | \$3,827 | \$0 | \$3,827 | \$0 | \$0 | \$0 |
| Grain Indemnity Fund | \$5,000 | \$0 | \$5,000 | \$0 | \$0 | \$0 |
| Soil Health Equipment Grants | \$2,000 | \$2,000 | \$4,000 | \$0 | \$0 | \$0 |
| AGRI Entrepreneurial Support | \$250 | \$250 | \$500 | \$250 | \$250 | \$500 |
| Beginning Farmer Grants | \$200 | \$200 | \$400 | \$200 | \$200 | \$400 |
| Ag Emergency Account | \$1,500 | \$0 | \$1,500 | \$0 | \$0 | \$0 |
| Minnesota Grown Expansion | \$75 | \$75 | \$150 | \$75 | \$75 | \$150 |
| AGRI Meat Processing | \$250 | \$250 | \$500 | \$250 | \$250 | \$500 |
| Noxious Weeds Grants | \$400 | \$400 | \$800 | \$400 | \$400 | \$800 |
| Farmers Market Hubs Grants | \$350 | \$350 | \$700 | \$0 | \$0 | \$0 |
| Biofuels Infrastructure | \$1,500 | \$1,500 | \$3,000 | \$1,500 | \$1,500 | \$3,000 |
| SHH Milk Allocation | \$250 | \$250 | \$500 | \$250 | \$250 | \$500 |
| County Fair Premium Increase | \$200 | \$200 | \$400 | \$200 | \$200 | \$400 |
| International Trade Support | \$150 | \$150 | \$300 | \$150 | \$150 | \$300 |
| AGRI Sunset | \$0 | \$0 | \$0 | \$17,582 | \$17,582 | \$35,164 |
| Bioincentive Program | \$2,500 | \$2,500 | \$5,000 | \$5,000 | \$5,000 | \$10,000 |
| Climate Coordinator | \$150 | \$150 | \$300 | \$150 | \$150 | \$300 |
| Farm Safety & Wellness | \$250 | \$250 | \$500 | \$250 | \$250 | \$500 |
| Good Acre LEAFF Program | \$100 | \$100 | \$200 | \$100 | \$100 | \$200 |
| Pass-Throughs to Ag Orgs | \$401 | \$399 | \$800 | \$0 | \$0 | \$0 |
| Pollinator Research Account | \$100 | \$100 | \$200 | \$100 | \$100 | \$200 |
| AgBMP Loan Program | \$2,000 | \$2,000 | \$4,000 | \$3,000 | \$3,000 | \$6,000 |
| Services to Immigrant & BIPOC Producers | \$250 | \$250 | \$500 | \$250 | \$250 | \$500 |
| Adult-Use Cannabis | \$411 | \$411 | \$822 | \$338 | \$338 | \$676 |
| TOTALS | \$27,225 | \$18,279 | \$45,504 | \$35,539 | \$35,539 | \$71,078 |

General Fund Summary- New

FY2024-FY2025

\$45,504,000

FY2026 – FY2027

\$71,078,000

TOTAL: \$116,582,000

Additional Ag Investments

- Market Bucks
- Ag to School Credit

Thank You!

Questions?

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