

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 2610

(SENATE AUTHORS: PUTNAM)

DATE	D-PG	OFFICIAL STATUS
03/17/2025	858	Introduction and first reading Referred to Agriculture, Veterans, Broadband, and Rural Development See HF2446

1.1

A bill for an act

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relating to agriculture; modifying beginning farmer program provisions; modifying

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grain buyer provisions; allowing the commissioner of agriculture to coordinate

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with other state agencies and local governments to protect public health against

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fertilizers and fertilizer by-products; repealing a provision requiring the

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commissioner of agriculture to report on implementing the biodiesel fuel mandate;

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amending Minnesota Statutes 2024, sections 18C.111, by adding a subdivision;

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41B.0391, subdivisions 1, 4; 223.17, subdivision 6; repealing Minnesota Statutes

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2024, section 239.77, subdivision 5.

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

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Section 1. Minnesota Statutes 2024, section 18C.111, is amended by adding a subdivision

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to read:

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Subd. 6. Fertilizers and fertilizer by-products. The commissioner may coordinate the

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protection of public health and the environment from the unreasonable adverse effects of

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fertilizers and fertilizer by-products among state agencies and local governments and may

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assist other state agencies and local governments in providing such protection.

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Sec. 2. Minnesota Statutes 2024, section 41B.0391, subdivision 1, is amended to read:

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Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

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the meanings given.

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(b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and

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machinery used for farming in Minnesota.

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(c) "Beginning farmer" means an individual or a single-member limited liability company

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owned by one individual who:

- 2.1 (1) is a resident of Minnesota;
- 2.2 (2) is seeking entry, or has entered within the last ten years, into farming;
- 2.3 (3) intends to farm land located within the state borders of Minnesota;
- 2.4 (4) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
- 2.5 family member of the owner of the agricultural assets from whom the beginning farmer is
- 2.6 seeking to purchase or rent agricultural assets;
- 2.7 (5) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
- 2.8 family member of a partner, member, shareholder, or trustee of the owner of agricultural
- 2.9 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;
- 2.10 and
- 2.11 (6) meets the following eligibility requirements as determined by the authority:
- 2.12 (i) has a net worth that does not exceed the limit provided under section 41B.03,
- 2.13 subdivision 3, paragraph (a), clause (2);
- 2.14 (ii) provides the majority of the day-to-day physical labor and management of the farm;
- 2.15 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates
- 2.16 knowledge in the type of farming for which the beginning farmer seeks assistance from the
- 2.17 authority;
- 2.18 (iv) demonstrates to the authority a profit potential by submitting projected earnings
- 2.19 statements;
- 2.20 (v) asserts to the satisfaction of the authority that farming will be a significant source
- 2.21 of income for the beginning farmer;
- 2.22 (vi) is enrolled in or has completed within ten years of their first year of farming a
- 2.23 financial management program approved by the authority or the commissioner of agriculture;
- 2.24 (vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility
- 2.25 requirements within the three-year certification period, in which case the beginning farmer
- 2.26 is no longer eligible for credits under this section; and
- 2.27 (viii) has other qualifications as specified by the authority.
- 2.28 The authority may waive the requirement in item (vi) if the participant requests a waiver
- 2.29 and has a four-year degree in an agricultural program or related field, reasonable agricultural
- 2.30 job-related experience, or certification as an adult farm management instructor.

(d) "Emerging farmer" means an emerging farmer within the meaning of section 17.055, subdivision 1.

(e) "Family member" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(f) "Farm product" means plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables.

(g) "Farming" means the active use, management, and operation of real and personal property for the production of a farm product.

(h) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

(i) "Resident" has the meaning given in section 290.01, subdivision 7.

(j) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of farm products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss, or both.

Sec. 3. Minnesota Statutes 2024, section 41B.0391, subdivision 4, is amended to read:

Subd. 4. **Authority duties.** (a) The authority shall:

(1) approve and certify or recertify beginning farmers as eligible for the program under this section;

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c);

(3) provide necessary and reasonable assistance and support to beginning farmers for qualification and participation in financial management programs approved by the authority;

(4) refer beginning farmers to agencies and organizations that may provide additional pertinent information and assistance; and

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.

(b) The certification of a beginning farmer or an owner of agricultural assets under this section is valid for the year of the certification and the two following years, after which time the beginning farmer or owner of agricultural assets must apply to the authority for recertification.

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than \$6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and \$4,000,000 for taxable years beginning after December 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion of a taxable year's newly allocated credits that is reserved for emerging farmers that is not allocated by ~~September 30~~ June 1 of the taxable year is available for allocation to other credit allocations beginning on ~~October 1~~ June 2.

Sec. 4. Minnesota Statutes 2024, section 223.17, subdivision 6, is amended to read:

Subd. 6. **Financial statements.** (a) Except as allowed in paragraph (c), a grain buyer licensed under this chapter must annually submit to the commissioner a financial statement prepared by an independent third-party accountant or a certified public accountant, in accordance with generally accepted accounting principles national or international accounting standards. The annual financial statement required under this subdivision must also:

(1) include; but not be limited to the following:

(i) a balance sheet;

(ii) a statement of income (profit and loss);

(iii) a statement of retained earnings;

(iv) a statement of ~~changes in financial position~~ cash flow; and

(v) a statement of the dollar amount of grain purchased in the previous fiscal year of the grain buyer;

(2) be accompanied by a ~~compilation~~ report of the financial statement that is prepared by a grain commission firm or a management firm approved by the commissioner or by an independent third-party accountant or a certified public accountant, in accordance with national or international accounting standards ~~established by the American Institute of Certified Public Accountants~~;

~~(3) be accompanied by a certification by the chief executive officer or the chief executive officer's designee of the licensee, and where applicable, all members of the governing board of directors under penalty of perjury, that the financial statement accurately reflects the financial condition of the licensee for the period specified in the statement;~~

~~(4) for grain buyers purchasing under \$7,500,000 of grain annually, be reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, and must show that the financial statements are free from material misstatements; and~~

~~(5)~~ (3) for grain buyers purchasing \$7,500,000 or more of grain annually, be audited or reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants ~~and~~ or similar international standard. Audits under this paragraph must include an opinion statement from the certified public accountant; and

(4) for grain buyers purchasing above \$20,000,000 or more of grain annually, be audited by a certified public accountant in accordance with the standards established by the American Institute of Certified Public Accountants or similar international standard and must include an opinion statement from the certified public accountant.

(b) Only one financial statement must be filed for a chain of warehouses owned or operated as a single business entity, unless otherwise required by the commissioner. All financial statements filed with the commissioner are private or nonpublic data as provided in section 13.02.

(c) A grain buyer who purchases grain immediately upon delivery solely with cash; a ~~certified check; a cashier's check; or a postal, bank, or express money order,~~ as defined in section 223.16, subdivision 2a, paragraph (b), is exempt from this subdivision if the grain buyer's gross annual purchases are \$1,000,000 or less.

(d) For grain buyers who qualify for the exemption under paragraph (c), the commissioner retains the right to require financial reporting based on inspections, reports of nonpayment or other violations defined in this chapter, chapter 232, or Minnesota Rules, chapter 1562.

~~(d)~~ (e) The commissioner shall annually provide information on a person's fiduciary duties to each licensee. To the extent practicable, the commissioner must direct each licensee to provide this information to all persons required to certify the licensee's financial statement under paragraph (a), ~~clause (3).~~

(f) For the purpose of compliance with this chapter, the commissioner must annually review financial statements for each grain buyer licensed under this chapter.

Sec. 5. **REPEALER.**

Minnesota Statutes 2024, section 239.77, subdivision 5, is repealed.

239.77 BIODIESEL CONTENT MANDATE.

Subd. 5. **Annual report.** (a) Beginning in 2009, the commissioner of agriculture must report by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance regarding the implementation of the minimum content requirements in subdivision 2, including information about the price and supply of biodiesel fuel. The report shall include information about the impacts of the biodiesel mandate on the development of biodiesel production capacity in the state, and on the use of feedstock grown or raised in the state for biodiesel production. The report must include any written comments received from members of the biodiesel fuel task force by January 1 of that year designated by them for inclusion in the report.

(b) The commissioner of agriculture, in consultation with the commissioner of commerce and the Biodiesel Fuel Task Force, shall study the need to continue the exceptions in subdivision 3. The 2013 report under paragraph (a) shall include recommendations for studies and other research needs to make a determination on the need for the exceptions, including any recommendations for use of the agricultural growth, research, and innovation program funding to conduct the research. The 2014 report under paragraph (a) shall contain the commissioner of agriculture's recommendations on whether to continue any of the exceptions in subdivision 3.