

**STATE OF MINNESOTA
DEPARTMENT OF AGRICULTURE**

**IN THE MATTER OF PROPOSED AMENDMENTS TO)
THE RULES OF THE DEPARTMENT OF AGRICULTURE) STATEMENT OF NEED AND
GOVERNING CERTIFIED SEED POTATO GRADES) REASONABLENESS
MINNESOTA RULE 1555.6950**

I. INTRODUCTION

The subject of this rulemaking is the proposed adoption by the Minnesota Department of Agriculture (MDA) of amendments to the rules governing requirements for certification of seed potatoes. Minnesota Statutes sections 21.113 to 21.118, authorize the Minnesota Department of Agriculture to adopt rules for the efficient administration and enforcement of the Minnesota Seed Potato Certification Law.

The Department has determined that the proposed amendments are noncontroversial in nature because they are supported by the industry, and will bring Minnesota's requirements for certified seed potato production into conformity with other states. Because of the noncontroversial nature of these amendments the department has directed that the rulemaking proceedings be conducted in accordance with the statutory provisions governing the adoption of noncontroversial rules, Minnesota Statutes, section 14.22 to 14.28. Accordingly, the rulemaking proceedings on the proposed amendments are governed by the statute and no hearing will be conducted on the proposed amendments unless 25 or more persons submit to the department a written request for such hearing during this comment period. In accordance with the requirements of Minnesota Statutes, section 14.23, this Statement of Need and Reasonableness was prepared and completed prior to the date that the proposed rule was published by the State Register.

II. GENERAL OVERVIEW

In 1951 the State adopted rules 1555.6950, Minnesota Certified Seed Potato Grades and Tolerances. This rule states the tolerances for diseases, physical defects, appearance, shape and size for certified seed potatoes at the time of final inspection, at the point of shipment. Three grades are covered by this rule, Blue tag, Yellow tag and White tag. In this system, Blue tag is the best grade with the most stringent tolerances, followed by Yellow tag and then White tag. White tag grade is for intrastate use only and the grade, for the most part, is determined by agreement between the seller and the purchaser.

The Blue tag is by far the most important and plays a major role in the national marketing of Minnesota certified seed potatoes. Minnesota growers must compete with growers from other states in the same market on a grade for grade basis. While high quality is a major consideration, the grade tolerances must be manageable from an economic standpoint. For example, if a Minnesota seed grower must discard an additional 20 percent of his crop to meet a specific grade standard not enforced in another state, his ability to compete at the same price is greatly compromised. As a result, a seed grower in a neighboring state is more willing to supply the product and takes the sale. Another important consideration is standardizing seed grades within the United States. Uniform tolerances for seed between states would eliminate the present confusion in the marketplace as to what constitutes a blue tag grade. Furthermore, a uniform grade would enhance the ability of the United States to compete in international markets in Europe

and South America. To this end a national committee recently completed a revision of the United States Standards for Grades of Seed Potatoes. The standards were revised in such a way as to be acceptable for all states which produce certified seed potatoes. The new standards are to serve as a basis for all blue tag grades as well as an international export grade for seed potatoes. Seeing the potential of a standardized seed grade, several states have either adopted the new U.S. grade or modified their rules to comply with it.

Minnesota's current certified seed potato grades and tolerances are based on the United States Standards for Grades of Table Potatoes. While these standards are adequate, emphasis is on appearance rather than on disease. As a result, factors that affect appearance, such as areas of external discoloration due to loss of skin are scored disproportionately to factors which affect disease. The proposed amendments would either eliminate such factors or increase the tolerances for ones which deal with appearance, but would change tolerances for disease. Most important, the proposed amendments would apply the same grade standards to Minnesota grown certified seed as are applied to seed grown in other states such as North Dakota. This is a major economic consideration, since Minnesota growers compete directly with North Dakota growers in the same marketplace.

III. NEED FOR AND REASONABLENESS FOR THE PROPOSED AMENDMENTS TO THE RULES.

1555.6950 Minnesota Certified Seed Potato Grades and tolerances.

The proposed amendments to the rules are reasonable because they will not diminish the general quality of Minnesota Blue, Yellow or White tag certified seed potatoes or place additional restriction on the industry. The current rules are inconsistent with the United States Standards for Grades of Seed potatoes as well as those of neighboring states. These amendments would bring Minnesota into conformity with other states and USDA standards and allow Minnesota seed growers to compete more effectively in the marketplace. The resulting amendments to the Blue tag grade would eliminate as factors external discoloration from loss of skin and flattened or depressed areas without underlying flesh discoloration, and increase damage by sprouts from 10 percent to 20 percent. Likewise, amendments to the Yellow tag grade would eliminate as factors external discoloration from loss of skin and damage by sprouts. The White tag grade would remain unchanged.

IV. SMALL BUSINESS IMPACT OF THE PROPOSED AMENDMENT.

As prescribed by Minnesota Statutes, section 14.115, subdivision 1 and 2, the Department of Agriculture has considered the degree of impact the proposed rule changes will have on the certified seed potato industry.

The Department has determined that the proposed amendments would merely rectify the present rules addressing certified seed potato grades and tolerances and place no additional economic restraints or demands on producers. This amendment would be a positive benefit to Minnesota certified seed potato growers.