

STATE OF MINNESOTA
DEPARTMENT OF AGRICULTURE

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| IN THE MATTER OF THE PROPOSED |) | |
| AMENDMENTS TO THE RULES OF THE |) | STATEMENT OF NEED |
| DEPARTMENT OF AGRICULTURE |) | AND REASONABLENESS |
| GOVERNING COMMODITY COUNCILS; |) | |
| PROMOTIONAL ORDERS (Minnesota |) | |
| Rules Part 1570.0500,Subpart 4A) |) | |

I. Introduction

The Minnesota Department of Agriculture (MDA) is proposing an amendment to Minnesota Rules Part 1570.0500, subp. 4A (1991). Minnesota Rules, Parts 1570.0100 - 1570.0900 govern the activities of agricultural commodity councils and the administration of promotional orders that are authorized by Minnesota Statutes §§ 17.51- 17.69 (1992) (Commodities Promotion Act). The commissioner of agriculture is given authority to promulgate rules relating to the councils by Minnesota Statutes § 17.58 subdivision 4 (1992).

Minnesota Rules Part 1570.0500, subp. 4A requires commodity councils to submit their proposed budgets to the commissioner for approval before the marketing year begins. MDA is proposing to eliminate the requirement that the commissioner approve the budget. The budget would still be submitted to the commissioner for review and comment.

The Department has determined that the proposed amendment to this rule is non-controversial in nature. The Department has consulted council executive directors on this issue and no opposition was noted. Because of the non-controversial nature of this rule, the Department directed that the rulemaking proceedings be conducted in accordance with the statutory provisions governing the adoption of non-controversial rules, Minnesota Statutes §§ 14.21 - 14.28. Accordingly, the rulemaking proceeding on the proposed amendment is governed by that statute and no hearing will be conducted unless twenty-five (25) or more persons submit to the Department a written request for such a hearing.

II. Small Business Impact

This amendment to the rules does not affect small businesses.

III. Cost to Public Bodies

This rule will not result in the expenditure of public money by local public bodies.

IV. Need and Reasonableness of the Proposed Amendment

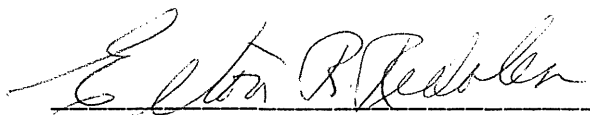
This rule amendment is needed to eliminate the requirement of MDA staff time being spent on activities that are properly the domain of elected commodity council members. Expenditure of check-off funds are determined by council members elected by producers. Council members are entrusted with such expenditures, and are directly accountable to producers. Producers have an opportunity to monitor council budgets: budgets are published in industry communications, and Minn. Stat. § 17.57, subdivision 7 (1992) requires councils to make financial statements available to producers upon request. MDA approval provides negligible additional protection of producer funds, and it is questionable whether the MDA should be involved in approving council budgets given the existing level of accountability.

This rule amendment will more cost-effectively and productively utilize state staff time and resources, and provide opportunities for those resources to be devoted to other high priority matters affecting councils and producers.

The rule amendment is reasonable because it is consistent with statute. Minn. Stat. § 17.57 subdivision 2 (1992) only requires submission of the budget to the commissioner; the statute does not require budgets to be approved by the commissioner.

DATE

1-3-94



Elton R. Redalen, Commissioner