

Agriculture

Projects Summary

(\$ in thousands)

Project Title	Priority Ranking	Funding Source	Project Requests for State Funds		
			2016	2018	2020
Rural Finance Authority Loans (User-Financed Bonds)	1	GO	\$ 35,000	\$ 0	\$ 0
Laboratory Capital Equipment	2	GO	\$ 2,218	\$ 0	\$ 0
Total Project Requests			\$ 37,218	\$ 0	\$ 0
General Obligation Bonds (GO) Total			\$ 37,218	\$ 0	\$ 0

(\$ in thousands)

Rural Finance Authority Loans (User-Financed Bonds)**AT A GLANCE****2016 Request Amount:** \$35,000**Priority Ranking:** 1**Project Summary:** Authorization to sell general obligation bonds totaling \$35 million. Proceeds from the bond sale will be used to support loan programs administered by the Minnesota Rural Finance Authority.**Project Description**

The RFA will purchase a forty-five percent (45%) interest in the lender's first mortgage (up to \$400,000) to an eligible farmer under the Basic, Seller Assisted and Agriculture Improvement Programs. This participation interest is set up on a reduced interest rate to improve the farmer's cash flow and to share the risk of making the loan with the lender.

The RFA will purchase a forty-five percent (45%) interest in the lender's first mortgage (up to \$525,000) to an eligible farmer under the Restructure II and Livestock Expansion Loan Program.

Project Rationale

The Minnesota Rural Finance Authority (RFA) was created in 1986 to develop the state's agricultural sector by partnering with local lenders to offer credit to farmers on terms and conditions not otherwise available.

Other Considerations

Principal and interest received on loan participations are deposited into a fund for the redemption of bonds issued under the various programs and may not be used to fund further loans. Annually, on December 1, these funds are transferred to the Department of Management and Budget Debt Service Fund for bond redemption and interest payments on the bonds for the following year.

Impact on Agency Operating Budgets

There is no change to the annual operating budget.

Description of Previous Appropriations

Laws of Minnesota for 2012, Chapter 293 authorized the sale of \$33 million in general obligation bonds. Total bonding authorization is established by Minnesota Statutes, Section 41B.19, subdivision 1 and is allocated by resolution of the Rural Finance Authority.

Project Contact Person

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Laboratory Capital Equipment

AT A GLANCE**2016 Request Amount:** \$2,218**Priority Ranking:** 2**Project Summary:** Two million two hundred eighteen thousand dollars is requested for Laboratory Capital Equipment to maintain and increase the analytical capability of the Laboratory Services Division of the Department of Agriculture at its facility at 601 Robert St. North in St. Paul.**Project Description**

The laboratory plays a critical role in emergency response and must maintain a broad array of equipment to provide data critical for decision making on issues affecting food safety and security, the environment and to the overall agricultural economy. The nature of laboratory work has evolved in the last twenty (20) years to require ever more sophisticated laboratory equipment to meet program goals and objectives. Many of the most common analytical techniques employed within the laboratory require significant capital investment in laboratory equipment. This equipment is required to meet regulatory standards and the stated program goals and objectives of our customers. The costs associated with some of these systems can range up to \$500,000 each. Laboratory capital equipment in the Laboratory Services Division continues to reach its expected service life faster than it can be replaced. This initiative would replace critical capital equipment, which is near or at the end of their service life and add additional new capability, which has been requested. Specifically, this effort provides for equipment totaling \$2,218,000 (list attached).

Project Rationale

Analytical capital equipment costs required to meet changing program goals and objectives of the Department place an undue and unmanageable burden on operating budgets of the department. This equipment constitutes core infrastructure to run tests of the complexity needed to address current issues faced in the agricultural sector. This request is an investment in this core infrastructure.

Other Considerations

The Laboratory has estimated that we would need an increase to our base operating budget of \$500,000 annually to ensure orderly acquisition, replacement and maintenance of our capital equipment.

Impact on Agency Operating Budgets

The Department of Agriculture is unable to replace depreciating assets on a scheduled basis. This situation poses an unacceptable risk to lab capability and readiness to respond to Agricultural issues that require laboratory services. Operating budgets that are currently taxed by efforts to manage these assets would be relieved.

Description of Previous Appropriations

There has been no bonded money appropriated for similar purposes in the past three bienniums.

Project Contact Person

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