

1.1 Senator moves to amend S.F. No. 1674 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 AGRICULTURAL POLICY

1.5 Section 1. Minnesota Statutes 2016, section 15.985, is amended to read:

1.6 **15.985 ADVISORY INSPECTIONS.**

1.7 (a) Upon the voluntary request of a person to a state agency for an advisory inspection
1.8 for the purpose of complying with state law, the agency must, except as provided in
1.9 paragraphs (f) and (g), conduct an advisory inspection. An agency is not required to conduct
1.10 an advisory inspection if the agency has a regularly scheduled inspection that would occur
1.11 within 90 days after the request for the advisory inspection, or if before an advisory inspection
1.12 is requested, the agency has notified the person that it will be conducting an inspection
1.13 within 45 days. If an advisory inspection results in findings that potentially could make a
1.14 person subject to a fine or other penalty imposed by the agency, the agency must notify the
1.15 person in writing of those findings within ten days of the inspection.

1.16 (1) Except as provided in clause (2), if within 60 days of receiving notice, the person
1.17 notifies the agency that it has corrected the situation that made the person potentially subject
1.18 to the fine or penalty, and the agency later determines that the situation is corrected, the
1.19 agency may not impose a fine or penalty as a result of the findings in the advisory inspection.

1.20 (2) For violations of chapter 177, if the person notifies the agency within the time period
1.21 for remedying violations required under the applicable section of chapter 177 that it has
1.22 corrected the situation that made the person potentially subject to the fine or penalty, and
1.23 the agency later determines that the situation is corrected, the agency may not impose a fine
1.24 or penalty as a result of the finding in the advisory inspection.

1.25 (3) A person may not request more than one advisory inspection from the same agency
1.26 in a calendar year. A person may not request an advisory inspection after an inspection
1.27 resulting in a fine or other penalty has been determined and the violator notified of the
1.28 amount to be paid, until fines or penalties have been paid or settled.

1.29 (b) For purposes of this section:

1.30 (1) "inspection" includes an examination of real or personal property or an audit or other
1.31 examination of financial or other documents;

1.32 (2) "penalty" includes a civil or administrative fine or other financial sanction;

2.1 (3) "person" includes a real person and businesses, including corporations, partnerships,
2.2 limited liability companies, and unincorporated associations; and

2.3 (4) "state agency" means a department, agency, board, commission, constitutional office,
2.4 or other group in the executive branch of state government.

2.5 (c) If an agency revises, amends, extends, or adds additional violations to a notice, the
2.6 person has 60 days from the date of those changes to correct the situation without fine or
2.7 penalty. For violations of chapter 177, the person has the time period for remedying violations
2.8 under the applicable section of chapter 177 to correct the situation without fine or penalty.

2.9 (d) An agency conducting an inspection under this section may impose and collect from
2.10 the person requesting the inspection a fee equal to the costs incurred by the agency related
2.11 to the inspection. Fees under this section shall be considered charges for goods and services
2.12 provided for the direct and primary use of a private individual, business, or other entity
2.13 under section 16A.1283, paragraph (b), clause (3). Fee revenue collected under this section
2.14 must be deposited in an appropriate fund other than the general fund and is appropriated
2.15 from that fund to the agency collecting the fee for the purpose of conducting inspections
2.16 under this section.

2.17 (e) Nothing in this section shall prohibit or interfere with an agency offering similar
2.18 programs that allow independent audits or inspections, including the environmental
2.19 improvement program under chapter 114C. If a person conducts a self-audit under chapter
2.20 114C, the terms and conditions of this section do not apply. For advisory inspections
2.21 conducted by the Pollution Control Agency, terms and conditions of sections 114C.20 to
2.22 114C.28 shall be used instead of those in paragraphs (a) to (c) and (g).

2.23 (f) If agency staff resources are limited, an agency must give higher priority to the
2.24 agency's regular inspections over advisory inspections under this section. Insofar as
2.25 conducting advisory inspections reduces an agency's costs, the savings must be reflected
2.26 in the charges for advisory inspections. Before hiring additional staff complement for
2.27 purposes of this section, an agency must report to the chairs and ranking minority members
2.28 of the legislative budget committees with jurisdiction over the agency documenting: (1) the
2.29 demand for advisory inspections and why additional staff complement is needed to meet
2.30 the demand; and (2) that the revenue generated by advisory inspections will cover the
2.31 expenses of the additional staff complement. If a person requests an advisory inspection,
2.32 but the agency does not have staff resources necessary to conduct the advisory inspection
2.33 before a regular inspection is conducted, and the regular inspection results in findings that
2.34 could make a person subject to a fine or penalty, the agency must take into account the

3.1 person's request for an advisory inspection and the person's desire to take corrective action
3.2 before taking any enforcement action against the person.

3.3 (g) This section does not apply to:

3.4 (1) criminal penalties;

3.5 (2) situations in which implementation of this section is prohibited by federal law or
3.6 would result in loss of federal funding or in other federal sanctions or in which
3.7 implementation would interfere with multistate agreements, international agreements, or
3.8 agreements between state and federal regulatory agencies;

3.9 (3) conduct constituting fraud;

3.10 (4) violations in a manner that endangers human life or presents significant risk of major
3.11 injury or severe emotional harm to humans;

3.12 (5) violations that are part of a pattern that has occurred repeatedly and shows willful
3.13 intent;

3.14 (6) violations for which it may be demonstrated that the alternative inspections process
3.15 is being used to avoid enforcement;

3.16 (7) violations that occur within three years of violating an applicable law;

3.17 (8) the Department of Revenue;

3.18 (9) the Workers' Compensation Division at the Department of Labor and Industry;

3.19 (10) violations of vehicle size weight limits under sections 169.80 to 169.88;

3.20 (11) commercial motor vehicle inspections under section 169.781 and motor carrier
3.21 regulations under chapter 221;

3.22 ~~(12) the Dairy and Food Inspection Division of the Department of Agriculture, if the~~
3.23 ~~division provides free inspections similar to those under this section;~~

3.24 ~~(13)~~ (12) state inspections or surveys of hospitals, nursing homes, outpatient surgical
3.25 centers, supervised living facilities, board and lodging with special services, home care,
3.26 housing with services and assisted living settings, hospice, and supplemental nursing services
3.27 agencies;

3.28 ~~(14)~~ (13) examinations of health maintenance organizations or county-based purchasing
3.29 entities regulated under chapter 62D;

3.30 ~~(15)~~ (14) special transportation services under section 174.30; and

4.1 ~~(16)~~ (15) entities regulated by the Department of Commerce's Financial Institutions and
 4.2 Insurance Divisions for purposes of regulatory requirements of those divisions.

4.3 If an agency determines that this section does not apply due to situations specified in clause
 4.4 (2), the agency must report the basis for that determination to the chairs and ranking minority
 4.5 members of the legislative committees with jurisdiction over the agency.

4.6 (h) An agency may terminate an advisory inspection and proceed as if an inspection
 4.7 were a regular inspection if, in the process of conducting an advisory inspection, the agency
 4.8 finds a situation that the agency determines: could lead to criminal penalties; endangers
 4.9 human life or presents significant risk of major injury or severe emotional harm to humans;
 4.10 presents a severe and imminent threat to animals, food, feed, crops, commodities, or the
 4.11 environment; or evidences a pattern of willful violations.

4.12 Sec. 2. Minnesota Statutes 2016, section 17.119, subdivision 1, is amended to read:

4.13 Subdivision 1. **Grants; eligibility.** (a) The commissioner must award ~~cost-share~~ grants
 4.14 to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible
 4.15 tractors with eligible rollover protective structures.

4.16 (b) Grants for farmers are limited to 70 percent of the farmer's or school's documented
 4.17 cost to purchase, ship, and install an eligible rollover protective structure. The commissioner
 4.18 must increase the a farmer's grant award amount over the 70 percent grant limitation
 4.19 requirement if necessary to limit a farmer's or school's cost per tractor to no more than \$500.

4.20 (c) Schools are eligible for grants that cover the full amount of a school's documented
 4.21 cost to purchase, ship, and install an eligible rollover protective structure.

4.22 ~~(b)~~ (d) A rollover protective structure is eligible if it meets or exceeds SAE International
 4.23 standard J2194 is certified to appropriate national or international rollover protection structure
 4.24 standards with a seat belt.

4.25 ~~(e)~~ (e) A tractor is eligible if the tractor was built before 1987.

4.26 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2016.

4.27 Sec. 3. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
 4.28 read:

4.29 Subd. 9b. **Experimental use permit.** "Experimental use permit" means a permit issued
 4.30 by the United States Environmental Protection Agency as authorized in Section 5 of the
 4.31 Federal Insecticide, Fungicide, and Rodenticide Act.

5.1 Sec. 4. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to
5.2 read:

5.3 Subd. 9c. **Experimental use pesticide product.** "Experimental use pesticide product"
5.4 means any federally registered or unregistered pesticide whose use is authorized by an
5.5 experimental use permit issued by the United States Environmental Protection Agency.

5.6 Sec. 5. Minnesota Statutes 2016, section 18B.03, is amended by adding a subdivision to
5.7 read:

5.8 Subd. 5. **Label compliance.** Unless explicitly required by the FIFRA, the commissioner
5.9 must not require an applicator to demonstrate label compliance or need prior to applying a
5.10 pesticide.

5.11 Sec. 6. Minnesota Statutes 2016, section 18B.26, subdivision 1, is amended to read:

5.12 Subdivision 1. **Requirement.** (a) Except as provided in paragraphs (b) to ~~(d)~~ (e), a person
5.13 may not use or distribute a pesticide in this state unless it is registered with the commissioner.
5.14 Pesticide registrations expire on December 31 of each year and may be renewed on or before
5.15 that date for the following calendar year.

5.16 (b) Registration is not required if a pesticide is shipped from one plant or warehouse to
5.17 another plant or warehouse operated by the same person and used solely at the plant or
5.18 warehouse as an ingredient in the formulation of a pesticide that is registered under this
5.19 chapter.

5.20 (c) An unregistered pesticide that was previously registered with the commissioner may
5.21 be used for a period of two years following the cancellation of the registration of the pesticide,
5.22 unless the commissioner determines that the continued use of the pesticide would cause
5.23 unreasonable adverse effects on the environment, or with the written permission of the
5.24 commissioner. To use the unregistered pesticide at any time after the two-year period, the
5.25 pesticide end user must demonstrate to the satisfaction of the commissioner, if requested,
5.26 that the pesticide has been continuously registered under a different brand name or by a
5.27 different manufacturer and has similar composition, or, the pesticide end user obtains the
5.28 written permission of the commissioner.

5.29 (d) The commissioner may allow specific pesticide products that are not registered with
5.30 the commissioner to be distributed in this state for use in another state.

5.31 (e) A substance or mixture of substances being tested only to determine its potential
5.32 efficacy as a pesticide, or to determine its toxicity or other properties, and not requiring the

6.1 issuance of an experimental use permit under United States Environmental Protection
6.2 Agency criteria specified in federal regulations, is not required to be registered.

6.3 ~~(e)~~ (f) Each pesticide with a unique United States Environmental Protection Agency
6.4 pesticide registration number or a unique brand name must be registered with the
6.5 commissioner.

6.6 ~~(f)~~ (g) It is unlawful for a person to distribute or use a pesticide in the state, or to sell
6.7 into the state for use in the state, any pesticide product that has not been registered by the
6.8 commissioner and for which the applicable pesticide registration application fee, gross sales
6.9 fee, or waste pesticide program surcharge is not paid pursuant to subdivisions 3 and 4.

6.10 ~~(g)~~ (h) Every person who sells for use in the state a pesticide product that has been
6.11 registered by the commissioner shall pay to the commissioner the applicable registration
6.12 application fees, sales fees, and waste pesticide program surcharges. These sales expressly
6.13 include all sales made electronically, telephonically, or by any other means that result in a
6.14 pesticide product being shipped to or used in the state. There is a rebuttable presumption
6.15 that pesticide products that are sold or distributed in or into the state by any person are sold
6.16 or distributed for use in the state.

6.17 Sec. 7. Minnesota Statutes 2016, section 18B.28, subdivision 1, is amended to read:

6.18 Subdivision 1. **Requirement.** A person may not use or distribute an experimental use
6.19 pesticide product in the state until it is registered with the commissioner. Experimental use
6.20 pesticide product registrations expire on December 31 of each year and may be renewed
6.21 on or before that date. A substance or mixture of substances being tested only to determine
6.22 its potential efficacy as a pesticide, or to determine its toxicity or other properties, and not
6.23 requiring the issuance of an experimental use permit under United States Environmental
6.24 Protection Agency criteria specified in federal regulations, is not required to be registered.

6.25 Sec. 8. Minnesota Statutes 2016, section 18B.28, subdivision 3, is amended to read:

6.26 Subd. 3. **Application.** A person must file an application for experimental use pesticide
6.27 product registration with the commissioner. An application to register an experimental use
6.28 pesticide product must include:

6.29 (1) the name and address of the applicant;

6.30 (2) a ~~federal~~ copy of the United States Environmental Protection Agency approval
6.31 document permit;

6.32 (3) a description of the purpose or objectives of the experimental use product;

7.1 (4) ~~an a copy of the experimental use pesticide labeling~~ accepted ~~experimental-use~~
7.2 ~~pesticide product label~~ by the United States Environmental Protection Agency;

7.3 (5) the name, address, and telephone number of cooperators or participants in this state;

7.4 (6) the amount of material to be shipped or used in this state; and

7.5 (7) other information requested by the commissioner.

7.6 Sec. 9. Minnesota Statutes 2016, section 18B.305, subdivision 1, is amended to read:

7.7 Subdivision 1. **Education and training.** (a) The commissioner, as the lead agency, shall
7.8 develop, implement or approve, and evaluate, in consultation with University of Minnesota
7.9 Extension, the Minnesota State Colleges and Universities system, and other educational
7.10 institutions, innovative educational and training programs addressing pesticide and pest
7.11 management concerns including:

7.12 (1) water quality protection;

7.13 (2) endangered species protection;

7.14 (3) minimizing pesticide residues in food and water;

7.15 (4) worker protection and applicator safety;

7.16 (5) chronic toxicity;

7.17 (6) integrated pest management and pest resistance;

7.18 (7) pesticide disposal;

7.19 (8) pesticide drift;

7.20 (9) relevant laws including pesticide labels and labeling and state and federal rules and
7.21 regulations; and

7.22 (10) current science and technology updates.

7.23 (b) The commissioner shall appoint educational planning committees which must include
7.24 representatives of industry and applicators.

7.25 (c) Specific current regulatory concerns must be discussed and, if appropriate,
7.26 incorporated into each training session. Relevant changes to pesticide product labels or
7.27 labeling or state and federal rules and regulations may be included.

7.28 (d) The commissioner may approve programs from private industry, higher education
7.29 institutions, and nonprofit organizations that meet minimum requirements for education,
7.30 training, and certification.

8.1 Sec. 10. Minnesota Statutes 2016, section 18B.37, subdivision 3, is amended to read:

8.2 Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator
8.3 must maintain a record of each structural pest control application conducted by that person
8.4 or by the person's employees. The record must include the:

8.5 (1) date of structural pest control application;

8.6 (2) target pest;

8.7 (3) brand name of the pesticide, United States Environmental Protection Agency
8.8 registration number, and amount used;

8.9 (4) for fumigation, the temperature and exposure time;

8.10 (5) time the pesticide application was completed;

8.11 (6) name and address of the customer;

8.12 (7) name of structural pest control applicator, name of company and address of applicator
8.13 or company, and license number of applicator; and

8.14 (8) any other information required by the commissioner.

8.15 (b) All information for this record requirement must be contained in a document for
8.16 each pesticide application. An invoice containing the required information may constitute
8.17 the record.

8.18 (c) The record must be completed no later than five days after the application of the
8.19 pesticide.

8.20 (d) Records must be retained for five years after the date of treatment.

8.21 (e) A copy of the record must be given to a person who ordered the application that is
8.22 present at the site where the structural pest control application is conducted, placed in a
8.23 conspicuous location at the site where the structural pest control application is conducted
8.24 immediately after the application of the pesticides, or delivered to the person who ordered
8.25 an application or the owner of the site. The commissioner must make sample forms available
8.26 that meet the requirements of this subdivision.

8.27 (f) A structural applicator must post in a conspicuous place inside a renter's apartment
8.28 where a pesticide application has occurred a list of postapplication precautions contained
8.29 on the label of the pesticide that was applied in the apartment and any other information
8.30 required by the commissioner.

9.1 Sec. 11. Minnesota Statutes 2016, section 18C.70, subdivision 5, is amended to read:

9.2 Subd. 5. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

9.3 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

9.4 Sec. 12. Minnesota Statutes 2016, section 18C.71, subdivision 4, is amended to read:

9.5 Subd. 4. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

9.6 **EFFECTIVE DATE.** This section is effective retroactively from January 7, 2017.

9.7 Sec. 13. Minnesota Statutes 2016, section 18H.06, subdivision 2, is amended to read:

9.8 Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be
9.9 exempt from the requirement to obtain a nursery stock certificate if:

9.10 (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

9.11 (2) all nursery stock sold or distributed by the individual is intended for planting in
9.12 Minnesota;

9.13 (3) all nursery stock purchased or procured for resale or distribution was grown in
9.14 Minnesota and has been certified by the commissioner; and

9.15 (4) the individual conducts sales or distributions of nursery stock on ten or fewer days
9.16 in a calendar year.

9.17 (b) A municipality may offer certified nursery stock for sale and be exempt from the
9.18 requirement to obtain a nursery stock certificate if:

9.19 (1) all nursery stock offered for sale or distributed is intended for planting by residents
9.20 of the municipality on public property or public easements within the municipal boundary;

9.21 (2) all nursery stock purchased or procured for resale or distribution is grown in
9.22 Minnesota and has been certified by the commissioner; and

9.23 (3) the municipality submits to the commissioner before any sale or distribution of
9.24 nursery stock a list of all suppliers who provide the municipality with nursery stock.

9.25 ~~(b)~~ (c) The commissioner may prescribe the conditions of the exempt nursery sales under
9.26 this subdivision and may conduct routine inspections of the nursery stock offered for sale.

9.27 Sec. 14. Minnesota Statutes 2016, section 18H.07, subdivision 2, is amended to read:

9.28 Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must pay an
9.29 annual fee based on the area of all acreage on which nursery stock is grown as follows:

- 10.1 (1) less than one-half acre, \$150;
- 10.2 (2) from one-half acre to two acres, \$200;
- 10.3 (3) over two acres up to five acres, \$300;
- 10.4 (4) over five acres up to ten acres, \$350;
- 10.5 (5) over ten acres up to 20 acres, \$500;
- 10.6 (6) over 20 acres up to 40 acres, \$650;
- 10.7 (7) over 40 acres up to 50 acres, \$800;
- 10.8 (8) over 50 acres up to 200 acres, \$1,100;
- 10.9 (9) over 200 acres up to 500 acres, \$1,500; and
- 10.10 (10) over 500 acres, \$1,500 plus \$2 for each additional acre.
- 10.11 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
- 10.12 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
- 10.13 of 30 percent for any application for renewal not postmarked or electronically date stamped
- 10.14 by December 31 of the current year.
- 10.15 (c) A nursery stock grower found operating without a valid nursery stock grower
- 10.16 certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the
- 10.17 commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee
- 10.18 owed; and (2) a new certificate is issued to the nursery stock grower by the commissioner.
- 10.19 Sec. 15. Minnesota Statutes 2016, section 18H.07, subdivision 3, is amended to read:
- 10.20 Subd. 3. **Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an annual
- 10.21 fee based on the dealer's gross sales of certified nursery stock per location during the most
- 10.22 recent certificate year. A certificate applicant operating for the first time must pay the
- 10.23 minimum fee. The fees per sales location are:
- 10.24 (1) gross sales up to \$5,000, \$150;
- 10.25 (2) gross sales over \$5,000 up to \$20,000, \$175;
- 10.26 (3) gross sales over \$20,000 up to \$50,000, \$300;
- 10.27 (4) gross sales over \$50,000 up to \$75,000, \$425;
- 10.28 (5) gross sales over \$75,000 up to \$100,000, \$550;
- 10.29 (6) gross sales over \$100,000 up to \$200,000, \$675; and

11.1 (7) gross sales over \$200,000, \$800.

11.2 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must
11.3 be charged for each month, or portion thereof, that the fee is delinquent up to a maximum
11.4 of 30 percent for any application for renewal not postmarked or electronically date stamped
11.5 by December 31 of the current year.

11.6 (c) A nursery stock dealer found operating without a valid nursery stock dealer certificate
11.7 cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner
11.8 for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a
11.9 new certificate is issued to the nursery stock dealer by the commissioner.

11.10 Sec. 16. Minnesota Statutes 2016, section 21.111, subdivision 2, is amended to read:

11.11 Subd. 2. **Inspected.** "Inspected" means that the potato plants are examined in the field
11.12 and that the harvested potatoes produced by ~~such~~ the potato plants are examined by or under
11.13 the authority of the commissioner. For seed potatoes produced in a lab, inspected means
11.14 that the lab's records, including records related to the lab's procedures and protocols, as well
11.15 as the seed potatoes, have been examined under the authority of the commissioner.

11.16 Sec. 17. Minnesota Statutes 2016, section 21.111, subdivision 3, is amended to read:

11.17 Subd. 3. **Certified.** "Certified" means that the potatoes were inspected while growing
11.18 in the field and again after being harvested, and were thereafter duly certified by or under
11.19 the authority of the commissioner, as provided in sections 21.111 to 21.122, and as provided
11.20 by rules adopted and published by the commissioner. For seed potatoes produced in a lab,
11.21 certified means that:

11.22 (1) the seed potato lab facilities and the lab's procedures and protocols have been
11.23 examined under the authority of the commissioner; and

11.24 (2) the seed potatoes have been inspected after they have been harvested, removed, or
11.25 released from the lab, and were duly certified by or under the authority of the commissioner,
11.26 as provided in sections 21.111 to 21.122.

11.27 Sec. 18. Minnesota Statutes 2016, section 21.113, is amended to read:

11.28 **21.113 CERTIFICATES OF INSPECTION.**

11.29 (a) The commissioner shall ~~cause issue~~ issue certificates of inspection ~~to be issued~~ only when
11.30 seed potatoes have been inspected while growing in the field and again after being harvested.

12.1 (b) For seed potatoes produced in a lab, the commissioner shall issue certificates of
12.2 inspection only after:

12.3 (1) the seed potato lab facility and the lab's records have been inspected; and

12.4 (2) the seed potatoes have been inspected after they have been harvested, removed, or
12.5 released from the lab.

12.6 ~~Such~~ (c) Certificates of inspection under this section shall show the varietal purity and
12.7 the freedom from disease and physical injury of such potatoes and ~~shall contain such~~ any
12.8 other information as may be prescribed by rules adopted and published under sections 21.111
12.9 to 21.122.

12.10 Sec. 19. Minnesota Statutes 2016, section 21.117, is amended to read:

12.11 **21.117 APPLICATIONS FOR INSPECTIONS; WITHDRAWALS.**

12.12 (a) Any person may make application to the commissioner for inspection or certification
12.13 of seed potatoes growing or to be grown. Upon receiving such application and the required
12.14 fee and such other information as may be required, the commissioner shall cause such
12.15 potatoes to be inspected or certified in accordance with the provisions of sections 21.111
12.16 to 21.122 and the rules adopted and published thereunder.

12.17 (b) If a grower wishes to withdraw a field or lab after having made application for
12.18 inspection and such withdrawal is requested before the field or lab inspection has been
12.19 made, the fee paid shall be refunded to said grower.

12.20 Sec. 20. Minnesota Statutes 2016, section 25.32, is amended to read:

12.21 **25.32 COMMISSIONER'S DUTIES.**

12.22 The commissioner shall administer sections 25.31 to 25.43 ~~shall be administered by the~~
12.23 ~~commissioner.~~

12.24 Sec. 21. Minnesota Statutes 2016, section 25.33, subdivision 5, is amended to read:

12.25 Subd. 5. **Commercial feed.** "Commercial feed" means materials or combinations of
12.26 materials that are distributed or intended to be distributed for use as feed or for mixing in
12.27 feed, including feed for aquatic animals, unless the materials are specifically exempted.
12.28 Unmixed whole seeds and physically altered entire unmixed seeds, as identified in the
12.29 United States grain standards, if the whole or physically altered seeds are not chemically
12.30 changed, are not labeled as a feed or for use as feed, or are not adulterated within the meaning
12.31 of section 25.37, paragraph (a), are exempt. The commissioner by rule may exempt from

13.1 this definition, or from specific provisions of sections 25.31 to 25.43, commodities such as
13.2 hay, straw, stover, silage, cobs, husks, hulls, and individual chemical compounds or
13.3 substances if those commodities, compounds, or substances are not intermixed with other
13.4 materials, are not labeled as a feed or for use as feed, and are not adulterated within the
13.5 meaning of section 25.37, paragraph (a).

13.6 Sec. 22. Minnesota Statutes 2016, section 25.33, subdivision 10, is amended to read:

13.7 Subd. 10. **Manufacture.** "Manufacture" means to grind, mix ~~or~~, blend, ~~or further process,~~
13.8 package, or label a commercial feed for distribution.

13.9 Sec. 23. Minnesota Statutes 2016, section 25.33, subdivision 21, is amended to read:

13.10 Subd. 21. **Commissioner.** "Commissioner" means the commissioner of agriculture or
13.11 ~~a designated representative~~ the commissioner's agent.

13.12 Sec. 24. Minnesota Statutes 2016, section 25.341, subdivision 1, is amended to read:

13.13 Subdivision 1. **Requirement.** Before a person may: (1) manufacture a commercial feed
13.14 in the state; (2) distribute a commercial feed in or into the state; or (3) have the person's
13.15 name appear on the label of a commercial feed as guarantor, the person must have a
13.16 commercial feed license for each guarantor, or manufacturing or distributing facility. A
13.17 person who makes only retail sales of commercial feed, guaranteed by another, is not required
13.18 to obtain a license.

13.19 Sec. 25. Minnesota Statutes 2016, section 25.341, subdivision 2, is amended to read:

13.20 Subd. 2. **Application; fee; term.** A person who is required to have a commercial feed
13.21 license ~~shall~~ must submit an application on a form provided or approved by the commissioner
13.22 accompanied by ~~a~~ an application fee of \$75 paid to the commissioner for each location. A
13.23 license is not transferable from one person to another, from one ownership to another, or
13.24 from one location to another. The license year is the calendar year. A license expires on
13.25 December 31 of the year for which it is issued, except that a license is valid ~~through January~~
13.26 ~~31 of the next year~~ or until the issuance of the renewal license, ~~whichever comes first~~, if
13.27 the licensee has filed a renewal application ~~with the commissioner~~ that has been received
13.28 by the commissioner on or before December 31 of the year for which the current license
13.29 was issued, or postmarked on or before December 31 of the year for which the current
13.30 license was issued. Any person who is required to have, but fails to obtain a license or a

14.1 licensee who fails to comply with license renewal requirements, ~~shall~~ must pay a \$100 late
14.2 fee in addition to the license fee.

14.3 Sec. 26. Minnesota Statutes 2016, section 25.35, is amended to read:

14.4 **25.35 LABELING.**

14.5 (a) A commercial feed, except a customer formula feed, must be accompanied by a label
14.6 bearing the following information:

14.7 (1) the product name and the brand name, if any, under which the commercial feed is
14.8 distributed;

14.9 (2) the guaranteed analysis, stated in terms the commissioner requires by rule, to advise
14.10 the user of the composition of the feed or to support claims made in the labeling. The
14.11 substances or elements must be determinable by laboratory methods such as the methods
14.12 published by the AOAC International or other generally recognized methods;

14.13 (3) the common or usual name of each ingredient used in the manufacture of the
14.14 commercial feed. The commissioner may by rule permit the use of a collective term for a
14.15 group of ingredients which perform a similar function, or may exempt commercial feeds
14.16 or any group of commercial feeds from this requirement on finding that an ingredient
14.17 statement is not required in the interest of consumers;

14.18 (4) the name and principal mailing address of the manufacturer or the person responsible
14.19 for distributing the commercial feed;

14.20 (5) adequate directions for use for all commercial feeds containing drugs and for such
14.21 other feeds as the commissioner may require by rule as necessary for their safe and effective
14.22 use;

14.23 (6) precautionary statements which the commissioner determines by rule are necessary
14.24 for the safe and effective use of the commercial feed; and

14.25 (7) a quantity statement.

14.26 (b) A customer formula feed must be accompanied by a label, invoice, delivery slip, or
14.27 other shipping document bearing the following information:

14.28 (1) name and address of the manufacturer;

14.29 (2) name and address of the purchaser;

14.30 (3) date of delivery;

15.1 (4) the product name and either (i) the quantity of each commercial feed and each other
15.2 ingredient used in the mixture, or (ii) a guaranteed analysis and list of ingredients in paragraph
15.3 (a), clauses (2) and (3);

15.4 (5) adequate directions for use for all customer formula feeds containing drugs and for
15.5 other feeds the commissioner requires by rule as necessary for their safe and effective use;

15.6 (6) precautionary statements the commissioner determines by rule are necessary for the
15.7 safe and effective use of the customer formula feed;

15.8 (7) if a product containing a drug is used:

15.9 (i) the purpose of the medication (claim statement); and

15.10 (ii) the established name of each active drug ingredient and the level of each drug used
15.11 in the final mixture expressed in a manner required by the commissioner by rule; ~~and~~

15.12 (8) for a customer formula feed for which the formula is developed by someone other
15.13 than the manufacturer, a disclaimer may be included on the label stating "THIS FEED IS
15.14 A CUSTOMER FORMULA FEED DEVELOPED BY SOMEONE OTHER THAN THE
15.15 MANUFACTURER. THE MANUFACTURER DOES NOT CLAIM, REPRESENT,
15.16 WARRANT, OR GUARANTEE, AND IS NOT RESPONSIBLE FOR THE NUTRITIONAL
15.17 ADEQUACY OF THIS FEED OR THE NUTRITIONAL SUITABILITY OF THIS FEED
15.18 FOR ITS INTENDED PURPOSE."; and

15.19 (9) a quantity statement.

15.20 (c) The manufacturer of a customer formula feed the formula of which is developed by
15.21 someone other than the manufacturer is not responsible or liable for the nutritional adequacy
15.22 or the nutritional suitability of the feed for its intended purpose if: (1) the manufacturer does
15.23 not make a claim of nutritional adequacy for the customer formula feed and does not make
15.24 a claim for nutritional suitability of the feed for its intended purpose; and (2) the manufacturer
15.25 includes the disclaimer in paragraph (b), clause (8). A person other than the manufacturer
15.26 who develops or recommends a formula for a customer formula feed is responsible for
15.27 providing to the manufacturer of the feed the appropriate labeling information and for
15.28 providing the appropriate use information to the feed manufacturer.

15.29 Sec. 27. Minnesota Statutes 2016, section 25.371, subdivision 2, is amended to read:

15.30 Subd. 2. **Certificate application.** (a) A person may apply to the commissioner for a
15.31 good manufacturing practices certificate for commercial feed and feed ingredients.

15.32 Application for good manufacturing practices certificates must be made on forms provided

16.1 or approved by the commissioner. The commissioner shall conduct inspections of facilities
 16.2 for persons that have applied for or intend to apply for a good manufacturing practices
 16.3 certificate for commercial feed and feed ingredients from the commissioner. The
 16.4 commissioner shall not conduct an inspection under this ~~section~~ subdivision if the applicant
 16.5 has not paid in full the inspection fee for previous inspections. Certificate issuance shall be
 16.6 based on ~~compliance with subdivisions 3 to 14,~~ or United States Food and Drug
 16.7 Administration rules regarding preventive controls for animal feed.

16.8 (b) The commissioner may assess a fee for the inspection, service, and work performed
 16.9 in carrying out the issuance of a good manufacturing practices certificate for commercial
 16.10 feed and feed ingredients. The inspection fee must be based on mileage and the cost of
 16.11 inspection.

16.12 Sec. 28. Minnesota Statutes 2016, section 25.38, is amended to read:

16.13 **25.38 PROHIBITED ACTS.**

16.14 The following acts and causing the following acts in Minnesota are prohibited:

16.15 (1) manufacture or distribution of any commercial feed that is adulterated or misbranded;

16.16 (2) adulteration or misbranding of any commercial feed;

16.17 (3) distribution of agricultural commodities such as whole seed, hay, straw, stover, silage,
 16.18 cobs, husks, and hulls, which are adulterated within the meaning of section 25.37, paragraph
 16.19 (a);

16.20 (4) removal or disposal of a commercial feed in violation of an order under section 25.42;

16.21 (5) failure or refusal to obtain a commercial feed license under section 25.341 ~~or to~~
 16.22 ~~provide a small package listing under section 25.39;~~ or

16.23 (6) failure to pay inspection fees, to register a small package under section 25.39, or to
 16.24 file reports as required by section 25.39.

16.25 Sec. 29. Minnesota Statutes 2016, section 25.39, subdivision 1, is amended to read:

16.26 Subdivision 1. **Amount of fee.** (a) An inspection fee at the rate of 16 cents per ton must
 16.27 be paid to the commissioner on commercial feeds distributed in this state by the person who
 16.28 first distributes the commercial feed, except that:

16.29 (1) no fee need be paid on:

16.30 ~~(i) a commercial feed if the payment has been made by a previous distributor; or~~

17.1 ~~(ii) any feed ingredient in a customer formula feeds if the inspection fee is paid on the~~
17.2 ~~commercial feeds which are used as ingredients~~ feed that has been directly furnished by the
17.3 customer; or

17.4 ~~(2) a Minnesota feed distributor who can substantiate that greater than 50 percent of the~~
17.5 ~~distribution of commercial feed is to purchasers outside the state may purchase commercial~~
17.6 ~~feeds without payment of the inspection fee under a tonnage fee exemption permit issued~~
17.7 ~~by the commissioner~~ no fee need be paid on a first distribution if made to a qualified buyer
17.8 who, with approval from the commissioner, is responsible for the fee. Such ~~location specific~~
17.9 license-specific tonnage-fee-exemption permits shall be issued on a calendar year basis to
17.10 commercial feed ~~distributors~~ licensees who distribute feed or feed ingredients outside the
17.11 state, and who submit a \$100 nonrefundable application fee and comply with rules adopted
17.12 by the commissioner relative to record keeping, tonnage of commercial feed distributed in
17.13 Minnesota, total of all commercial feed tonnage distributed, and all other information which
17.14 the commissioner may require so as to ensure that proper inspection fee payment has been
17.15 made.

17.16 (b) In the case of pet food or specialty pet food distributed in the state only in packages
17.17 of ten pounds or less, a ~~listing of~~ distributor must register each product and submit a current
17.18 label for each product ~~must be submitted~~ annually on forms provided by the commissioner
17.19 ~~and~~, accompanied by an annual application fee of \$100 for each product in lieu of the
17.20 inspection fee. This annual fee ~~is due by July 1~~ must be received by the commissioner on
17.21 or before June 30 or postmarked on or before June 30. The inspection fee required by
17.22 paragraph (a) applies to pet food or specialty pet food distributed in packages exceeding
17.23 ten pounds.

17.24 ~~(c) In the case of specialty pet food distributed in the state only in packages of ten pounds~~
17.25 ~~or less, a listing of each product and a current label for each product must be submitted~~
17.26 ~~annually on forms provided by the commissioner and accompanied by an annual fee of~~
17.27 ~~\$100 for each product in lieu of the inspection fee. This annual fee is due by July 1. The~~
17.28 ~~inspection fee required by paragraph (a) applies to specialty pet food distributed in packages~~
17.29 ~~exceeding ten pounds.~~

17.30 ~~(d)~~ (c) The minimum inspection fee is \$75 per annual reporting period.

17.31 Sec. 30. Minnesota Statutes 2016, section 25.39, subdivision 1a, is amended to read:

17.32 Subd. 1a. **Containers of ten pounds or less.** A distributor who is subject to the annual
17.33 fee specified in subdivision 1, paragraph (b) ~~or (c)~~, shall must do the following:

18.1 (1) before beginning distribution, ~~file~~ register with the commissioner ~~a listing of the~~ pet
18.2 and specialty pet foods to be distributed in the state only in containers of ten pounds or less,
18.3 on forms provided by the commissioner. The ~~listing~~ registration under this clause must be
18.4 renewed annually on or before July 1 June 30 and is the basis for the payment of the annual
18.5 fee. New products added during the year must be submitted to the commissioner as a
18.6 supplement to the annual ~~listing~~ registration before distribution; and

18.7 (2) if the annual renewal of the ~~listing~~ registration is not received or postmarked on or
18.8 before ~~July 1~~ June 30 or if an ~~unlisted~~ unregistered product is distributed, pay a late filing
18.9 fee of \$100 per product in addition to the normal charge for the ~~listing~~ registration. The late
18.10 filing fee under this clause is in addition to any other penalty under this chapter.

18.11 Sec. 31. Minnesota Statutes 2016, section 25.39, subdivision 2, is amended to read:

18.12 Subd. 2. **Annual statement.** A person who is liable for the payment of a fee under this
18.13 section ~~shall~~ must file with the commissioner on forms furnished by the commissioner an
18.14 annual statement setting forth the number of net tons of commercial feeds distributed in
18.15 this state during the calendar year. The report is due ~~by~~ on or before the 31st of each January
18.16 following the year of distribution. The inspection fee at the rate specified in subdivision 1
18.17 must accompany the statement. For each tonnage report not filed with the commissioner or
18.18 payment of inspection fees not ~~made on time~~ received by the commissioner on or before
18.19 January 31 or postmarked on or before January 31, a penalty of ten percent of the amount
18.20 due, with a minimum penalty of \$10, must be assessed against the license holder, and the
18.21 amount of fees due, plus penalty, is a debt and may be recovered in a civil action against
18.22 the license holder. The assessment of this penalty does not prevent the department from
18.23 taking other actions as provided in this chapter.

18.24 Sec. 32. Minnesota Statutes 2016, section 25.39, subdivision 3, is amended to read:

18.25 Subd. 3. **Records.** Each person required to pay an inspection fee or to report in accordance
18.26 with this section ~~shall~~ must keep records, as determined by the commissioner, accurately
18.27 detailing the tonnage of commercial feed distributed in this state. Records upon which the
18.28 tonnage is based must be maintained for six years and made available to the commissioner
18.29 for inspection, copying, and audit. A person who is located outside of this state must maintain
18.30 and make available records required by this section in this state or pay all costs incurred in
18.31 auditing of the records at another location. Unless required for the enforcement of this
18.32 chapter, the information in the records required by this subdivision is private or nonpublic.

19.1 Sec. 33. Minnesota Statutes 2016, section 25.40, subdivision 2, is amended to read:

19.2 Subd. 2. **Notice; public comment.** Before the issuance, amendment, or repeal of any
19.3 rule authorized by sections 25.31 to 25.43, the commissioner shall publish the proposed
19.4 rule, amendment, or notice to repeal an existing rule in a manner reasonably calculated to
19.5 give interested parties, including all current license holders, adequate notice and shall afford
19.6 all interested persons an opportunity to present their views orally or in writing, within a
19.7 reasonable period of time. After consideration of all views presented by interested persons,
19.8 the commissioner shall take appropriate action to issue the proposed rule or to amend or
19.9 repeal an existing rule. The provisions of this subdivision notwithstanding, if the
19.10 commissioner, pursuant to the authority of sections 25.31 to 25.43, adopts the official
19.11 definitions of feed ingredients ~~or~~ and official feed terms as adopted by the Association of
19.12 American Feed Control Officials, any amendment or modification adopted by the association
19.13 ~~shall be~~ is adopted automatically under sections 25.31 to 25.43 without regard to the
19.14 publication of the notice required by this subdivision unless the commissioner, by order
19.15 specifically determines that the amendment or modification shall not be adopted.

19.16 Sec. 34. Minnesota Statutes 2016, section 25.41, subdivision 1, is amended to read:

19.17 Subdivision 1. **Authorization; limitation.** For the purpose of enforcement of sections
19.18 25.31 to 25.43, and associated rules, in order to determine whether the provisions have been
19.19 complied with, including whether or not any operations may be subject to such provisions,
19.20 officers or employees duly designated by the commissioner or the commissioner's agent,
19.21 upon presenting appropriate credentials, and a written notice to the owner, operator, or agent
19.22 in charge, are authorized:

19.23 (1) to enter, during normal business hours, any factory, warehouse, or establishment
19.24 within the state in which commercial feeds are manufactured, processed, packed, or held
19.25 for distribution, or to enter any vehicle being used to transport or hold such feeds; and

19.26 (2) to inspect at reasonable times, within reasonable limits, and in a reasonable manner,
19.27 such factory, warehouse, establishment or vehicle and all pertinent equipment, finished and
19.28 unfinished materials, containers, and labeling therein. The inspection may include the
19.29 verification of records and production and control procedures related to the manufacture,
19.30 distribution, storage, handling, or disposal of commercial feed as may be necessary to
19.31 determine compliance with this chapter.

20.1 Sec. 35. Minnesota Statutes 2016, section 25.41, subdivision 2, is amended to read:

20.2 Subd. 2. **Notification; promptness.** A separate notice ~~shall~~ must be given for each
20.3 inspection, but a notice ~~shall~~ is not be required for each entry made during the period covered
20.4 by the inspection. Each inspection ~~shall be commenced~~ must begin and be completed with
20.5 reasonable promptness. Upon completion of the inspection, the owner, operator, or agent
20.6 in charge of the facility or vehicle ~~shall~~ must be ~~so~~ notified.

20.7 Sec. 36. Minnesota Statutes 2016, section 25.41, subdivision 3, is amended to read:

20.8 Subd. 3. **Receipt for samples.** If the ~~officer or employee~~ commissioner or the
20.9 commissioner's agent making such inspection of a factory, warehouse, or other establishment
20.10 has obtained a sample in the course of the inspection, upon completion of the inspection
20.11 and prior to leaving the premises the ~~officer or employee~~ commissioner or the commissioner's
20.12 agent shall give to the owner, operator, or agent in charge a receipt describing the samples
20.13 obtained.

20.14 Sec. 37. Minnesota Statutes 2016, section 25.41, subdivision 5, is amended to read:

20.15 Subd. 5. **Entry of premises.** For the purpose of the enforcement of sections 25.31 to
20.16 25.43, the commissioner or the commissioner's ~~duly designated~~ agent is authorized to enter
20.17 upon any public or private premises including any vehicle of transport during regular business
20.18 hours to have access to, and to obtain samples, and to examine and copy records relating
20.19 to distribution of commercial feeds.

20.20 Sec. 38. Minnesota Statutes 2016, section 25.41, subdivision 7a, is amended to read:

20.21 Subd. 7a. **Manufacturer's report of investigation.** If the inspection and analysis of an
20.22 official sample indicates that a commercial feed has been adulterated or misbranded, the
20.23 person whose name appears on the label of the indicated commercial feed as guarantor ~~shall~~
20.24 must provide a manufacturer's report of investigation to the commissioner within 30 days
20.25 following the receipt of the official analysis.

20.26 Sec. 39. Minnesota Statutes 2016, section 25.42, is amended to read:

20.27 **25.42 DETAINED COMMERCIAL FEEDS.**

20.28 Subdivision 1. **Withdrawal from distribution order.** When the commissioner or the
20.29 commissioner's ~~authorized~~ agent has reasonable cause to believe any lot of commercial feed
20.30 is being distributed in violation of any of the provisions of sections 25.31 to 25.43 or of any
20.31 of the prescribed rules under sections 25.31 to 25.43, the commissioner or the commissioner's

21.1 agent may issue and enforce a written or printed "withdrawal from distribution" order,
 21.2 warning the distributor not to dispose of the lot of commercial feed in any manner until
 21.3 written permission is given by the commissioner or the court. The commissioner shall release
 21.4 the lot of withdrawn commercial feed ~~so withdrawn~~ when ~~said provisions and~~ sections 25.31
 21.5 to 25.43 and associated rules have been complied with. If compliance is not obtained within
 21.6 30 days, the commissioner may begin, or upon request of the distributor or license holder
 21.7 shall begin, proceedings for condemnation.

21.8 Subd. 2. **Seizure; disposition.** Any lot of commercial feed not in compliance with ~~said~~
 21.9 ~~provisions and~~ sections 25.31 to 25.43 and associated rules ~~shall be~~ is subject to seizure on
 21.10 complaint of the commissioner to the district court of the county in which ~~said~~ the commercial
 21.11 feed is located. In the event the court finds the commercial feed to be in violation of sections
 21.12 25.31 to 25.43 and orders the condemnation of ~~said~~ the commercial feed, ~~it shall~~ the
 21.13 commercial feed must be disposed of in ~~any~~ a manner consistent with the quality of the
 21.14 commercial feed and the laws of the state; provided, that in no instance, shall the disposition
 21.15 of ~~said~~ the commercial feed be ordered by the court without first giving the claimant an
 21.16 opportunity to apply to the court for release of ~~said~~ the commercial feed or for permission
 21.17 to process or relabel ~~said~~ the commercial feed to bring it into compliance with sections
 21.18 25.31 to 25.43.

21.19 Sec. 40. Minnesota Statutes 2016, section 25.43, is amended to read:

21.20 **25.43 PENALTIES.**

21.21 Subdivision 1. **Misdemeanor.** Any person convicted of violating any of the provisions
 21.22 of sections 25.31 to 25.43 or who ~~shall impede, hinder~~ impedes, hinders, or otherwise ~~prevent~~
 21.23 prevents, or ~~attempt~~ attempts to prevent, ~~said~~ the commissioner or ~~duly authorized~~ the
 21.24 commissioner's agent in performance of a duty in connection with the provisions of sections
 21.25 25.31 to 25.43, ~~shall be~~ is guilty of a misdemeanor.

21.26 Subd. 2. **Minor violations.** Nothing in sections 25.31 to 25.43 shall be construed as
 21.27 requiring the commissioner or the commissioner's ~~representative~~ agent to: (1) report for
 21.28 prosecution, or (2) institute seizure proceedings, or (3) issue a withdrawal from distribution
 21.29 order, as a result of minor violations of sections 25.31 to 25.43, or when the commissioner
 21.30 or ~~representative~~ the commissioner's agent believes the public interest will best be served
 21.31 by suitable notice of warning in writing.

21.32 Subd. 3. **County attorney duties.** Each county attorney to whom any violation is reported
 21.33 ~~shall~~ must cause appropriate proceedings to be instituted and prosecuted in the district court
 21.34 or other court of competent jurisdiction without delay. Before the commissioner reports a

22.1 violation for such prosecution, an opportunity ~~shall~~ must be given the distributor to present
22.2 views to the commissioner.

22.3 Subd. 4. **Injunction.** The commissioner may apply to the district court for a temporary
22.4 or permanent injunction restraining any person from violating or continuing to violate any
22.5 of the provisions of sections 25.31 to 25.43 or any associated rule ~~promulgated under the~~
22.6 ~~act~~ notwithstanding the existence of other remedies at law.

22.7 Subd. 5. **Notice of appeal.** (a) Any person adversely affected by an act, order, citation,
22.8 or ruling made pursuant to the provisions of sections 25.31 to 25.43 ~~may seek judicial review~~
22.9 ~~in accordance with chapter 14.~~ has 30 days from receipt of the citation or order to notify
22.10 the commissioner in writing that the person intends to contest the citation or order through
22.11 a hearing. The hearing request must identify the order or citation being contested and state
22.12 the grounds for contesting it.

22.13 (b) If the person fails to notify the commissioner that the person intends to contest the
22.14 citation or order, the citation or order is final and not subject to further judicial or
22.15 administrative review.

22.16 Subd. 6. **Administrative review.** If a person notifies the commissioner that the person
22.17 intends to contest a citation or order issued under this chapter, the Office of Administrative
22.18 Hearings shall conduct a hearing according to the applicable provisions of chapter 14 for
22.19 hearings in contested cases and final decisions are subject to judicial review as provided in
22.20 chapter 14.

22.21 Sec. 41. Minnesota Statutes 2016, section 27.04, is amended to read:

22.22 **27.04 APPLICATION FOR LICENSE.**

22.23 Subdivision 1. **Issuance.** The commissioner shall issue a wholesale produce dealer's
22.24 license to engage in the business of a dealer at wholesale to persons submitting an application,
22.25 paying the prescribed fee, and complying with the conditions in this section.

22.26 Subd. 2. **Application contents.** (a) The application must be in writing, accompanied by
22.27 the prescribed fee, and state:

22.28 (1) the place or places where the applicant intends to carry on the business for which
22.29 the license is desired;

22.30 (2) the estimated amount of business to be done monthly;

22.31 (3) the amount of business done during the preceding year, if any;

23.1 (4) the full names of the persons constituting the firm for a partnership, and for a
23.2 corporation the names of the officers of the corporation and where incorporated; and

23.3 ~~(5) a financial statement showing the value and character of the assets and the amount~~
23.4 ~~of liabilities of the applicant;~~

23.5 ~~(6) the income and expenses for the most recent year;~~

23.6 ~~(7) the names and addresses of all shareholders who own at least five percent of a~~
23.7 ~~corporate applicant's shares of stock;~~

23.8 ~~(8) whether the applicant or any of its officers, partners, or agents have been involved~~
23.9 ~~in any litigation relating to the business of a wholesale produce dealer in the previous five~~
23.10 ~~years; and~~

23.11 ~~(9)~~ (5) any other information relevant to the conduct of its business as a wholesale
23.12 produce dealer in the previous five years, as the commissioner may require.

23.13 (b) If a contract is used in a transaction, a copy of the contract must also be filed with
23.14 the commissioner.

23.15 (c) Financial data required of an applicant under this section is classified as private data
23.16 with regard to data on individuals and as nonpublic data with regard to data not on individuals
23.17 under section 13.02.

23.18 Subd. 3. **Filing.** Applications shall be filed annually.

23.19 Sec. 42. Minnesota Statutes 2016, section 27.041, subdivision 1, is amended to read:

23.20 Subdivision 1. **Bonds.** (a) ~~The applicant required to be bonded shall execute and file~~
23.21 ~~with the commissioner a surety bond to the state of Minnesota to be approved by the~~
23.22 ~~commissioner, the amount, form, and effective date to be determined by the commissioner~~
23.23 ~~with the maximum not to exceed \$1,000,000. In lieu of the surety bond, the commissioner~~
23.24 ~~may accept a duly executed letter of credit. Before a wholesale produce dealer's license is~~
23.25 ~~issued, the applicant for the license must file with the commissioner a bond in a penal sum~~
23.26 ~~prescribed by the commissioner but not less than the following amounts:~~

23.27 (1) \$5,000 for wholesale produce dealers whose monthly purchases are \$35,000 or less;

23.28 (2) \$10,000 for wholesale produce dealers whose monthly purchases are more than
23.29 \$35,000 but not more than \$75,000;

23.30 (3) \$15,000 for wholesale produce dealers whose monthly purchases are more than
23.31 \$75,000 but not more than \$100,000;

24.1 (4) \$25,000 for wholesale produce dealers whose monthly purchases are more than
24.2 \$100,000 but not more than \$250,000;

24.3 (5) \$50,000 for wholesale produce dealers whose monthly purchases are more than
24.4 \$250,000 but not more than \$500,000;

24.5 (6) \$100,000 for wholesale produce dealers whose monthly purchases are more than
24.6 \$500,000 but not more than \$750,000;

24.7 (7) \$175,000 for wholesale produce dealers whose monthly purchases are more than
24.8 \$750,000 but not more than \$1,000,000;

24.9 (8) \$250,000 for wholesale produce dealers whose monthly purchases are more than
24.10 \$1,000,000 but not more than \$2,500,000;

24.11 (9) \$500,000 for wholesale produce dealers whose monthly purchases are more than
24.12 \$2,500,000 but not more than \$10,000,000;

24.13 (10) \$750,000 for wholesale produce dealers whose monthly purchases are more than
24.14 \$10,000,000 but not more than \$25,000,000; and

24.15 (11) \$1,000,000 for wholesale produce dealers whose gross annual purchases exceed
24.16 \$25,000,000.

24.17 (b) A wholesale produce dealer who has filed a bond with the commissioner before July
24.18 1, 2016, is not required to increase the amount of the bond to comply with this section until
24.19 July 1, 2017. The commissioner may postpone an increase in the amount of the bond until
24.20 July 1, 2018, if a licensee demonstrates that the increase will impose undue financial hardship
24.21 on the licensee, and that producers will not be harmed as a result of the postponement. The
24.22 commissioner may impose other restrictions on a licensee whose bond increase has been
24.23 postponed. The amount of the bond shall be based on the amount purchased or contracted
24.24 for from Minnesota farmers and other Minnesota dealers for produce during the previous
24.25 12 months.

24.26 (c) A first-time applicant for a wholesale produce dealer's license shall file a \$10,000
24.27 bond with the commissioner. This bond shall remain in effect for the first year of the license.
24.28 Thereafter, the licensee shall comply with the applicable bonding requirements in paragraph
24.29 (a), clauses (1) to (11).

24.30 (d) In lieu of the bond required by this subdivision, the applicant may deposit with the
24.31 commissioner of management and budget cash; a certified check; a cashier's check; a postal,
24.32 bank, or express money order; assignable bonds or notes of the United States; an assignment

25.1 of a bank savings account or investment certificate; or an irrevocable bank letter of credit
 25.2 as defined in section 336.5-102, in the same amount as would be required for a bond.

25.3 (e) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
 25.4 60 days' written notice of the bond's termination date to the licensee and the commissioner.

25.5 (f) The bond or letter of credit shall be conditioned on the faithful performance of the
 25.6 applicant's duties as a dealer at wholesale, including:

25.7 (1) the observance of all laws relating to the carrying on of the business of a dealer at
 25.8 wholesale;

25.9 (2) payment when due, unless it appears to the commissioner that a voluntary extension
 25.10 of credit has been given on the produce by the seller to the licensee beyond the due date;

25.11 (3) the prompt settlement and payment of all claims and charges due the state for services
 25.12 rendered or otherwise;

25.13 (4) the prompt reporting of sales as required by law to all persons consigning produce
 25.14 to the licensee for sale on commission; and

25.15 (5) the prompt payment to the persons entitled thereto of the proceeds of the sales, less
 25.16 lawful charges, disbursements, and commissions.

25.17 ~~(b)~~ (g) The bond shall cover all wholesale produce business subject to the protection
 25.18 outlined in section 27.001 which is:

25.19 (1) transacted within this state; or

25.20 (2) transacted in part within this state and in part within the states and provinces
 25.21 contiguous with this state and sold by Minnesota sellers.

25.22 (h) Wholesale produce dealers who are retail merchants shall be required to file a bond
 25.23 under paragraph (a) based on the dollar amount of produce purchased directly from farmers.

25.24 Sec. 43. Minnesota Statutes 2016, section 28A.21, subdivision 6, is amended to read:

25.25 Subd. 6. **Expiration.** This section expires June 30, ~~2017~~ 2027.

25.26 Sec. 44. Minnesota Statutes 2016, section 31A.02, subdivision 4, is amended to read:

25.27 Subd. 4. **Animals.** "Animals" means cattle, swine, sheep, goats, poultry, farmed Cervidae,
 25.28 as defined in section 35.153, subdivision 3, llamas, as defined in section 17.455, subdivision
 25.29 2, Ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other ~~large~~
 25.30 domesticated animals.

26.1 Sec. 45. Minnesota Statutes 2016, section 32C.02, subdivision 2, is amended to read:

26.2 Subd. 2. **Facility design; development and operation.** The authority may enter into
26.3 management contracts, lease agreements, or both, with a Minnesota nonprofit corporation
26.4 to design, develop, and operate a facility to further the purposes of this chapter at the site
26.5 determined by the board and on the terms that the board finds desirable. The board must
26.6 identify ~~and acquire~~ a site that will accommodate, where practicable, the following facilities
26.7 and activities:

26.8 (1) housing for bred and lactating animals;

26.9 (2) milking parlor;

26.10 (3) automatic milking systems;

26.11 (4) cross-ventilated and natural-ventilated housing;

26.12 (5) transition cow housing;

26.13 (6) special needs and hospital housing;

26.14 (7) classrooms and a conference room;

26.15 (8) dairy processing facility with retail;

26.16 (9) visitors' center;

26.17 (10) student housing;

26.18 (11) laboratory facilities;

26.19 (12) space to accommodate installation of an anaerobic digester system to research
26.20 energy production from feedstock produced on site or from off-site sources; and

26.21 (13) space for feed storage to allow for research capabilities at the facility.

26.22 Notwithstanding the provisions of section 32C.01, subdivision 7, relating to conflict of
26.23 interest, a director or officer of the authority who is also a director, officer, or member of
26.24 a nonprofit corporation with which the authority enters into management contracts or lease
26.25 agreements may participate in and vote on the decision of the board as to the terms and
26.26 conditions of management contracts or lease agreements between the Minnesota nonprofit
26.27 corporation and the authority.

26.28 Sec. 46. Minnesota Statutes 2016, section 32C.06, is amended to read:

26.29 **32C.06 EXPIRATION.**

27.1 If by August 1, ~~2017~~ 2020, the authority board has not identified ~~and acquired~~ a site for
27.2 a facility, as provided in section 32C.02, subdivision 2, sections 32C.01 to 32C.05 and this
27.3 section are repealed on that date. The Department of Agriculture shall notify the revisor of
27.4 statutes if the repealer under this section becomes effective.

27.5 Sec. 47. Minnesota Statutes 2016, section 41B.03, subdivision 2, is amended to read:

27.6 Subd. 2. **Eligibility for restructured loan.** In addition to the eligibility requirements
27.7 of subdivision 1, a prospective borrower for a restructured loan must:

27.8 (1) have received at least 50 percent of average annual gross income from farming for
27.9 the past three years or, for homesteaded property, received at least 40 percent of average
27.10 gross income from farming in the past three years, and farming must be the principal
27.11 occupation of the borrower;

27.12 (2) have projected annual expenses, including operating expenses, family living, and
27.13 interest expenses after the restructuring, that do not exceed 95 percent of the borrower's
27.14 projected annual income considering prior production history and projected prices for farm
27.15 production, except that the authority may reduce the 95 percent requirement if it finds that
27.16 other significant factors in the loan application support the making of the loan;

27.17 (3) demonstrate substantial difficulty in meeting projected annual expenses without
27.18 restructuring the loan; and

27.19 (4) have a total net worth, including assets and liabilities of the borrower's spouse and
27.20 dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017 and an amount in subsequent
27.21 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
27.22 rate as determined by the United States All-Items Consumer Price Index.

27.23 Sec. 48. Minnesota Statutes 2016, section 41B.03, subdivision 3, is amended to read:

27.24 Subd. 3. **Eligibility for beginning farmer loans.** (a) In addition to the requirements
27.25 under subdivision 1, a prospective borrower for a beginning farm loan in which the authority
27.26 holds an interest, must:

27.27 (1) have sufficient education, training, or experience in the type of farming for which
27.28 the loan is desired;

27.29 (2) have a total net worth, including assets and liabilities of the borrower's spouse and
27.30 dependents, of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in subsequent
27.31 years which is adjusted for inflation by multiplying that amount by the cumulative inflation
27.32 rate as determined by the United States All-Items Consumer Price Index;

28.1 (3) demonstrate a need for the loan;

28.2 (4) demonstrate an ability to repay the loan;

28.3 (5) certify that the agricultural land to be purchased will be used by the borrower for
28.4 agricultural purposes;

28.5 (6) certify that farming will be the principal occupation of the borrower;

28.6 (7) agree to participate in a farm management program approved by the commissioner
28.7 of agriculture for at least the first three years of the loan, if an approved program is available
28.8 within 45 miles from the borrower's residence. The commissioner may waive this requirement
28.9 for any of the programs administered by the authority if the participant requests a waiver
28.10 and has either a four-year degree in an agricultural program or certification as an adult farm
28.11 management instructor; and

28.12 (8) agree to file an approved soil and water conservation plan with the Natural Resources
28.13 Conservation Service office in the county where the land is located.

28.14 (b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is
28.15 subject to penalty as determined by the authority.

28.16 Sec. 49. Minnesota Statutes 2016, section 116V.01, subdivision 1, is amended to read:

28.17 Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is
28.18 established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code
28.19 of 1986, as amended. The Agricultural Utilization Research Institute shall conduct onsite
28.20 and applied research, promote the establishment of new products and product uses and the
28.21 expansion of existing markets for the state's agricultural commodities and products, including
28.22 direct financial and technical assistance for Minnesota entrepreneurs. The institute must
28.23 establish or maintain facilities and work with private and public entities to leverage the
28.24 resources available to achieve maximum results for Minnesota agriculture.

28.25 Sec. 50. Minnesota Statutes 2016, section 116V.01, subdivision 2, is amended to read:

28.26 Subd. 2. **Board of directors.** The board of directors of the Agricultural Utilization
28.27 Research Institute is comprised of:

28.28 (1) the chairs of the senate and the house of representatives standing committees with
28.29 jurisdiction over agriculture finance or the chair's designee;

28.30 (2) two representatives of statewide farm organizations;

28.31 (3) two representatives of agribusiness; and

29.1 (4) three representatives of the commodity promotion councils; and

29.2 (5) two at-large representatives.

29.3 Sec. 51. Minnesota Statutes 2016, section 116V.01, subdivision 3, is amended to read:

29.4 Subd. 3. **Duties.** (a) The Agricultural Utilization Research Institute shall:

29.5 (1) identify development opportunities for agricultural products;

29.6 (2) implement a program that identifies techniques to meet those opportunities;

29.7 (3) monitor and coordinate research among the public and private organizations and
29.8 individuals specifically addressing procedures to transfer new technology to businesses,
29.9 farmers, and individuals;

29.10 ~~(4) provide research grants to public and private educational institutions and other~~
29.11 ~~organizations that are undertaking basic and applied research to promote the development~~
29.12 ~~of emerging agricultural industries;~~

29.13 ~~(5)~~ assist organizations and individuals with market analysis and product marketing
29.14 implementations;

29.15 ~~(6)~~ (5) to the extent possible earn and receive revenue from contracts, patents, licenses,
29.16 royalties, grants, fees-for-service, and memberships;

29.17 ~~(7)~~ (6) work with the Department of Agriculture, the United States Department of
29.18 Agriculture, the Department of Employment and Economic Development, and other agencies
29.19 to maximize marketing opportunities locally, nationally, and internationally; and

29.20 ~~(8)~~ (7) leverage available funds from federal, state, and private sources to develop new
29.21 markets and value added opportunities for Minnesota agricultural products.

29.22 (b) The Agricultural Utilization Research Institute board of directors shall have the sole
29.23 approval authority for establishing agricultural utilization research priorities, requests for
29.24 proposals to meet those priorities, awarding of grants, hiring and direction of personnel,
29.25 and other expenditures of funds consistent with the adopted and approved mission and goals
29.26 of the Agricultural Utilization Research Institute. The actions and expenditures of the
29.27 Agricultural Utilization Research Institute are subject to audit. The institute shall annually
29.28 report by February 1 to the senate and house of representatives standing committees with
29.29 jurisdiction over agricultural policy and funding. The report must list projects initiated,
29.30 progress on projects, and financial information relating to expenditures, income from other
29.31 sources, and other information to allow the committees to evaluate the effectiveness of the
29.32 institute's activities.

30.1 (c) The Agricultural Utilization Research Institute shall convene a Renewable Energy
30.2 Roundtable, the purpose of which shall be to further the state's leadership on bioenergy
30.3 issues.

30.4 (i) The Renewable Energy Roundtable shall consist of one representative appointed by
30.5 the commissioner of the Minnesota Department of Agriculture, one appointed by the
30.6 commissioner of the Minnesota Department of Commerce, one appointed by the chancellor
30.7 of the Minnesota State Colleges and Universities, and one appointed by the president of the
30.8 University of Minnesota. The appointees must have expertise relevant to bioenergy.

30.9 (ii) The board shall oversee the activities and shall provide staff to assist the Renewable
30.10 Energy Roundtable.

30.11 (iii) The Renewable Energy Roundtable will engage professionals and experts from
30.12 private, government, academic, and nonprofit entities across the state to identify bioenergy
30.13 opportunities and collaborate with a broad group of interested parties to identify future
30.14 alternative courses of action the state can take to sustain a long-term competitive position
30.15 in renewable energy through the year 2025. The Renewable Energy Roundtable will consult,
30.16 advise, and review projects and initiatives funded by the state as directed by the
30.17 administration and the legislature.

30.18 Sec. 52. Minnesota Statutes 2016, section 116V.01, subdivision 4, is amended to read:

30.19 Subd. 4. **Staff.** The board of directors shall hire ~~staff~~ an executive director for the
30.20 Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization
30.21 Research Institute are not state employees and may participate in state retirement, deferred
30.22 compensation, insurance, or other plans that apply to state employees generally and are
30.23 subject to regulation by the state Campaign Finance and Public Disclosure Board.

30.24 Sec. 53. Minnesota Statutes 2016, section 116V.01, subdivision 7, is amended to read:

30.25 Subd. 7. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct
30.26 of the business of the institute consistent with this section. The corporation must publish
30.27 bylaws and amendments to the bylaws ~~in the State Register~~ on the board's Web site.

30.28 Sec. 54. Minnesota Statutes 2016, section 116V.01, subdivision 10, is amended to read:

30.29 Subd. 10. **Meetings.** The board of directors shall meet at least twice each year and may
30.30 hold additional meetings upon giving notice in accordance with the bylaws of the institute.
30.31 Board meetings are subject to chapter 13D, except section 13D.01, subdivision 6, as it
30.32 pertains to financial information, business plans, income and expense projections, customer

31.1 lists, market and feasibility studies, and trade secret information as defined by section 13.37,
31.2 subdivision 1, paragraph (b). For the purposes of section 13D.015, the board of directors is
31.3 a state board.

31.4 Sec. 55. Minnesota Statutes 2016, section 116V.01, subdivision 11, is amended to read:

31.5 Subd. 11. **Conflict of interest.** A director, employee, or officer of the institute may not
31.6 ~~participate in~~ advocate for or vote on a decision of the board relating to an organization in
31.7 which the director, employee, or officer has either a direct or indirect financial interest.

31.8 Sec. 56. Minnesota Statutes 2016, section 116V.01, subdivision 13, is amended to read:

31.9 Subd. 13. **Funds.** The institute may accept and use gifts, grants, or contributions from
31.10 any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell,
31.11 exchange, or otherwise dispose of and invest or reinvest the money, securities, or other
31.12 property given or bequested to it. The principal of these funds, the income from them, and
31.13 all other revenues received by it from any nonstate source ~~must be placed in the depositories~~
31.14 ~~the board determines and is~~ are subject to expenditure for the board's purposes. Receipts
31.15 and expenditures of more than ~~\$25,000~~ \$50,000 must be approved by the ~~full~~ board.

31.16 Sec. 57. Minnesota Statutes 2016, section 116V.01, subdivision 14, is amended to read:

31.17 Subd. 14. **Accounts; audits.** The institute may establish funds and accounts that it finds
31.18 convenient. The board shall provide for and pay the cost of an ~~independent annual~~ audit of
31.19 its official books and records by the legislative auditor subject to sections 3.971 and 3.972.
31.20 In addition, the board shall provide and pay for the cost of an annual financial audit of its
31.21 official books and records by an independent audit firm. A copy of this the annual financial
31.22 audit shall be filed with the secretary of state Office of the Attorney General, Charities
31.23 Division.

31.24 For purposes of this section, "institute" means the Agricultural Utilization Research
31.25 Institute established under this section and "board of directors" means the board of directors
31.26 of the Agricultural Utilization Research Institute.

31.27 Sec. 58. Minnesota Statutes 2016, section 223.17, subdivision 8, is amended to read:

31.28 Subd. 8. **Bond disbursement.** (a) The bond required under subdivision 4 shall provide
31.29 for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand,
31.30 the purchase price of grain sold to the grain buyer in the manner provided by subdivision

32.1 5, including loss caused by failure to pay within the time required. The bond shall be
32.2 conditioned upon the grain buyer being duly licensed as provided herein.

32.3 (b) The commissioner shall promptly determine the validity of all claims filed and notify
32.4 the claimants of the determination. An aggrieved party may appeal the commissioner's
32.5 determination by requesting, within 15 days, that the commissioner initiate a contested case
32.6 proceeding. In the absence of such a request, or following the issuance of a final order in a
32.7 contested case, the surety company shall issue payment promptly to those claimants entitled
32.8 to payment. The commissioner may apply to the district court for an order appointing a
32.9 trustee or receiver to manage and supervise the operations of the grain buyer in default. The
32.10 commissioner may participate in any resulting court proceeding as an interested party.

32.11 (c) If a grain buyer has become liable to more than one producer by reason of breaches
32.12 of the conditions of the bond and the amount of the bond is insufficient to pay the entire
32.13 liability to all producers entitled to the protection of the bond, the proceeds of the bond shall
32.14 be apportioned among the bona fide claimants.

32.15 (d) The bond shall not be cumulative from one licensing period to the next. The maximum
32.16 liability of the bond shall be its face value for the licensing period.

32.17 (e) The bond disbursement shall occur 200 days from the date the commissioner publishes
32.18 a public notice of a claim. At the end of this time period, the commissioner shall initiate
32.19 bond payments on all valid claims received by the commissioner.

32.20 Sec. 59. Minnesota Statutes 2016, section 232.22, subdivision 7, is amended to read:

32.21 Subd. 7. **Bond disbursement.** (a) The bond of a public grain warehouse operator must
32.22 be conditioned that the public grain warehouse operator issuing a grain warehouse receipt
32.23 is liable to the depositor for the delivery of the kind, grade and net quantity of grain called
32.24 for by the receipt.

32.25 (b) Upon notification of default, the commissioner shall determine the validity of all
32.26 claims and notify all parties having filed claims. Any aggrieved party may appeal the
32.27 commissioner's determination by requesting, within 15 days, that the commissioner initiate
32.28 a contested case proceeding. In the absence of such a request, or following the issuance of
32.29 a final order in a contested case, the surety company shall issue payment to those claimants
32.30 entitled to payment. If the commissioner determines it is necessary, the commissioner may
32.31 apply to the district court for an order appointing a trustee or receiver to manage and supervise
32.32 the operations of the grain warehouse operator in default. The commissioner may participate
32.33 in any resulting court proceeding as an interested party.

33.1 (c) For the purpose of determining the amount of bond disbursement against all valid
 33.2 claims under a condition one bond, all grain owned or stored in the public grain warehouse
 33.3 shall be sold and the combined proceeds deposited in a special fund. Payment shall be made
 33.4 from the special fund satisfying the valid claims of grain warehouse receipt holders.

33.5 (d) If a public grain warehouse operator has become liable to more than one depositor
 33.6 or producer by reason of breaches of the conditions of the bond and the amount of the bond
 33.7 is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid
 33.8 claimants, the proceeds of the bond and special fund shall be apportioned among the valid
 33.9 claimants on a pro rata basis.

33.10 (e) A bond is not cumulative from one licensing period to the next. The maximum
 33.11 liability of the bond shall be its face value for the licensing period.

33.12 (f) The bond disbursement shall occur 200 days from the date the commissioner publishes
 33.13 a public notice of a claim. At the end of this time period, the commissioner shall initiate
 33.14 bond payments on all valid claims received by the department.

33.15 Sec. 60. **REVISOR'S INSTRUCTION.**

33.16 The revisor of statutes shall renumber Minnesota Statutes, section 18B.01, subdivision
 33.17 9a, to Minnesota Statutes, section 18B.01, subdivision 9d, and correct any cross-references
 33.18 related to the renumbering.

33.19 Sec. 61. **REPEALER.**

33.20 Minnesota Statutes 2016, sections 18B.01, subdivisions 10a, 10b, and 22a; 18B.285;
 33.21 25.371, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; and 41D.01, subdivision
 33.22 4, are repealed.

33.23 **ARTICLE 2**

33.24 **DAIRY LAW REORGANIZATION**

33.25 Section 1. Minnesota Statutes 2016, section 13.6435, subdivision 8, is amended to read:

33.26 Subd. 8. **Dairy products.** Financial and production information obtained by the
 33.27 commissioner of agriculture to administer chapter ~~32~~ 32D are classified under section ~~32.71,~~
 33.28 ~~subdivision 2~~ 32D.25, subdivision 2.

33.29 Sec. 2. **[32D.01] DEFINITIONS.**

33.30 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

34.1 Subd. 2. **Adulterated.** "Adulterated" means an item is covered by section 34A.02.

34.2 Subd. 3. **Cheese.** "Cheese" includes all varieties of cheese, cheese spreads, cheese foods,
34.3 cheese compounds, or processed cheese made or manufactured in whole or in part from
34.4 milk.

34.5 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of agriculture.

34.6 Subd. 5. **Dairy farm.** "Dairy farm" means a place or premises where one or more lactating
34.7 animals, including cows, goats, sheep, water buffalo, camels, or other hoofed mammals,
34.8 are kept, and from which all or a portion of the milk produced at the place or premises is
34.9 delivered, sold, or offered for sale.

34.10 Subd. 6. **Dairy plant.** "Dairy plant" means any place where a dairy product is
34.11 manufactured, processed, or handled and includes milk-receiving stations, creameries,
34.12 cheese factories, condenseries, milk plants, transfer stations, and marketing organizations
34.13 that purchase milk and cream directly from producers for resale and other establishments,
34.14 as those terms are used in this chapter and chapters 17, 27, and 31; but does not include any
34.15 place where dairy products are not processed but sold at whole or retail only.

34.16 Subd. 7. **Dairy product.** "Dairy product" means milk as defined by Code of Federal
34.17 Regulations, title 21, cream, any product or by-product of either, or any commodity among
34.18 the principal constituents or ingredients of which is one or a combination of two or more
34.19 of them, as determined by standards, grades, or rules adopted by the commissioner.

34.20 Subd. 8. **Fluid milk products.** "Fluid milk products" means yogurt, cream, sour cream,
34.21 half and half, reconstituted half and half, concentrated milk, concentrated milk products,
34.22 skim milk, nonfat milk, chocolate flavored milk, chocolate flavored dairy drink, chocolate
34.23 flavored reconstituted milk, chocolate flavored reconstituted dairy drink, buttermilk, cultured
34.24 buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted
34.25 cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made
34.26 by the addition of any substance to milk or to any of the fluid milk products enumerated
34.27 under this subdivision or by rule adopted by the commissioner.

34.28 Subd. 9. **Goat milk.** "Goat milk" means a whole, fresh, clean lacteal secretion free from
34.29 colostrum, obtained by the complete milking of one or more healthy goats.

34.30 Subd. 10. **Milk.** "Milk" means the normal lacteal secretion, practically free of colostrum,
34.31 obtained by the milking of one or more healthy hoofed mammals. Hoofed mammals include
34.32 but are not limited to cattle, water buffalo, sheep, goats, yaks, and camels.

35.1 Subd. 11. **Milk for manufacturing purposes.** "Milk for manufacturing purposes" means
35.2 milk produced for processing and manufacturing into products for human consumption but
35.3 not subject to Grade A or comparable requirements.

35.4 Subd. 12. **Milk-receiving station.** "Milk-receiving station" means a dairy plant where
35.5 raw milk for pasteurization or for manufacture is received, handled, or prepared for
35.6 processing or for resale as unpasteurized milk or fluid milk products.

35.7 Subd. 13. **Minnesota farmstead cheese.** "Minnesota farmstead cheese" means cheese
35.8 manufactured in Minnesota on the same farm that the milk used in its manufacturing is
35.9 produced.

35.10 Subd. 14. **Misbranded or misbranding.** "Misbranded" or "misbranding" means an item
35.11 is covered by section 34A.03.

35.12 Subd. 15. **Pasteurization or pasteurized.** (a) "Pasteurization," "pasteurized," and similar
35.13 terms mean:

35.14 (1) the process of heating every particle of milk or dairy product in properly operated
35.15 equipment approved by the commissioner to a temperature of at least 145 degrees Fahrenheit
35.16 and holding the temperature for at least 30 minutes;

35.17 (2) the process of heating every particle of milk or dairy product in properly operated
35.18 equipment approved by the commissioner to a temperature of at least 161 degrees Fahrenheit
35.19 and holding the temperature for at least 15 seconds; or

35.20 (3) the process of heating every particle of milk or dairy product in properly operated
35.21 equipment approved by the commissioner to the temperatures and holding for the times as
35.22 the commissioner may prescribe by rule, containing standards more stringent than those
35.23 imposed by this subdivision.

35.24 (b) Nothing in this subdivision shall be construed as excluding any other process that
35.25 has been demonstrated to be equally efficient and is approved by the commissioner.

35.26 Subd. 16. **Recombinant bovine growth hormone or rBGH.** "Recombinant bovine
35.27 growth hormone" or "rBGH" means a growth hormone intended for use in bovine animals
35.28 that has been produced through recombinant DNA techniques, described alternately as
35.29 recombinant bovine somatotropin or rBST.

35.30 Sec. 3. **[32D.02] INSPECTION AUTHORITY AND DUTIES.**

35.31 Subdivision 1. **Enforcement.** The commissioner is charged with the enforcement of this
35.32 chapter.

36.1 Subd. 2. **Power and authority.** For the purpose of enforcing this chapter, the
36.2 commissioner and the commissioner's assistants, agents, and employees have the power
36.3 and authority granted under sections 31.02 to 31.171.

36.4 Subd. 3. **Inspection of dairies.** At times the commissioner determines proper, the
36.5 commissioner shall inspect all places where dairy products are made, stored, or served as
36.6 food for purchase, and all places where hoofed mammals are kept by persons engaged in
36.7 the sale of milk, and shall require the correction of all unsanitary conditions and practices.

36.8 Subd. 4. **Refusal of inspection.** A refusal or physical threat that prevents the completion
36.9 of an inspection or neglect to obey a lawful direction of the commissioner or the
36.10 commissioner's agent given while carrying out this section may result in the suspension of
36.11 the offender's permit or certification or other enforcement as deemed appropriate by the
36.12 commissioner. The offender is required to meet with a representative of the offender's plant
36.13 or marketing organization and a representative of the commissioner within 48 hours of
36.14 receiving notice, excluding holidays or weekends, or the suspension or enforcement action
36.15 shall take effect. A producer may request a hearing before the commissioner or the
36.16 commissioner's agent if a serious concern exists relative to the retention of the offender's
36.17 permit or certification to sell milk.

36.18 Subd. 5. **Inspection service.** To ensure compliance with the laws and rules governing
36.19 the production, handling, processing, and sale of milk and dairy products, the commissioner
36.20 is authorized, through a duly trained and qualified milk inspector, to inspect milk and milk
36.21 products and the premises and plants where milk and milk products are produced, handled,
36.22 and processed. Inspection services must acquaint the processor and producers with the
36.23 requirements for a Grade A or manufacturing grade milk supply for preliminary inspection
36.24 to determine if a processor has brought the processor's farms and plants to the state of
36.25 compliance that qualifies the processor's products for the Grade A or manufacturing grade
36.26 label, and for continuous inspection to ensure that a farm or plant and all products from a
36.27 farm or plant are in compliance with this chapter.

36.28 Subd. 6. **Field service.** Grade A or manufacturing grade processors shall provide a
36.29 continuous field service to assist producers who sell their milk to the processor's plant to
36.30 attain and maintain compliance with this chapter. A person who performs field service must
36.31 first obtain a permit from the commissioner. A person desiring to secure a permit must apply
36.32 on a form provided by the commissioner, and before a permit is issued the commissioner
36.33 shall determine that the applicant is competent and qualified to perform field service. The
36.34 permit is not transferable to another person and may be revoked for due cause after the
36.35 holder of the permit has been given the opportunity for a hearing. The permit holder must

37.1 be given a notice in writing of the time and place of the hearing at least seven days before
37.2 the date of the hearing.

37.3 Subd. 7. **Enforcement standards.** The standards in this chapter and rules adopted under
37.4 this chapter by the commissioner shall be the only standards for use in Minnesota. No
37.5 municipality or other subdivision of state government shall provide, by ordinance, more
37.6 stringent or comprehensive standards than are contained in this chapter and rules adopted
37.7 by the commissioner under this chapter.

37.8 Subd. 8. **Rules.** (a) The commissioner shall by rule adopt identity, production, and
37.9 processing standards for both Grade A and manufacturing grade milk and dairy products.

37.10 (b) In the exercise of the authority to establish requirements for Grade A milk and milk
37.11 products, the commissioner adopts definitions, standards of identity, and requirements for
37.12 production and processing contained in the most current version of the Grade A Pasteurized
37.13 Milk Ordinance, and its associated documents, of the United States Department of Health
37.14 and Human Services in a manner provided for and not in conflict with law.

37.15 (c) Producers of milk, other than Grade A, shall conform to the standards contained in
37.16 subparts B, C, D, E, and F of the United States Department of Agriculture Agricultural
37.17 Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and
37.18 its Production and Processing, except that the commissioner shall develop methods by which
37.19 producers are able to comply with the standards without violation of religious beliefs.

37.20 Subd. 9. **Certified industry inspection.** Industry personnel may be certified to perform
37.21 any inspection, to the extent allowed by federal law and provided that performance of the
37.22 inspections is consistent with rules adopted in subdivision 8.

37.23 Subd. 10. **Fees; dairy services account.** (a) All fees and penalties collected under this
37.24 chapter shall be deposited into the dairy services account in the agricultural fund and used
37.25 for the purposes of administering this chapter.

37.26 (b) Unless otherwise noted, all fees are payable by a processor or marketing organization
37.27 and are invoiced on July 1 of each year for Grade A and January 1 of each year for
37.28 manufacturing grade, and if not paid within 30 days of the due date, inspection service may
37.29 be discontinued. If a farm discontinues the production of milk within six months of the
37.30 billing date, a request for a refund based on inspection services not received may be made
37.31 by the processor or by the marketing organization on behalf of its patrons. This request must
37.32 be made in writing by June 30 for manufacturing grade or by December 31 for Grade A.
37.33 Upon approval by the commissioner, refunds must be made to the processor or marketing
37.34 organization.

38.1 Sec. 4. **[32D.03] BULK MILK HAULER AND SAMPLER LICENSE.**

38.2 Subdivision 1. License requirement. A person collecting milk from a dairy farm and
38.3 transporting the milk by bulk pickup and not in individual containers from farm to plant
38.4 must obtain a bulk milk hauler and sampler license.

38.5 Subd. 2. Application. A person desiring to secure a bulk milk hauler and sampler license
38.6 must apply on a form provided by the commissioner. Before the license is issued, the
38.7 commissioner shall determine that the applicant is competent and qualified.

38.8 Subd. 3. Term of license; transferability. An initial bulk milk hauler and sampler
38.9 license issued by the commissioner expires on the following December 31 and is not
38.10 transferable. A renewal bulk milk hauler and sampler license is not transferable, is valid for
38.11 two years, and expires on December 31 of the second year.

38.12 Subd. 4. Fees and penalties. The fee for an initial or renewal bulk milk hauler and
38.13 sampler license is \$60. The fee shall be paid to the commissioner before the commissioner
38.14 issues an initial or renewal bulk milk hauler and sampler license. If a bulk milk hauler and
38.15 sampler license renewal is not applied for on or before January 1, a fee of \$30 shall be
38.16 imposed. A person who does not renew a bulk milk hauler and sampler license within one
38.17 year following its December 31 expiration date, except those persons who do not renew the
38.18 bulk milk hauler and sampler license while engaged in active military service, shall be
38.19 required to prove competency and qualification pursuant to section 32D.07 before a bulk
38.20 milk hauler and sampler license is issued. The commissioner may require any other person
38.21 who renews a bulk milk hauler and sampler license to prove competency and qualification
38.22 in the same manner.

38.23 Subd. 5. Suspension or cancellation. The commissioner is empowered to conduct
38.24 enforcement action, suspend, or cancel any bulk milk hauler and sampler license pursuant
38.25 to section 34A.06.

38.26 Sec. 5. **[32D.04] MILK TANK TRUCKS.**

38.27 All farm bulk milk pickup tankers, milk transports, and tankers used to transport milk
38.28 products must be inspected and obtain a permit issued by the commissioner at least once
38.29 every 12 months. The owner or operator must pay a \$25 permit fee per tanker to the
38.30 commissioner. The commissioner may appoint a person the commissioner deems qualified
38.31 to make inspections.

39.1 Sec. 6. **[32D.05] GRADE A DAIRY FARM PERMITTING; WATER WELL**
39.2 **DISTANCE REQUIREMENT.**

39.3 (a) No milk producer may sell or distribute milk from a dairy farm as Grade A milk
39.4 without a valid Grade A dairy farm permit issued by the commissioner.

39.5 (b) A dairy farmer who wishes to be permitted to produce Grade A milk may not be
39.6 denied the Grade A permit solely because of provisions in rules adopted by the commissioner
39.7 requiring a minimum distance between a water well and dairy farm. To be eligible for a
39.8 Grade A permit, the following conditions must be met:

39.9 (1) the water well must have been in place prior to January 1, 1974;

39.10 (2) the water well must comply with all other rules applicable to the well, other than the
39.11 distance requirement; and

39.12 (3) water from the well must be tested at least once every 12 months. More frequent
39.13 testing may be required in compliance with guidelines established by the commissioner if
39.14 water test results fail to meet water quality requirements.

39.15 Sec. 7. **[32D.06] GRADE A DAIRY FARM INSPECTION; FEES.**

39.16 (a) As provided in section 32D.02, subdivision 4, the commissioner shall provide
39.17 inspection service to any milk producer who wishes to market Grade A milk and is in
39.18 compliance with the requirement for the production of Grade A milk. Grade A inspections
39.19 shall be completed at least once every six months.

39.20 (b) The fee for inspections must be no more than \$50 per farm, paid annually by the
39.21 processor or by the marketing organization on behalf of its patrons.

39.22 (c) For a farm requiring a reinspection in addition to the required biannual inspections,
39.23 an additional fee must be paid by the processor or by the marketing organization on behalf
39.24 of its patrons. The fee for reinspection of a farm with fewer than 100 hooved milk-producing
39.25 animals is \$60 per reinspection. The fee for reinspection of a farm with 100 or more hooved
39.26 milk-producing animals is \$150 per reinspection.

39.27 Sec. 8. **[32D.07] MANUFACTURING GRADE DAIRY FARM CERTIFICATION.**

39.28 A producer who wishes to sell milk for manufacturing purposes must obtain from the
39.29 commissioner an annual Grade B farm certification.

40.1 Sec. 9. **[32D.08] MANUFACTURING GRADE DAIRY FARM INSPECTION; FEES.**

40.2 (a) A producer selling milk for manufacturing purposes must be inspected at least once
40.3 every 12 months.

40.4 (b) The fee for the certification inspection must not be more than \$25 per producer, to
40.5 be paid annually by the processor or the marketing organization on behalf of its patrons.

40.6 (c) For a producer requiring more than one inspection for certification, a reinspection
40.7 fee of \$45 must be paid by the processor or by the marketing organization on behalf of its
40.8 patrons.

40.9 Sec. 10. **[32D.09] DAIRY PLANT LICENSING AND PERMITTING.**

40.10 Subdivision 1. **Licensing.** A dairy plant must obtain a license as required under section
40.11 28A.04.

40.12 Subd. 2. **Permitting.** No person shall operate a dairy plant in this state unless the dairy
40.13 plant, equipment, and water supply and plumbing system have been first approved by the
40.14 commissioner and a permit issued to operate the same. A permit may be revoked by the
40.15 commissioner for due cause pursuant to section 34A.06.

40.16 Subd. 3. **Approval.** At the time of filing the application for a permit, the applicant shall
40.17 submit to the commissioner duplicate floor plans of the plant that show the placement of
40.18 equipment, the source of water supply and method of distribution, a detailed pasteurization
40.19 flow chart, and the location of the plumbing system, including the disposal of wastes. New
40.20 construction or alteration of an existing dairy plant shall be made only with the approval of
40.21 the commissioner and duplicate plans for the construction or alteration shall be submitted
40.22 to the commissioner for approval. The fee for approval services is \$45 per hour of department
40.23 staff time spent in the approval process.

40.24 Subd. 4. **Farmstead cheese.** (a) The commissioner or the commissioner's designee shall
40.25 issue an additional permit to a dairy plant that desires to use the name "Minnesota farmstead
40.26 cheese" upon application made by the dairy plant for use of the name, provided the cheese
40.27 meets the definition in section 32D.01, subdivision 13.

40.28 (b) No cheese or packaged cheese that is sold, offered or exposed for sale, or held in
40.29 possession with intent to sell at either retail or wholesale in this state may be labeled or
40.30 described as "Minnesota farmstead cheese" unless it meets the criteria in section 32D.01,
40.31 subdivision 13, and the manufacturer has obtained the designated permit.

41.1 **Sec. 11. [32D.10] INSPECTIONS.**

41.2 (a) Inspections of Grade A plants must be completed at least once every three months.
41.3 A pasteurization plant requesting Grade A inspection must pay an annual inspection fee of
41.4 no more than \$500.

41.5 (b) Inspections of manufacturing plants that process milk or milk products other than
41.6 Grade A must be completed at least once every six months. A manufacturing plant that
41.7 pasteurizes milk or milk by-products must pay an annual fee based on the number of
41.8 pasteurization units. The fee must not exceed \$140 per unit.

41.9 **Sec. 12. [32D.11] PROCUREMENT FEE.**

41.10 A dairy plant operator in this state must pay to the commissioner on or before the 18th
41.11 of each month a fee of 1.1 cents per hundredweight of milk purchased the previous month.
41.12 If a milk producer in this state ships milk out of the state for sale, the producer must pay
41.13 the fee to the commissioner unless the purchaser voluntarily pays the fee. Producers who
41.14 ship milk out of state and processors must submit to the commissioner monthly reports
41.15 related to milk purchases along with the appropriate procurement fee. The commissioner
41.16 shall have access to all relevant purchase or sale records as necessary to verify compliance
41.17 with this section and may require the producer or purchaser to produce records as necessary
41.18 to determine compliance.

41.19 **Sec. 13. [32D.12] SELECTED PRODUCTS FEE.**

41.20 (a) A manufacturer must pay to the commissioner a fee for fluid milk processed and
41.21 milk used in the manufacture of fluid milk products sold for retail sale in Minnesota in an
41.22 amount not less than five cents and not more than nine cents per hundredweight as set by
41.23 the commissioner's order. No change within any 12-month period may be in excess of one
41.24 cent per hundredweight.

41.25 (b) A processor must report quantities of milk processed under paragraph (a) on forms
41.26 provided by the commissioner. Processor fees must be paid monthly. The commissioner
41.27 may require the production of records as necessary to determine compliance with this
41.28 paragraph.

41.29 (c) The commissioner may create within the department a dairy consulting program to
41.30 provide assistance to dairy producers who are experiencing problems meeting the sanitation
41.31 and quality requirements of the dairy laws and rules. The commissioner may use money

42.1 appropriated from the dairy services account to pay for the program authorized in this
42.2 paragraph.

42.3 **Sec. 14. [32D.13] MILK QUALITY STANDARDS.**

42.4 **Subdivision 1. Visible adulteration or odors.** Milk shall not be visibly adulterated, or
42.5 have any objectionable odor, or be abnormal in appearance or consistency.

42.6 **Subd. 2. Grade A raw milk.** (a) The bacterial count of Grade A raw milk from producers
42.7 must not exceed 100,000 bacteria per milliliter prior to commingling with other producer
42.8 milk.

42.9 (b) After commingling with other producer milk, the bacteria count must not exceed
42.10 300,000 per milliliter prior to pasteurization.

42.11 **Subd. 3. Grade A pasteurized milk and fluid milk products.** (a) The bacterial count
42.12 of Grade A pasteurized milk and fluid milk products, at any time after pasteurization until
42.13 delivery, must not exceed 20,000 bacteria per milliliter.

42.14 (b) The coliform count of Grade A pasteurized milk and fluid milk products must not
42.15 exceed ten bacteria per milliliter except that bulk tank transport shipments must not exceed
42.16 100 per milliliter.

42.17 **Subd. 4. Raw milk, other than Grade A.** The bacterial count of raw milk from producers
42.18 must not exceed 500,000 bacteria per milliliter prior to commingling with other producer
42.19 milk.

42.20 **Subd. 5. Pasteurized milk, other than Grade A.** The bacterial count of pasteurized
42.21 milk other than Grade A pasteurized milk, at any time after pasteurization until delivery,
42.22 must not exceed 20,000 bacteria per milliliter.

42.23 **Subd. 6. Exceptions.** Bacterial count standards do not apply to sour cream, cultured
42.24 buttermilk, and other cultured fluid milk products.

42.25 **Subd. 7. Rules and standards.** The commissioner may prescribe standards and rules
42.26 adopted in accordance with law more stringent than those imposed by this section.

42.27 **Subd. 8. Somatic cell count.** (a) The somatic cell count, as determined by a direct
42.28 microscopic somatic cell count or an electronic somatic cell count, must not exceed 750,000
42.29 cells per milliliter for Grade A raw milk and raw milk other than Grade A. Notwithstanding
42.30 any federal standard, the somatic cell count of goat milk must not exceed 1,500,000 cells
42.31 per milliliter.

43.1 (b) The commissioner may prescribe standards and rules adopted in accordance with
43.2 law more stringent than those imposed by this subdivision.

43.3 Subd. 9. **Temperature.** If milk is received or collected from a dairy farm more than two
43.4 hours after the most recent milking, the temperature of the milk shall not exceed 45 degrees
43.5 Fahrenheit (7 degrees Celsius). If the milk consists of a blend of milk from two or more
43.6 milking, and the milk is received or collected less than two hours after the most recent
43.7 milking, the blend temperature shall not exceed 50 degrees Fahrenheit (10 degrees Celsius).

43.8 Subd. 10. **Industry enforcement.** A dairy plant is not required to reject milk shipments
43.9 in response to a violation of subdivisions 2 to 9 unless the commissioner suspends or revokes
43.10 the dairy plant permit or milk producer's Grade A permit or manufacturing grade certification.

43.11 **Sec. 15. [32D.14] OFFICIAL PRODUCER SAMPLES.**

43.12 (a) An official producer sample for each producer must be analyzed for bacteria, somatic
43.13 cell count, temperature, and antibiotic residues at least once per month in four out of every
43.14 six months. Official producer samples must be collected and analyzed without providing
43.15 the producer with prior notification of the sampling date.

43.16 (b) Official producer sample results must be inclusive of all animals from which milk
43.17 is collected and sold on the day of sampling.

43.18 (c) Official producer sample results must be collected by a licensed sampler.

43.19 **Sec. 16. [32D.15] MONTHLY REPORTING.**

43.20 (a) In at least four out of every six months, the dairy plant that procures milk from the
43.21 producer must report to the commissioner at least one representative test result for bacteria,
43.22 somatic cell count, temperature, and antibiotic residues. The result shall be reported within
43.23 seven days after the laboratory obtains the test results.

43.24 (b) A laboratory that performs the tests required under this section for a dairy plant may
43.25 report the test results for the dairy plant.

43.26 (c) A dairy plant or laboratory shall report test results under this section in an electronic
43.27 form approved by the department or using an approved alternative.

43.28 **Sec. 17. [32D.16] ENFORCEMENT.**

43.29 The commissioner shall suspend a producer's permit or certification if three of the last
43.30 five official producer samples exceed the applicable standard. The commissioner shall

44.1 provide warning of a pending suspension when two of the last four producer samples exceed
44.2 the applicable standard.

44.3 **Sec. 18. [32D.17] LABORATORY CERTIFICATION.**

44.4 (a) A laboratory and its methods are required to be approved or certified prior to testing
44.5 Grade A milk samples. The results of approved or certified laboratories may be used by
44.6 official regulatory agencies in enforcement of requirements for milk and milk products. The
44.7 approval or certification remains valid unless suspended or revoked by the commissioner
44.8 for failure to comply with the requirements of this chapter.

44.9 (b) Certified or approved laboratories must receive a permit from the commissioner.
44.10 The permit remains valid without renewal unless suspended or revoked by the commissioner
44.11 for failure to comply with the requirements of this chapter.

44.12 (c) Satisfactory analytical procedures and results for split samples, the nature, number,
44.13 and frequency of which shall be in accordance with rules established by the commissioner,
44.14 shall be required of a certified laboratory for retention of its certification and permit.

44.15 (d) An application for initial certification or biennial recertification, or for recertification
44.16 following suspension or revocation of a permit, shall be accompanied by an annual fee
44.17 based on the number of analyses approved and the number of specific tests for which they
44.18 are approved. The fee must not be less than \$150 nor more than \$200 for each analysis
44.19 approved and not less than \$35 nor more than \$50 for each test approved. The commissioner
44.20 may annually adjust assessments within the limits established by this subdivision to meet
44.21 the cost recovery of the services required by this section.

44.22 **Sec. 19. [32D.18] MILK BOUGHT BY WEIGHT; TESTING METHODS.**

44.23 Subdivision 1. **Milk fat, protein, and solids not fat bases of payment; tests.** (a) Milk
44.24 must be purchased from producers using a formula based on one or more of the following:

44.25 (1) payment of a standard rate with uniform differentials for milk testing above or below
44.26 3.5 percent milk fat;

44.27 (2) payment of a standard rate for the pounds of milk fat contained in the milk;

44.28 (3) payment of a standard rate for the pounds of protein contained in the milk;

44.29 (4) payment of a standard rate for the pounds of nonfat solids contained in the milk; or

44.30 (5) payment of standard rates based on other attributes of value in the milk.

45.1 (b) In addition, an adjustment may be made on the basis of milk quality and other
45.2 premiums. Testing procedures for determining the percentages of milk fat, protein, and
45.3 nonfat solids must comply with the methods approved by the Association of Analytical
45.4 Chemists or be as adopted by rule.

45.5 Subd. 2. **Apparatus to conform to specifications.** Glassware, test bottles, pipettes, acid
45.6 measures, chemicals, scales, and other apparatus used in the operation of these tests shall
45.7 conform to the specifications for the particular test method.

45.8 Subd. 3. **Penalties for violations.** A person who:

45.9 (1) employs any test other than those tests authorized by rule adopted by the
45.10 commissioner, or any methods other than the standard official methods for determining the
45.11 milk fat content of milk or cream;

45.12 (2) incorrectly samples milk or cream purchased or sold;

45.13 (3) incorrectly weighs milk or cream purchased or sold;

45.14 (4) incorrectly grades milk or cream purchased or sold;

45.15 (5) makes a false entry of the weight, test result, or grade of any milk or cream purchased
45.16 or sold;

45.17 (6) incorrectly samples, weighs, tests, or records or reports weights or tests of skim milk
45.18 or buttermilk purchased or sold;

45.19 (7) underreads the tests;

45.20 (8) falsifies the reading of the tests;

45.21 (9) manipulates the reading of the tests; or

45.22 (10) falsely states, certifies, or uses in the purchase or sale of milk or cream a misreading
45.23 of such tests, whether the tests or actual reading have been made by the person or by any
45.24 other person,

45.25 is guilty of a misdemeanor.

45.26 Sec. 20. **[32D.19] ADULTERATED DAIRY PRODUCTS.**

45.27 Subdivision 1. **Purchase and sale prohibition.** A person may not sell or knowingly
45.28 buy adulterated dairy products.

45.29 Subd. 2. **Manufacture of food for human consumption from adulterated milk or**
45.30 **cream prohibited.** An article of food for human consumption may not be manufactured

46.1 from adulterated milk or cream, except as provided in the Federal Food, Drug, and Cosmetic
46.2 Act, United States Code, title 21, section 301 et seq., and related federal regulations.

46.3 Subd. 3. **Adulterated milk.** For purposes of this section, milk is adulterated if it:

46.4 (1) is drawn in a filthy or unsanitary place;

46.5 (2) is drawn from unhealthy or diseased animals;

46.6 (3) is drawn from animals that are fed garbage or an unwholesome animal or vegetable
46.7 substance;

46.8 (4) contains water in excess of that normally found in milk;

46.9 (5) contains a substance that is not a normal constituent of the milk except as allowed
46.10 in this chapter; or

46.11 (6) contains drug residues or other chemical or biological substances in amounts above
46.12 the tolerances or safe levels established by rule.

46.13 Subd. 4. **Drug residues.** (a) Before processing milk, all bulk milk pickup tankers must
46.14 be tested for the presence of beta lactam drug residues and for other residues as determined
46.15 necessary by the commissioner. Milk received from a producer in other than a bulk milk
46.16 pickup tanker is also subject to this section.

46.17 (b) Bulk milk tankers that confirm positive for beta lactam drug residues or other residues
46.18 must follow up with producer sample testing of all producers contained on the positive load.

46.19 (c) Individual producer samples must be tested for the presence of beta lactam drug
46.20 residues at least once a month for four out of every six-month period. Results of these tests
46.21 must be reported to the commissioner as official producer sample results using established
46.22 electronic reporting procedures.

46.23 (d) Drug residue testing methods must be those approved by the Food and Drug
46.24 Administration (FDA) and the National Conference of Interstate Milk Shipments or listed
46.25 in the FDA's current version of M-a-85.

46.26 (e) All drug residue samples testing positive must be reported to the commissioner or
46.27 the commissioner's designee within 24 hours. The report must include how and where the
46.28 milk was disposed of, and the volume, the responsible producer, and the possible cause of
46.29 the violative residue. All milk sample residue results must be recorded and retained for six
46.30 months by the receiving plant for examination by the commissioner or the commissioner's
46.31 designee.

47.1 Subd. 5. Penalties. (a) The permit or certification of a milk producer identified as having
47.2 a positive drug residue is immediately suspended. The producer must not ship milk while
47.3 the permit or certification is suspended.

47.4 (b) The producer's permit or certification may be reinstated after being sampled by the
47.5 commissioner or the commissioner's designee and testing negative on the sample.

47.6 (c) A milk producer may not change plants within 30 days, without permission of the
47.7 commissioner, after receiving notification from the commissioner of a residue violation.

47.8 (d) The producer that is identified with the drug residue violation is responsible for the
47.9 value of all milk on any load that tests positive for drug residues and any costs associated
47.10 with its disposal. Payment shall be made to the purchaser of the milk.

47.11 (e) For the first and second violation within a 12-month period, the dairy producer must,
47.12 within 30 days of the date of the residue:

47.13 (1) meet with the dairy inspector to review potential causes of the adulteration; and

47.14 (2) complete the designated drug residue prevention educational program with a licensed
47.15 veterinarian and submit the signed certificate to the commissioner.

47.16 (f) Failure to comply with the requirements for the first and second violation listed in
47.17 paragraph (e) may result in suspension of the producer's permit or certification until the
47.18 conditions in paragraph (e) are met.

47.19 (g) For the third or subsequent violation within a 12-month period, the commissioner
47.20 may initiate proceedings for further enforcement action, that may include a penalty of up
47.21 to a 30-day permit or certification suspension. In lieu of a suspension, the producer may be
47.22 assessed an administrative penalty of up to \$1,000 or the value of milk sold during the
47.23 intended suspension period.

47.24 Subd. 6. Other forms of adulteration. A milk producer who violates subdivision 3 is
47.25 subject to any of the following penalties:

47.26 (1) the permit or certification of a milk producer identified as having adulterated milk
47.27 is immediately suspended. The producer may not ship milk while the permit or certification
47.28 is suspended;

47.29 (2) the producer that is identified with the adulterated milk violation is responsible for
47.30 the value of all milk on any load that is contaminated by the adulterant and any costs
47.31 associated with its disposal. Payment shall be made to the purchaser of the milk;

48.1 (3) the producer's permit or certification may be reinstated after the commissioner receives
48.2 adequate verification that the milk is no longer adulterated; and

48.3 (4) the commissioner may, after evaluation of the severity and repetitive nature of the
48.4 adulteration, initiate additional enforcement action in the form of permit or certification
48.5 suspension for up to 30 days or in lieu of suspension, an administrative penalty of up to
48.6 \$1,000, or the value of the milk sold during the intended suspension period for each violation.

48.7 Subd. 7. **Civil penalty.** A person other than a milk producer who causes milk to be
48.8 adulterated is subject to a civil penalty of up to \$1,000.

48.9 Subd. 8. **Appeals.** A dairy producer may appeal an adulteration violation by sending
48.10 written notice to the commissioner within ten days of receipt of the notice of a violation.
48.11 The appeal must contain a description of why the producer wishes to appeal the violation.

48.12 Sec. 21. **[32D.20] LIMITATION ON SALE.**

48.13 Subdivision 1. **Pasteurization.** No milk or fluid milk products shall be sold, offered or
48.14 exposed for sale, or held in possession for sale for the purpose of human consumption in
48.15 fluid form in this state unless the milk or fluid milk product has been pasteurized and cooled,
48.16 as defined in section 32D.01, subdivision 15, provided that this section shall not apply to
48.17 milk, cream, or skim milk occasionally secured or purchased for personal use by a consumer
48.18 at the place or farm where the milk is produced.

48.19 Subd. 2. **Labels.** (a) Pasteurized milk or fluid milk products offered or exposed for sale
48.20 or held in possession for sale shall be labeled or otherwise designated as pasteurized milk
48.21 or pasteurized fluid milk products, and in the case of fluid milk products the label shall also
48.22 state the name of the specific product.

48.23 (b) Milk and dairy products must be labeled with the plant number where the product
48.24 was produced, or if produced in a state where official plant numbers are not assigned, the
48.25 name of the manufacturer and the address of the plant where it was manufactured.

48.26 Sec. 22. **[32D.21] COOLING AFTER PASTEURIZATION.**

48.27 Immediately following pasteurization, all milk and fluid milk products shall be cooled
48.28 in properly operated equipment approved by the commissioner to a temperature of 45 degrees
48.29 Fahrenheit or lower, and maintained at 45 degrees Fahrenheit or lower until delivered;
48.30 provided, however, that if the milk or fluid milk product is to be cultured immediately after
48.31 pasteurization, then cooling may be delayed until after the culturing process is completed;

49.1 provided further that the commissioner may prescribe by rule standards more stringent than
49.2 those imposed by this section.

49.3 **Sec. 23. [32D.22] MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

49.4 No person, firm, or corporation shall manufacture, transport, sell, offer, or expose for
49.5 sale or have in possession with intent to sell at retail to a consumer any cheese that has not
49.6 been (1) manufactured from milk or milk products that have been pasteurized; (2) subjected
49.7 to a heat treatment equivalent to pasteurization during the process of manufacturing or
49.8 processing; or (3) subjected to an aging process where it has been kept for at least 60 days
49.9 after manufacture at a temperature no lower than 35 degrees Fahrenheit.

49.10 **Sec. 24. [32D.23] RECOMBINANT BOVINE GROWTH HORMONE LABELING.**

49.11 Subdivision 1. **Labeling.** Products offered for wholesale or retail sale in this state that
49.12 contain milk, cream, or any product or by-product of milk or cream that have been processed
49.13 and handled pursuant to this section may be labeled with an rBGH statement that is not
49.14 false or misleading and in accordance with the federal labeling standards. Products offered
49.15 for wholesale or retail sale in this state need not contain any further label information relative
49.16 to the use of rBGH in milk production.

49.17 Subd. 2. **Affidavit; records.** (a) A dairy plant purchasing milk or cream to be used in
49.18 products labeled with rBGH claims pursuant to subdivision 1 must provide an affidavit
49.19 from each producer that states that all cows used in the producer's dairy operations have
49.20 not and will not be treated with rBGH, without advanced written notice of at least 30 days.

49.21 (b) The affidavit must be signed by the producer or authorized representative. Affidavits
49.22 must be kept on file for not less than two years after receiving written notice that rBGH use
49.23 status will change.

49.24 (c) If a plant chooses to process and handle only milk or milk products sourced from
49.25 cows who have not been treated with rBGH, the plant, as an alternative to providing
49.26 individual producer affidavits, may provide one affidavit to certify that the plant has
49.27 procedures in place to verify that all producers are not using rBGH. A copy of the written
49.28 procedure that describes this verification process must also be provided with the plant
49.29 affidavit.

49.30 (d) All affidavits and corresponding records must be available for inspection by the
49.31 commissioner.

50.1 (e) Dairy plants supplying milk or cream to a processor or manufacturer of a product to
50.2 be labeled pursuant to subdivision 1, for use in that product, shall supply a certification to
50.3 that processor or manufacturer stating that producers of the supplied milk or cream have
50.4 executed and delivered affidavits pursuant to this subdivision.

50.5 Subd. 3. **Separation of nontreated cows and milk.** Milk or cream from
50.6 non-rBGH-treated cows used in manufacturing or processing of products labeled pursuant
50.7 to subdivision 1 must be kept fully separate from any other milk or cream through all stages
50.8 of storage, transportation, and processing until the milk or resulting dairy products are in
50.9 final packaged form in a properly labeled container. Records of the separation must be kept
50.10 by the dairy plant and product processor or manufacturer at all stages and made available
50.11 to the commissioner for inspection.

50.12 Sec. 25. **[32D.24] DAIRY TRADE PRACTICES; DEFINITIONS.**

50.13 Subdivision 1. **Application.** The definitions in this section apply to sections 32D.24 to
50.14 32D.28.

50.15 Subd. 2. **Basic cost.** (a) "Basic cost," for a processor, means the actual cost of the raw
50.16 milk plus 75 percent of the actual processing and handling costs for a selected class I or
50.17 class II dairy product.

50.18 (b) Basic cost, for a wholesaler, means the actual cost of the selected class I or class II
50.19 dairy product purchased from the processor or another wholesaler.

50.20 (c) Basic cost, for a retailer, means the actual cost of the selected class I or class II dairy
50.21 product purchased from a processor or wholesaler.

50.22 Subd. 3. **Bona fide charity.** "Bona fide charity" means a corporation, trust, fund, or
50.23 foundation organized and operated exclusively for religious, charitable, scientific, literary,
50.24 or educational purposes.

50.25 Subd. 4. **Processor.** "Processor" means a person engaged in manufacturing or processing
50.26 selected class I or class II dairy products in the person's own plant for sale in Minnesota.

50.27 Subd. 5. **Producer.** "Producer" means a person who operates a dairy herd or herds in
50.28 Minnesota producing milk or cream commercially and whose milk or cream is sold to, or
50.29 received or handled by, a distributor or processor. Producer does not include an incorporated
50.30 or unincorporated association of producers.

50.31 Subd. 6. **Responsible person.** "Responsible person" means the business entity that
50.32 makes payment to an individual Grade A or Grade B milk producer.

51.1 Subd. 7. **Selected class I dairy products.** "Selected class I dairy products" means milk
51.2 for human consumption in fluid form and all other class I dairy products as defined by the
51.3 Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40,
51.4 or successor orders.

51.5 Subd. 8. **Selected class II dairy products.** "Selected class II dairy products" means
51.6 milk for human consumption processed into fluid cream, eggnog, yogurt, and all other class
51.7 II dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal
51.8 Regulations, title 7, part 1030.40, or successor orders.

51.9 Subd. 9. **Sell at retail; sale at retail; retail sales.** "Sell at retail," "sale at retail," or
51.10 "retail sales" means a retail sale or offer for retail sale of a selected class I or class II dairy
51.11 product for ultimate consumption or use.

51.12 Subd. 10. **Sell at wholesale; sale at wholesale; wholesale sales.** "Sell at wholesale,"
51.13 "sale at wholesale," or "wholesale sales" means sale or offer for sale of a selected class I
51.14 dairy product for purposes of resale or further processing or manufacturing but does not
51.15 include a producer selling or delivering milk to a processor.

51.16 Subd. 11. **Wholesaler.** "Wholesaler" means a person including a distributor in the
51.17 business of making sales of selected class I or class II dairy products at wholesale in
51.18 Minnesota. In the case of a person making sales at both retail and wholesale, wholesaler
51.19 applies only to the sales at wholesale.

51.20 Sec. 26. **[32D.25] DUTIES AND POWERS OF COMMISSIONER; DATA PRIVACY.**

51.21 Subdivision 1. **Duties; rules.** The commissioner shall adopt rules to implement and
51.22 administer sections 32D.24 to 32D.28.

51.23 Subd. 2. **Data privacy.** Financial and production information received by the
51.24 commissioner on processors, wholesalers, or retailers, including but not limited to financial
51.25 statements, fee reports, price schedules, cost documentation, books, papers, records, or other
51.26 documentation for the purpose of administration and enforcement of this chapter is classified
51.27 private data or nonpublic data pursuant to chapter 13. The classification shall not limit the
51.28 use of the information in the preparation, institution, or conduct of a legal proceeding by
51.29 the commissioner in enforcing this chapter.

52.1 Sec. 27. **[32D.26] SALES BELOW COST PROHIBITED; EXCEPTIONS.**

52.2 **Subdivision 1. Policy; processors; wholesalers; retailers.** (a) It is the intent of the
52.3 legislature to accomplish partial deregulation of milk marketing with a minimum negative
52.4 impact on small-volume retailers.

52.5 (b) A processor or wholesaler may not sell or offer for sale selected class I or class II
52.6 dairy products at a price lower than the processor's or wholesaler's basic cost.

52.7 (c) A retailer may not sell or offer for sale selected class I or class II dairy products at
52.8 a retail price lower than (1) 105 percent of the retailer's basic cost until June 30, 1994; and
52.9 (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use
52.10 any method or device in the sale or offer for sale of a selected dairy product that results in
52.11 a violation of this section.

52.12 **Subd. 2. Exceptions.** The minimum processor, wholesaler, and retailer prices of
52.13 subdivision 1 do not apply:

52.14 (1) to a sale complying with section 325D.06;

52.15 (2) to a retailer giving away selected class I and class II dairy products for free if the
52.16 customer is not required to make a purchase; or

52.17 (3) to a processor, wholesaler, or retailer giving away selected class I and class II dairy
52.18 products for free or at a reduced cost to a bona fide charity.

52.19 Sec. 28. **[32D.27] REDRESS FOR INJURY OR THREATENED INJURY.**

52.20 A person injured by a violation of sections 32D.24 to 32D.28 may commence a legal
52.21 action based on the violation in a court of competent jurisdiction and may recover economic
52.22 damages and the costs of the action, including reasonable attorney fees. A person injured
52.23 or who is threatened with injury or loss by reason of violation of sections 32D.24 to 32D.28
52.24 may commence a legal action based on the violation and obtain injunctive relief in a court
52.25 of competent jurisdiction against persons involved in a violation or threatened violation of
52.26 sections 32D.24 to 32D.28 to prevent and restrain violations or threatened violations of
52.27 sections 32D.24 to 32D.28 without alleging or proving actual damages or that an adequate
52.28 remedy at law does not exist, so that injunctive relief can be obtained promptly and without
52.29 awaiting evidence of injury or actual damage. The injunctive relief does not abridge and is
52.30 not in lieu of any other civil remedy provided in sections 32D.24 to 32D.28.

53.1 Sec. 29. **[32D.28] ANNUAL SUSPENSION OF DAIRY TRADE PRACTICES ACT.**

53.2 The provisions of section 32D.26 are suspended during the month of June each year in
53.3 honor of "Dairy Month."

53.4 Sec. 30. **REPEALER.**

53.5 Minnesota Statutes 2016, sections 32.01, subdivisions 1, 2, 6, 8, 9, 10, 11, and 12; 32.021;
53.6 32.071; 32.072; 32.073; 32.074; 32.075; 32.076; 32.078; 32.10; 32.102; 32.103; 32.105;
53.7 32.106; 32.21; 32.212; 32.22; 32.25; 32.391, subdivisions 1, 1d, 1e, 1f, 1g, 2, and 3; 32.392;
53.8 32.393; 32.394, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 8b, 8c, 8d, 8e, 9, 11, and 12; 32.395;
53.9 32.397; 32.398, subdivision 1; 32.401, subdivisions 1, 2, 3, and 5; 32.415; 32.416; 32.475;
53.10 32.481, subdivision 1; 32.482; 32.483; 32.484; 32.486; 32.55, subdivisions 1, 2, 3, 4, 5, 12,
53.11 13, and 14; 32.555; 32.56; 32.61; 32.62; 32.63; 32.64; 32.645; 32.70; 32.71; 32.72; 32.74;
53.12 32.745; 32.75; and 32.90, are repealed."

53.13 Amend the title accordingly