

Senator Day introduced--

S.F. No. 1738: Referred to the Committee on Environment and Natural Resources.

1 A bill for an act

2 relating to waters; modifying water use permit
3 provisions; amending Minnesota Statutes 2004, section
4 103G.271, subdivision 5.

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

6 Section 1. Minnesota Statutes 2004, section 103G.271,
7 subdivision 5, is amended to read:

8 Subd. 5. [PROHIBITION ON ONCE-THROUGH WATER USE PERMITS.]

9 (a) The commissioner may not, after December 31, 1990, issue a
10 water use permit to increase the volume of appropriation from a
11 groundwater source for a once-through cooling system using in
12 excess of 5,000,000 gallons annually.

13 (b) Once-through system water use permits using in excess
14 of 5,000,000 gallons annually, must be terminated by the
15 commissioner by the end of their design life but not later than
16 December 31, 2010, unless the discharge is into a public water
17 basin within a nature preserve approved by the commissioner and
18 established prior to January 1, 2001. Existing once-through
19 systems must not be expanded and are required to convert to
20 water efficient alternatives within the design life of existing
21 equipment.

22 (c) The commissioner may issue once-through system water
23 use permits for aquifer storage and recovery systems that return
24 all once-through system water to the source aquifer. Water use
25 permit processing fees in subdivision 6, paragraph (a), apply to

03/08/05

[REVISOR] CKM/DI 05-3308

- 1 all water withdrawals under this paragraph, including any reuse
- 2 of water returned to the source aquifer.

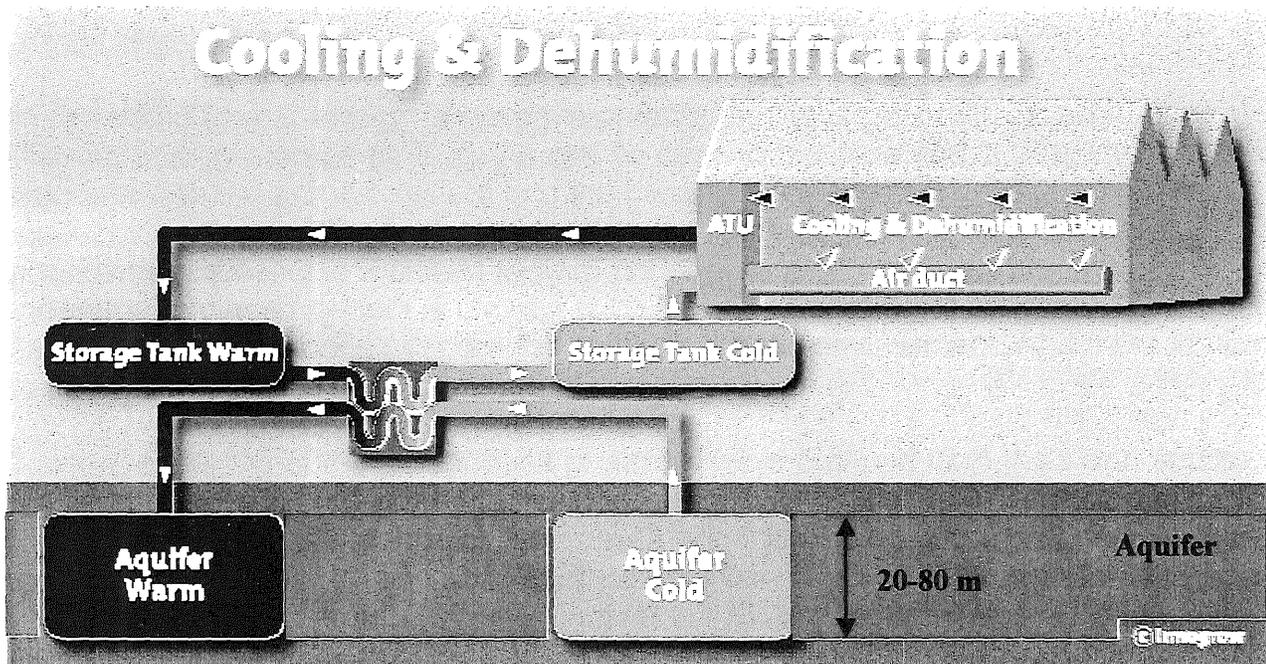
Bushel Boy Farms Energy Storage system

General description concerning the workings of a closed greenhouse

The closed greenhouse is an integrated climate and energy system that gives the market gardener maximum control over temperature, humidity and CO₂.

The greenhouse roof remains closed for the whole year. A cooling system controls the internal climate during the summer (see picture Cooling & Dehumidification). Cold water from water-bearing layers in the ground (aquifers) is used for this. Water, which is heated in the greenhouse by the sun to around 18°C, is stored in the ground.

The greenhouse is heated with this water during the winter (see picture Heating). A heat pump increases the temperature from around 20°C to 55°C. During the heating process the heat pump produces cold water (around 4°C), which is stored in the aquifer. The cold water is consequently used to cool the greenhouse during the summer.



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Senate

State of Minnesota

S.F. No. 940 - Biomass Electric Energy

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Prepared by: Matthew S. Grosser, Senate Research (651/296-1890)

Date: March 10, 2005

Section 1 of the bill expands the list of fuel sources that meet one of the statutory requirements of farm-grown closed-loop biomass within the biomass power mandate to include brush, trees, and other biomass harvested from utility, rail, and road rights-of-way; brush harvested from lands managed by the Minnesota Department of Natural Resources in accordance with best practices for managing brushland; and slash, timber, and trees harvested in compliance with the Minnesota Forest Resources Council guidelines. This section also requires the Minnesota Forest Resources Council to periodically review its Timber Harvesting and Forest Management Guidelines.

Section 2 of the bill deems that a biomass project owned or controlled by the municipal utilities of Virginia and Hibbing meets the interim fuel exemption if the statutorily defined primary fuel comprises no less than 25 percent of the fuel used over the 20-year life of the project.

Section 3 of the bill changes the terms of ownership, price for energy, and cost recovery under which the Public Utilities Commission must approve a biomass energy project owned or controlled by the municipal utilities of Virginia and Hibbing.

Sections 4 and 5 make conforming changes.

MG:cs

1 A bill for an act
2 relating to energy; expanding definition of farm-grown
3 closed-loop biomass; amending Minnesota Statutes 2004,
4 section 216B.2424, subdivisions 1, 2, 5a, 6, 8, by
5 adding a subdivision.

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

7 Section 1. Minnesota Statutes 2004, section 216B.2424,
8 subdivision 1, is amended to read:

9 Subdivision 1. [FARM-GROWN CLOSED-LOOP BIOMASS.] (a) For
10 the purposes of this section, "farm-grown closed-loop biomass"
11 means biomass, as defined in section 216C.051, subdivision 7,
12 that:

13 (1) is intentionally cultivated, harvested, and prepared
14 for use, in whole or in part, as a fuel for the generation of
15 electricity;

16 (2) when combusted, releases an amount of carbon dioxide
17 that is less than or approximately equal to the carbon dioxide
18 absorbed by the biomass fuel during its growing cycle; and

19 (3) is fired in a new or substantially retrofitted electric
20 generating facility that is:

21 (i) located within 400 miles of the site of the biomass
22 production; and

23 (ii) designed to use biomass to meet at least 75 percent of
24 its fuel requirements.

25 (b) The legislature finds that the negative environmental

1 impacts within 400 miles of the facility resulting from
2 transporting and combusting the biomass are offset in that
3 region by the environmental benefits to air, soil, and water of
4 the biomass production.

5 (c) Among the biomass fuel sources that meet the
6 requirements of paragraph (a), ~~clause~~ clauses (1) and (2) are
7 poplar, aspen, willow, switch grass, sorghum, alfalfa, and
8 cultivated prairie grass and sustainably managed woody biomass.

9 (d) For the purpose of this section, "sustainably managed
10 woody biomass" means:

11 (1) brush, trees, and other biomass harvested from within
12 designated utility, railroad, and road rights-of-way;

13 (2) upland and lowland brush harvested from lands
14 incorporated into brushland habitat management activities of the
15 Minnesota Department of Natural Resources;

16 (3) upland and lowland brush harvested from lands managed
17 in accordance with Minnesota Department of Natural Resources
18 "Best Management Practices for Managing Brushlands";

19 (4) logging slash or waste wood that is created by harvest,
20 precommercial timber stand improvement to meet silvicultural
21 objectives, or by fire, disease, or insect control treatments,
22 and that is managed in compliance with the Minnesota Forest
23 Resources Council's "Sustaining Minnesota Forest Resources:
24 Voluntary Site-Level Forest Management Guidelines for
25 Landowners, Loggers and Resource Managers" as modified by the
26 requirement of this subdivision; and

27 (5) trees or parts of trees that do not meet the
28 utilization standards for pulpwood, posts, bolts, or sawtimber
29 as described in the Minnesota Department of Natural Resources
30 Division of Forestry Timber Sales Manual, 1998, as amended as of
31 May 1, 2005, and the Minnesota Department of Natural Resources
32 Timber Scaling Manual, 1981, as amended as of May 1, 2005,
33 except as provided in paragraph (a), clause (1), and this
34 paragraph, clauses (1) to (3).

35 Sec. 2. Minnesota Statutes 2004, section 216B.2424, is
36 amended by adding a subdivision to read:

1 Subd. 1a. [MUNICIPAL WASTE-TO-ENERGY PROJECT.] (a) This
2 subdivision applies only to a biomass project owned or
3 controlled, directly or indirectly, by two municipal utilities
4 as described in subdivision 5a, paragraph (b).

5 (b) Woody biomass from state-owned land must be harvested
6 in compliance with an adopted management plan and a program of
7 ecologically based third-party certification.

8 (c) The project must prepare a fuel plan on an annual basis
9 after commercial operation of the project as described in the
10 power contract between the project and the public utility, and
11 must also prepare annually certificates reflecting the types of
12 fuel used in the preceding year by the project, as described in
13 the power contract. The fuel plans and certificates shall also
14 be filed with the Minnesota Department of Natural Resources and
15 the Minnesota Department of Commerce within 30 days after being
16 provided to the public utility, as provided by the power
17 contract. Any person who believes the fuel plans, as amended,
18 and certificates show that the project does not or will not
19 comply with the fuel requirements of this subdivision may file a
20 petition with the commission seeking such a determination.

21 (d) The wood procurement process must utilize third-party
22 audit certification systems to verify that applicable best
23 management practices were utilized in the procurement of the
24 sustainably managed biomass. If there is a failure to so verify
25 in any two consecutive years during the original contract term,
26 the farm-grown closed-loop biomass requirements of subdivision 2
27 must be increased to 50 percent for the remaining contract term
28 period; however, if in two consecutive subsequent years after
29 the increase has been implemented, it is verified that the
30 conditions in this subdivision have been met, then for the
31 remaining original contract term the closed-loop biomass mandate
32 reverts to 25 percent. If there is a subsequent failure to
33 verify in a year after the first failure and implementation of
34 the 50 percent requirement, then the closed-loop percentage
35 shall remain at 50 percent for each remaining year of the
36 contract term.

1 (e) In the closed-loop plantation, no transgenic plants may
2 be used.

3 (f) No wood may be harvested from any lands identified by
4 the final or preliminary Minnesota County Biological Survey as
5 having statewide significance as native plant communities, large
6 populations or concentrations of rare species, or critical
7 animal habitat.

8 (g) A wood procurement plan must be prepared every five
9 years and public meetings must be held and written comments
10 taken on the plan and documentation must be provided on why or
11 why not the public inputs were used.

12 (h) Guidelines or best management practices for sustainably
13 managed woody biomass must be adopted by:

14 (1) the Minnesota Department of Natural Resources for
15 managing and maintaining brushland and open land habitat on
16 public and private lands, including, but not limited to,
17 provisions of sections 84.941, 84.942, and 97A.125; and

18 (2) the Minnesota Forest Resources Council for logging
19 slash, using the most recent available scientific information
20 regarding the removal of woody biomass from forest lands, to
21 sustain the management of forest resources as defined by section
22 89.001, subdivisions 8 and 9, with particular attention to soil
23 productivity, biological diversity as defined by section 89A.01,
24 subdivision 3, and wildlife habitat.

25 These guidelines must be completed by July 1, 2007, and the
26 process of developing them must incorporate public notification
27 and comment.

28 (i) The University of Minnesota Initiative for Renewable
29 Energy and the Environment is encouraged to solicit and fund
30 high-quality research projects to develop and consolidate
31 scientific information regarding the removal of woody biomass
32 from forest and brush lands, with particular attention to the
33 environmental impacts on soil productivity, biological
34 diversity, and sequestration of carbon. The results of this
35 research shall be made available to the public.

36 (j) The two utilities owning or controlling, directly or

1 indirectly, the biomass project described in subdivision 5a,
2 paragraph (b), agree to fund or obtain funding of up to \$150,000
3 to implement the guidelines or best management practices
4 described in paragraph (h). The expenditures to be funded under
5 this paragraph do not include any of the expenditures to be
6 funded under paragraph (i).

7 Sec. 3. Minnesota Statutes 2004, section 216B.2424,
8 subdivision 2, is amended to read:

9 Subd. 2. [INTERIM EXEMPTION.] (a) A biomass project
10 proposing to use, as its primary fuel over the life of the
11 project, short-rotation woody crops, may use as an interim fuel
12 agricultural waste and other biomass which is not farm-grown
13 closed-loop biomass for up to six years after the project's
14 electric generating facility becomes operational; provided, the
15 project developer demonstrates the project will use the
16 designated short-rotation woody crops as its primary fuel after
17 the interim period and provided the location of the interim fuel
18 production meets the requirements of subdivision 1, paragraph
19 (a), clause (3).

20 (b) A biomass project proposing to use, as its primary fuel
21 over the life of the project, short-rotation woody crops, may
22 use as an interim fuel agricultural waste and other biomass
23 which is not farm-grown closed-loop biomass for up to three
24 years after the project's electric generating facility becomes
25 operational; provided, the project developer demonstrates the
26 project will use the designated short-rotation woody crops as
27 its primary fuel after the interim period.

28 (c) A biomass project that uses an interim fuel under the
29 terms of paragraph (b) may, in addition, use an interim fuel
30 under the terms of paragraph (a) for six years less the number
31 of years that an interim fuel was used under paragraph (b).

32 (d) A project developer proposing to use an exempt interim
33 fuel under paragraphs (a) and (b) must demonstrate to the public
34 utility that the project will have an adequate supply of
35 short-rotation woody crops which meet the requirements of
36 subdivision 1 to fuel the project after the interim period.

1 (e) If a biomass project using an interim fuel under this
2 subdivision is or becomes owned or controlled, directly or
3 indirectly, by two municipal utilities as described in
4 subdivision 5a, paragraph (b), the project is deemed to comply
5 with the requirement under this subdivision to use as its
6 primary fuel if farm-grown closed-loop biomass comprises no less
7 than 25 percent of the fuel used over the life of the project.
8 For purposes of this subdivision, "life of the project" means 20
9 years from the date the project becomes operational or the term
10 of the applicable power purchase agreement between the project
11 owner and the public utility, whichever is longer.

12 Sec. 4. Minnesota Statutes 2004, section 216B.2424,
13 subdivision 5a, is amended to read:

14 Subd. 5a. [REDUCTION OF BIOMASS MANDATE.] (a)
15 Notwithstanding subdivision 5, the biomass electric energy
16 mandate ~~shall~~ must be reduced from 125 megawatts to 110
17 megawatts.

18 (b) The Public Utilities Commission shall approve a request
19 pending before the ~~Public-Utilities~~ commission as of May 15,
20 2003, for ~~an amendment~~ amendments to and assignment of a
21 ~~contract-for-power-from~~ power purchase agreement with the owner
22 of a facility that uses short-rotation, woody crops as its
23 primary fuel previously approved to satisfy a portion of the
24 biomass mandate if the developer owner of the project agrees to
25 reduce the size of its project from 50 megawatts to 35
26 megawatts, while maintaining a an average price for energy at or
27 ~~below-the-current-contract-price-~~ in nominal dollars measured
28 over the term of the power purchase agreement at or below \$104
29 per megawatt-hour, exclusive of any price adjustments that may
30 take effect subsequent to commission approval of the power
31 purchase agreement, as amended. The commission shall also
32 approve, as necessary, any subsequent assignment or sale of the
33 power purchase agreement or ownership of the project to an
34 entity owned or controlled, directly or indirectly, by two
35 municipal utilities located north of Constitutional Route No. 8,
36 as described in section 161.114, which currently own electric

1 and steam generation facilities using coal as a fuel and which
2 propose to retrofit their existing municipal electrical
3 generating facilities to utilize biomass fuels in order to
4 perform the power purchase agreement.

5 (c) If the power purchase agreement described in paragraph
6 (b) is assigned to an entity that is, or becomes, owned or
7 controlled, directly or indirectly, by two municipal entities as
8 described in paragraph (b), and the power purchase agreement
9 meets the price requirements of paragraph (b), the commission
10 shall approve any amendments to the power purchase agreement
11 necessary to reflect the changes in project location and
12 ownership and any other amendments made necessary by those
13 changes. The commission shall also specifically find that:

14 (1) the power purchase agreement complies with and fully
15 satisfies the provisions of this section to the full extent of
16 its 35-megawatt capacity;

17 (2) all costs incurred by the public utility and all
18 amounts to be paid by the public utility to the project owner
19 under the terms of the power purchase agreement are fully
20 recoverable pursuant to section 216B.1645;

21 (3) subject to prudence review by the commission, the
22 public utility may recover from its Minnesota retail customers
23 the Minnesota jurisdictional portion of the amounts that may be
24 incurred and paid by the public utility during the full term of
25 the power purchase agreement; and

26 (4) if the purchase power agreement meets the requirements
27 of this subdivision, it is reasonable and in the public interest.

28 (d) The commission shall specifically approve recovery by
29 the public utility of any and all Minnesota jurisdictional costs
30 incurred by the public utility to improve, construct, install,
31 or upgrade transmission, distribution, or other electrical
32 facilities owned by the public utility or other persons in order
33 to permit interconnection of the retrofitted biomass-fueled
34 generating facilities or to obtain transmission service for the
35 energy provided by the facilities to the public utility pursuant
36 to section 216B.1645, and shall disapprove any provision in the

1 power purchase agreement that requires the developer or owner of
2 the project to pay the jurisdictional costs or that permit the
3 public utility to terminate the power purchase agreement as a
4 result of the existence of those costs or the public utility's
5 obligation to pay any or all of those costs.

6 Sec. 5. Minnesota Statutes 2004, section 216B.2424,
7 subdivision 6, is amended to read:

8 Subd. 6. [REMAINING MEGAWATT COMPLIANCE PROCESS.] (a) If
9 there remain megawatts of biomass power generating capacity to
10 fulfill the mandate in subdivision 5 after the commission has
11 taken final action on all contracts filed by September 1, 2000,
12 by a public utility, as amended and assigned, this subdivision
13 governs final compliance with the biomass energy mandate in
14 subdivision 5 subject to the requirements of subdivisions 7 and
15 8.

16 (b) To the extent not inconsistent with this subdivision,
17 the provisions of subdivisions 2, 3, 4, and 5 apply to proposals
18 subject to this subdivision.

19 (c) A public utility must submit proposals to the
20 commission to complete the biomass mandate. The commission
21 shall require a public utility subject to this section to issue
22 a request for competitive proposals for projects for electric
23 generation utilizing biomass as defined in paragraph (f) of this
24 subdivision to provide the remaining megawatts of the mandate.
25 The commission shall set an expedited schedule for submission of
26 proposals to the utility, selection by the utility of proposals
27 or projects, negotiation of contracts, and review by the
28 commission of the contracts or projects submitted by the utility
29 to the commission.

30 (d) Notwithstanding the provisions of subdivisions 1 to 5
31 but subject to the provisions of subdivisions 7 and 8, a new or
32 existing facility proposed under this subdivision that is fueled
33 either by biomass or by co-firing biomass with nonbiomass may
34 satisfy the mandate in this section. Such a facility need not
35 use biomass that complies with the definition in subdivision 1
36 if it uses biomass as defined in paragraph (f) of this

1 subdivision. Generating capacity produced by co-firing of
2 biomass that is operational as of April 25, 2000, does not meet
3 the requirements of the mandate, except that additional
4 co-firing capacity added at an existing facility after April 25,
5 2000, may be used to satisfy this mandate. Only the number of
6 megawatts of capacity at a facility which co-fires biomass that
7 are directly attributable to the biomass and that become
8 operational after April 25, 2000, count toward meeting the
9 biomass mandate in this section.

10 (e) Nothing in this subdivision precludes a facility
11 proposed and approved under this subdivision from using fuel
12 sources that are not biomass in compliance with subdivision 3.

13 (f) Notwithstanding the provisions of subdivision 1, for
14 proposals subject to this subdivision, "biomass" includes
15 farm-grown closed-loop biomass; agricultural wastes, including
16 animal, poultry, and plant wastes; and waste wood, including
17 chipped wood, bark, brush, residue wood, and sawdust.

18 (g) Nothing in this subdivision affects in any way
19 contracts entered into as of April 25, 2000, to satisfy the
20 mandate in subdivision 5.

21 (h) Nothing in this subdivision requires a public utility
22 to retrofit its own power plants for the purpose of co-firing
23 biomass fuel, nor is a utility prohibited from retrofitting its
24 own power plants for the purpose of co-firing biomass fuel to
25 meet the requirements of this subdivision.

26 Sec. 6. Minnesota Statutes 2004, section 216B.2424,
27 subdivision 8, is amended to read:

28 Subd. 8. [AGRICULTURAL BIOMASS REQUIREMENT.] Of the 125
29 megawatts mandated in subdivision 5, or 110 megawatts mandated
30 in subdivision 5a, at least 75 megawatts of the generating
31 capacity must be generated by facilities that use agricultural
32 biomass as the principal fuel source. For purposes of this
33 subdivision, agricultural biomass includes only farm-grown
34 closed-loop biomass and agricultural waste, including animal,
35 poultry, and plant wastes. For purposes of this subdivision,
36 "principal fuel source" means a fuel source that satisfies at

- 1 least 75 percent of the fuel requirements of an electric power
- 2 generating facility. Nothing in this subdivision is intended to
- 3 expand the fuel source requirements of subdivision 5.

- 1 Senator moves to amend S.F. No. 940 as follows:
- 2 Page 5, line 3, delete "implement" and insert "complete"
- 3 Page 6, line 5, after "use" insert "farm-grown closed-loop
- 4 biomass"

**Senate Counsel, Research,
and Fiscal Analysis**

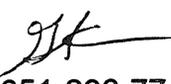
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S.F. No. 1629 - Livestock Loans and Zoning (First Engrossment)

Author: Senator Steve Dille

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Date: April 11, 2005

Section 1 [Loans; Value-Added Agricultural Products Stock Loan Program] redirects the repayments for Value-Added Agricultural Product Processing Stock Loan Program for the newly created Rural Finance Authority (RFA) Revolving Loan Account.

Section 2 [Deposit of Repayments] redirects the repayments of manure digester loans program to the new RFA Revolving Loan Account.

Section 3 [Livestock Equipment Pilot Loan Program]

Subdivision 1 [Establishment] directs the Rural Finance Authority to establish a loan program to assist farmers purchase of livestock-related equipment for the first time or to make improvements in an existing operation.

Subdivision 2 [Eligibility] provides that a borrower must be a resident of Minnesota who is eligible to own and operate Minnesota farm land and have limited total net worth. The borrower must also be operating a properly registered feedlot.

Subdivision 3 [Livestock Equipment Loans] provides that the RFA may purchase from a local lender up to 45 percent of the principal amount of a loan made to an eligible farmer for 90 percent of the value of qualifying livestock equipment. RFA participation is limited to \$40,000 per loan. Loans have a maximum term of seven years. The RFA may impose an application fee of \$50.

Subdivision 4 [Eligible Expenditures] lists a number of livestock-oriented facilities and equipment that qualify for the loan, including fences, feed-storage and handling equipment, milking equipment, and pastures.

Section 4 [Rural Finance Authority Revolving Loan Account] establishes the RFA Revolving Loan Account. Money in the account is available for the livestock equipment, manure digester, and value-added agricultural product facility stock purchase loan programs.

Section 5 [Local Road Account for Routes of Regional Significance] allows up to ten percent of appropriations to the Local Road Account for township roads of regional significance to be available for the maintenance of routes serving livestock operations permitted after the effective date of the section.

Section 6 [Grant Procedures and Criteria; Local Roads] adds the Department of Agriculture to the list of interests that need to be consulted as procedures are established for distributing grants from the Local Road Improvement Fund.

Section 7 [Feedlot Zoning Ordinances; Counties] amends existing procedures for adopting or amending county feedlot ordinances by requiring that the PCA and the Commissioner of Agriculture be notified no later than the notice of the first public hearing on the proposed ordinance adoption or amendment. The section also requires that if a majority of the county board requests it, the county must prepare an economic analysis of the affect of the ordinance on the local economy. Various state agencies must work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance.

Section 8 [Interim Ordinance; Cities and Towns] provides that if a city or town proposes an interim ordinance on livestock production, the city or town must hold a public hearing not less than ten days after giving notice and before the ordinance takes effect.

Section 9 [Feedlot Zoning Controls; Cities and Towns] establishes procedures a city or town must follow when proposing a new or amended zoning control over feedlots. The PCA and the Department of Agriculture must be notified at the beginning of the process. A municipality may submit a copy of the proposed ordinance to the PCA and the Department of Agriculture for review and recommendation by those agencies. If a majority of the municipality's governing body requests it, the municipality must prepare an economic analysis of the affect of the ordinance on the local economy. Several state agencies are required to work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance. This section also adds a reverse feedlot setback provision that is modeled after the same provision for counties.

Section 10 [Appropriations] appropriates \$100,000 each year from the general fund to the Commissioner of Agriculture to train and provide technical assistance to county and town officials concerning local zoning and land use planning for animal operations. This

section also appropriates \$220,000 in fiscal year 2006 from the general fund to the Commissioner of Agriculture for research on livestock odor and air quality management.

Section 11 [Transfer of Funds; Deposit of Repayments] transfers the remaining balances in the value-added stock loan program and the manure digester loan program in the newly created revolving account. Any repayments to those programs are redirected for deposit in the new account.

Section 12 [Repealer] repeals the statutory language that created the revolving fund for Value-Added Agricultural Product Processing Stock Loan Program.

Section 13 [Effective Date] makes the act effective the day following final enactment.

GK:dv



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April 11, 2005

Senator John Marty
Chair, Senate Environment and Natural Resources Committee
323 Capitol
St. Paul, MN 55155

Re: Minnesota Milk Producers Association Support for S.F. 1629

Dear Chairman Marty:

The Minnesota Milk Producers Association (MMPA) is pleased to support Senator Steve Dille's bill – S.F. 1629 – which implements recommendations developed by the Governor's Livestock Task Force.

MMPA represents dairy producers of all types and sizes throughout the State of Minnesota. One of our priority concerns, which S.F. 1629 begins to address, is the need for a livestock permitting process which accomplish environmental objectives while being reasonable and clear for producers who must obtain permits.

The current process for siting livestock facilities in Minnesota presents challenges for both local officials and livestock producers seeking to grow their businesses. It is our hope that the Legislature will develop a regulatory framework which authorizes consistent, reasonable standards and timeframes which all parties will understand from the outset of the permitting process.

We urge the Environment and Natural Resources Committee to adopt the provisions of S.F. 1629 and any amendments which would further clarify the livestock siting process.

Setting a reasonable environmental framework is vitally important to the future of Minnesota's dairy industry and our rural economy.

Sincerely,

George Bakeberg
President, MMPA

Bob Lefebvre
Executive Director, MMPA

The Voice of Minnesota's Dairy Industry

1 A bill for an act

2 relating to agriculture; changing certain loan
3 provisions; establishing a loan program; changing
4 certain livestock zoning regulations; paying for town
5 road repairs; appropriating money; amending Minnesota
6 Statutes 2004, sections 41B.046, subdivision 5;
7 41B.049, subdivision 2; 174.52, subdivisions 4, 5;
8 394.25, subdivision 3c; 462.355, subdivision 4;
9 462.357, by adding a subdivision; proposing coding for
10 new law in Minnesota Statutes, chapter 41B; repealing
11 Minnesota Statutes 2004, section 41B.046, subdivision
12 3.

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

14 Section 1. Minnesota Statutes 2004, section 41B.046,
15 subdivision 5, is amended to read:

16 Subd. 5. [LOANS.] (a) The authority may participate in a
17 stock loan with an eligible lender to a farmer who is eligible
18 under subdivision 4. Participation is limited to 45 percent of
19 the principal amount of the loan or \$40,000, whichever is less.
20 The interest rates and repayment terms of the authority's
21 participation interest may differ from the interest rates and
22 repayment terms of the lender's retained portion of the loan,
23 but the authority's interest rate must not exceed 50 percent of
24 the lender's interest rate.

25 (b) No more than 95 percent of the purchase price of the
26 stock may be financed under this program.

27 (c) Security for stock loans must be the stock purchased, a
28 personal note executed by the borrower, and whatever other
29 security is required by the eligible lender or the authority.

1 (d) The authority may impose a reasonable nonrefundable
 2 application fee for each application for a stock loan. The
 3 authority may review the fee annually and make adjustments as
 4 necessary. The application fee is initially \$50. Application
 5 fees received by the authority must be deposited in the
 6 value-added agricultural product revolving fund.

7 (e) Stock loans under this program will be made using money
 8 in the ~~value-added-agricultural-product~~ revolving fund loan
 9 account established under subdivision 3 in section 41B.06.

10 (f) The authority may not grant stock loans in a cumulative
 11 amount exceeding \$2,000,000 for the financing of stock purchases
 12 in any one cooperative.

13 (g) Repayments of financial assistance under this section,
 14 including principal and interest, must be deposited into the
 15 revolving loan account established in section 41B.06.

16 Sec. 2. Minnesota Statutes 2004, section 41B.049,
 17 subdivision 2, is amended to read:

18 Subd. 2. [~~REVOLVING-FUND DEPOSIT OF REPAYMENTS.~~] ~~There is~~
 19 ~~established in the state treasury a revolving fund, which is~~
 20 ~~eligible to receive appropriations and the transfer of funds~~
 21 ~~from other services.~~ All repayments of financial assistance
 22 granted under subdivision 1, including principal and interest,
 23 must be deposited into ~~this fund.~~ ~~Interest earned on money in~~
 24 ~~the fund accrues to the fund, and money in the fund is~~
 25 ~~appropriated to the commissioner of agriculture for purposes of~~
 26 ~~the manure digester loan program, including costs incurred by~~
 27 ~~the authority to establish and administer the program~~ the
 28 revolving loan account established in section 41B.06.

29 Sec. 3. [41B.055] [LIVESTOCK EQUIPMENT PILOT LOAN
 30 PROGRAM.]

31 Subdivision 1. [ESTABLISHMENT.] The authority must
 32 establish and implement a livestock equipment pilot loan program
 33 to help finance the first purchase of livestock-related
 34 equipment and make livestock facilities improvements.

35 Subd. 2. [ELIGIBILITY.] Notwithstanding section 41B.03, to
 36 be eligible for this program a borrower must:

1 (1) be a resident of Minnesota or general partnership or a
2 family farm corporation, authorized farm corporation, family
3 farm partnership, or authorized farm partnership as defined in
4 section 500.24, subdivision 2;

5 (2) be the principal operator of a livestock farm;

6 (3) have a total net worth, including assets and
7 liabilities of the borrower's spouse and dependents, no greater
8 than the amount stipulated in section 41B.03, subdivision 3;

9 (4) demonstrate an ability to repay the loan; and

10 (5) hold an appropriate feedlot registration or be using
11 the loan under this program to meet registration requirements.

12 In addition to the requirements in clauses (1) to (5),
13 preference must be given to applicants who have farmed less than
14 ten years as evidenced by their filing of schedule F in their
15 federal tax returns.

16 Subd. 3. [LOANS.] (a) The authority may participate in a
17 livestock equipment loan equal to 90 percent of the purchased
18 equipment value with an eligible lender to a farmer who is
19 eligible under subdivision 2. Participation is limited to 45
20 percent of the principal amount of the loan or \$40,000,
21 whichever is less. The interest rates and repayment terms of
22 the authority's participation interest may differ from the
23 interest rates and repayment terms of the lender's retained
24 portion of the loan, but the authority's interest rate must not
25 exceed three percent. The authority may review the interest
26 annually and make adjustments as necessary.

27 (b) Standards for loan amortization must be set by the
28 rural finance authority and must not exceed seven years.

29 (c) Security for a livestock equipment loan must be a
30 personal note executed by the borrower and whatever other
31 security is required by the eligible lender or the authority.

32 (d) Refinancing of existing debt is not an eligible purpose.

33 (e) The authority may impose a reasonable, nonrefundable
34 application fee for a livestock equipment loan. The authority
35 may review the fee annually and make adjustments as necessary.

36 The initial application fee is \$50. Application fees received

1 by the authority must be deposited in the revolving loan account
2 established in section 41B.06.

3 (f) Loans under this program must be made using money in
4 the revolving loan account established in section 41B.06.

5 Subd. 4. [ELIGIBLE EXPENDITURES.] Money may be used for
6 loans for the acquisition of equipment for animal housing,
7 confinement, animal feeding, milk production, and waste
8 management, including the following, if related to animal
9 husbandry:

10 (1) fences;

11 (2) watering facilities;

12 (3) feed storage and handling equipment;

13 (4) milking parlors;

14 (5) milking equipment;

15 (6) scales;

16 (7) milk storage and cooling facilities;

17 (8) manure pumping and storage facilities; and

18 (9) capital investment in pasture.

19 Sec. 4. [41B.06] [RURAL FINANCE AUTHORITY REVOLVING LOAN
20 ACCOUNT.]

21 There is established in the rural finance administration
22 fund a rural finance authority revolving loan account that is
23 eligible to receive appropriations and the transfer of loan
24 funds from other programs. All repayments of financial
25 assistance granted from this account, including principal and
26 interest, must be deposited into this account. Interest earned
27 on money in the account accrues to the account, and the money in
28 the account is appropriated to the commissioner of agriculture
29 for purposes of the rural finance authority, livestock equipment
30 methane digester, and value-added agricultural product loan
31 programs, including costs incurred by the authority to establish
32 and administer the programs.

33 Sec. 5. Minnesota Statutes 2004, section 174.52,
34 subdivision 4, is amended to read:

35 Subd. 4. [LOCAL ROAD ACCOUNT FOR ROUTES OF REGIONAL
36 SIGNIFICANCE.] (a) A local road account for routes of regional

1 significance is established in the local road improvement fund.
2 Money in the account is annually appropriated to the
3 commissioner of transportation for expenditure as specified in
4 this section. Money in the account must be used as grants or
5 loans to statutory or home rule charter cities, towns, and
6 counties to assist in paying the costs of constructing or
7 reconstructing city streets, county highways, or town roads with
8 statewide or regional significance that have not been fully
9 funded through other state, federal, or local funding sources.

10 (b) Of the amounts appropriated under this subdivision, up
11 to ten percent is appropriated for grants or loans to towns to
12 assist in paying the costs of constructing or reconstructing
13 town roads with statewide or regional significance that have not
14 been fully funded through other state, federal, or local funding
15 sources and are routes in need of maintenance related to
16 livestock operations permitted after the effective date of this
17 section.

18 Sec. 6. Minnesota Statutes 2004, section 174.52,
19 subdivision 5, is amended to read:

20 Subd. 5. [GRANT PROCEDURES AND CRITERIA.] The commissioner
21 shall establish procedures for statutory or home rule charter
22 cities, towns, and counties to apply for grants or loans from
23 the fund and criteria to be used to select projects for funding.
24 The commissioner shall establish these procedures and criteria
25 in consultation with representatives appointed by the
26 Association of Minnesota Counties, League of Minnesota
27 Cities, and Minnesota Township-Officers-Association Association
28 of Townships, and the Minnesota Department of Agriculture. The
29 criteria for determining project priority and the amount of a
30 grant or loan must be based upon consideration of:

31 (1) the availability of other state, federal, and local
32 funds;

33 (2) the regional significance of the route;

34 (3) effectiveness of the proposed project in eliminating a
35 transportation system deficiency;

36 (4) the number of persons who will be positively impacted

1 by the project;

2 (5) the project's contribution to other local, regional, or
3 state economic development or redevelopment efforts; and

4 (6) ability of the local unit of government to adequately
5 provide for the safe operation and maintenance of the facility
6 upon project completion.

7 Sec. 7. Minnesota Statutes 2004, section 394.25,
8 subdivision 3c, is amended to read:

9 Subd. 3c. [FEEDLOT ZONING ORDINANCES.] (a) A county
10 proposing to adopt a new feedlot ordinance or amend an existing
11 feedlot ordinance must notify the Pollution Control Agency and
12 commissioner of agriculture at the beginning of the process, no
13 later than the notice of the first hearing proposing to adopt or
14 amend an ordinance purporting to address feedlots.

15 (b) Prior to final approval of a feedlot ordinance, a
16 member of the county board may submit a copy of the proposed
17 ordinance to the Pollution Control Agency and to the
18 commissioner of agriculture and request review, comment,
19 and ~~preparation of~~ recommendations on the environmental and
20 agricultural effects from specific provisions in the ordinance.

21 (c) The agencies' response to the county may include:

22 (1) any recommendations for improvements in the ordinance;
23 and

24 (2) the legal, social, economic, or scientific
25 justification for each recommendation under clause (1).

26 (d) At the request of a majority of the county board, the
27 county must prepare a report on the environmental- and
28 agricultural- economic effects from specific provisions in the
29 ordinance. Economic analysis must state whether the ordinance
30 will affect the local economy and describe the kinds of
31 businesses affected and the projected impact the proposal will
32 have on those businesses. To assist the county, the
33 commissioner of agriculture, in cooperation with the Department
34 of Employment and Economic Development, must develop a template
35 for measuring local economic effects and make it available to
36 the county. The report must be submitted to the commissioners

1 of employment and economic development and agriculture along
2 with the proposed ordinance.

3 ~~(c)-The-report-may-include:~~

4 ~~(1)-any-recommendations-for-improvements-in-the-ordinance;~~

5 and

6 ~~(2)-the-legal,-social,-economic,-or-scientific~~

7 ~~justification-for-each-recommendation-under-clause-(1)-~~

8 ~~(d)~~ (e) A local ordinance that contains a setback for new
9 feedlots from existing residences must also provide for a new
10 residence setback from existing feedlots located in areas zoned
11 agricultural at the same distances and conditions specified in
12 the setback for new feedlots, unless the new residence is built
13 to replace an existing residence. A county may grant a variance
14 from this requirement under section 394.27, subdivision 7.

15 Sec. 8. Minnesota Statutes 2004, section 462.355,
16 subdivision 4, is amended to read:

17 Subd. 4. [INTERIM ORDINANCE.] (a) If a municipality is
18 conducting studies or has authorized a study to be conducted or
19 has held or has scheduled a hearing for the purpose of
20 considering adoption or amendment of a comprehensive plan or
21 official controls as defined in section 462.352, subdivision 15,
22 or if new territory for which plans or controls have not been
23 adopted is annexed to a municipality, the governing body of the
24 municipality may adopt an interim ordinance applicable to all or
25 part of its jurisdiction for the purpose of protecting the
26 planning process and the health, safety and welfare of its
27 citizens. The interim ordinance may regulate, restrict or
28 prohibit any use, development, or subdivision within the
29 jurisdiction or a portion thereof for a period not to exceed one
30 year from the date it is effective.

31 (b) If a proposed interim ordinance purports to regulate,
32 restrict, or prohibit activities relating to livestock
33 production, a public hearing must be held following a ten-day
34 notice given by publication in a newspaper of general
5 circulation in the municipality before the interim ordinance
36 takes effect.

1 (c) The period of an interim ordinance applicable to an
2 area that is affected by a city's master plan for a municipal
3 airport may be extended for such additional periods as the
4 municipality may deem appropriate, not exceeding a total
5 additional period of 18 months in the case where the Minnesota
6 Department of Transportation has requested a city to review its
7 master plan for a municipal airport prior to August 1, 2004. In
8 all other cases, no interim ordinance may halt, delay, or impede
9 a subdivision which has been given preliminary approval, nor may
10 any interim ordinance extend the time deadline for agency action
11 set forth in section 15.99 with respect to any application filed
12 prior to the effective date of the interim ordinance. The
13 governing body of the municipality may extend the interim
14 ordinance after a public hearing and written findings have been
15 adopted based upon one or more of the conditions in clause (1),
16 (2), or (3). The public hearing must be held at least 15 days
17 but not more than 30 days before the expiration of the interim
18 ordinance, and notice of the hearing must be published at least
19 ten days before the hearing. The interim ordinance may be
20 extended for the following conditions and durations, but, except
21 as provided in clause (3), an interim ordinance may not be
22 extended more than an additional 18 months:

23 (1) up to an additional 120 days following the receipt of
24 the final approval or review by a federal, state, or
25 metropolitan agency when the approval is required by law and the
26 review or approval has not been completed and received by the
27 municipality at least 30 days before the expiration of the
28 interim ordinance;

29 (2) up to an additional 120 days following the completion
30 of any other process required by a state statute, federal law,
31 or court order; when the process is not completed at least 30
32 days before the expiration of the interim ordinance; or

33 (3) up to an additional one year if the municipality has
34 not adopted a comprehensive plan under this section at the time
35 the interim ordinance is enacted.

36 Sec. 9. Minnesota Statutes 2004, section 462.357, is

1 amended by adding a subdivision to read:

2 Subd. 1g. [FEEDLOT ZONING CONTROLS.] (a) A municipality
3 proposing to adopt a new feedlot zoning control or to amend an
4 existing feedlot zoning control must notify the Pollution
5 Control Agency and commissioner of agriculture at the beginning
6 of the process, no later than the date notice is given of the
7 first hearing proposing to adopt or amend a zoning control
8 purporting to address feedlots.

9 (b) Prior to final approval of a feedlot zoning control, a
10 member of the governing body of a municipality may submit a copy
11 of the proposed zoning control to the Pollution Control Agency
12 and to the commissioner of agriculture and request review,
13 comment, and recommendations on the environmental and
14 agricultural effects from specific provisions in the ordinance.

15 (c) The agencies' response to the municipality may include:

16 (1) any recommendations for improvements in the ordinance;

17 and

18 (2) the legal, social, economic, or scientific
19 justification for each recommendation under clause (1).

20 (d) At the request of a majority of the municipality's
21 governing body, the municipality must prepare a report on the
22 economic effects from specific provisions in the ordinance.
23 Economic analysis must state whether the ordinance will affect
24 the local economy and describe the kinds of businesses affected
25 and the projected impact the proposal will have on those
26 businesses. To assist the municipality, the commissioner of
27 agriculture, in cooperation with the Department of Employment
28 and Economic Development, must develop a template for measuring
29 local economic effects and make it available to the
30 municipality. The report must be submitted to the commissioners
31 of employment and economic development and agriculture along
32 with the proposed ordinance.

33 (e) A local ordinance that contains a setback for new
34 feedlots from existing residences must also provide for a new
35 residence setback from existing feedlots located in areas zoned
36 agricultural at the same distances and conditions specified in

1 the setback for new feedlots, unless the new residence is built
2 to replace an existing residence. A municipality may grant a
3 variance from this requirement under section 462.358,
4 subdivision 6.

5 Sec. 10. [APPROPRIATION.]

6 (a) \$100,000 in fiscal year 2006 and \$100,000 in fiscal
7 year 2007 are appropriated from the general fund to the
8 commissioner of agriculture to provide training and technical
9 assistance to county and town officials relating to livestock
10 siting issues and local zoning and land use planning including a
11 checklist template that would clarify the federal, state, and
12 local government requirements for consideration of an animal
13 agriculture modernization or expansion project. In developing
14 the training and technical assistance program, the commissioner
15 may seek assistance from the local planning assistance center of
16 the Department of Administration and shall seek guidance,
17 advice, and support of livestock producer organizations, general
18 agricultural organizations, local government associations,
19 academic institutions, other government agencies, and others
20 with expertise in land use and agriculture.

21 (b) \$220,000 is appropriated in fiscal year 2006 from the
22 general fund to the commissioner of agriculture to contract with
23 the University of Minnesota for further research and development
24 of livestock odor and air quality management.

25 Sec. 11. [TRANSFER OF FUNDS; DEPOSIT OF REPAYMENTS.]

26 The remaining balances in the revolving accounts in
27 Minnesota Statutes, sections 41B.046 and 41B.049, that are
28 dedicated to rural finance authority loan programs under those
29 sections, are transferred to the revolving loan account
30 established in Minnesota Statutes, section 41B.06, on the
31 effective date of this section. All future receipts from
32 value-added agricultural product loans and methane digester
33 loans originated under Minnesota Statutes, sections 41B.046 and
34 41B.049, must be deposited in the revolving loan account
35 established in Minnesota Statutes, section 41B.06.

36 Sec. 12. [REPEALER.]

1 Minnesota Statutes 2004, section 41B.046, subdivision 3, is
2 repealed.

3 Sec. 13. [EFFECTIVE DATE.]

4 This act is effective the day following final enactment.

1 Senator moves to amend S.F. No. 1629 as follows:

2 Page 4, after line 32, insert:

3 "Sec. 5. Minnesota Statutes 2004, section 116.07,
4 subdivision 7a, is amended to read:

5 Subd. 7a. [NOTICE OF APPLICATION FOR LIVESTOCK FEEDLOT
6 PERMIT.] (a) A person who applies to the Pollution Control
7 Agency or a county board for a permit to construct or expand a
8 feedlot with a capacity of 500 animal units or more
9 shall, within ten days of applying for the permit and not less
10 than 20 business days before the date on which a permit is
11 issued, provide notice to each resident and each owner of real
12 property within 5,000 feet of the perimeter of the proposed
13 feedlot. The notice may be delivered by first class mail, or in
14 person, ~~or by the publication in a newspaper of general~~
15 circulation within the affected area and must include
16 information on the type of livestock and the proposed capacity
17 of the feedlot. Notification under this subdivision is
18 satisfied under an equal or greater notification requirement of
19 a county conditional use permit. A person must also send a copy
20 of the notice by first class mail to the clerk of the township
21 in which the feedlot is proposed within ten days of applying for
22 the permit and not less than 20 business days before the date on
23 which a permit is issued.

24 (b) The agency or a county board must verify that notice
25 was provided as required under paragraph (a) prior to issuing a
26 permit."

27 Renumber the sections in sequence and correct the internal
28 references

29 Amend the title accordingly

PROTECT THE RIGHTS OF LOCAL COMMUNITIES

PUTTING OUR WATER BACK TOGETHER

Community Rights: the power of local governments to enact ordinances stronger than state minimum standards

State laws and regulations do not always provide adequate protection for local communities. That is why local governments have the right to enact local planning and zoning regulations. These rights, often called local control, are especially important when state government is slow to respond to community concerns about development or when state standards are too weak to meet local needs.

Community rights are working for Minnesota. Local governments have used these rights to ensure that large feedlot operations, gravel pits, incinerators, junkyards, and housing and commercial developments do not harm the local community. When faced with potentially harmful new developments, local communities should be able to create common sense local standards that protect community health, lakes, streams and wetlands.

Minnesotans support community rights. In a recent statewide poll by the Minnesota Environmental Partnership, Minnesotans voiced their overwhelming support for townships to maintain the right to create stronger standards than the state to protect the health and well-being of their communities.

Minnesotans value clean water and their local environment and want to protect them at the local level. Weakening the rights of local government to protect people's health and the outdoors will only hurt our communities and the entire state.

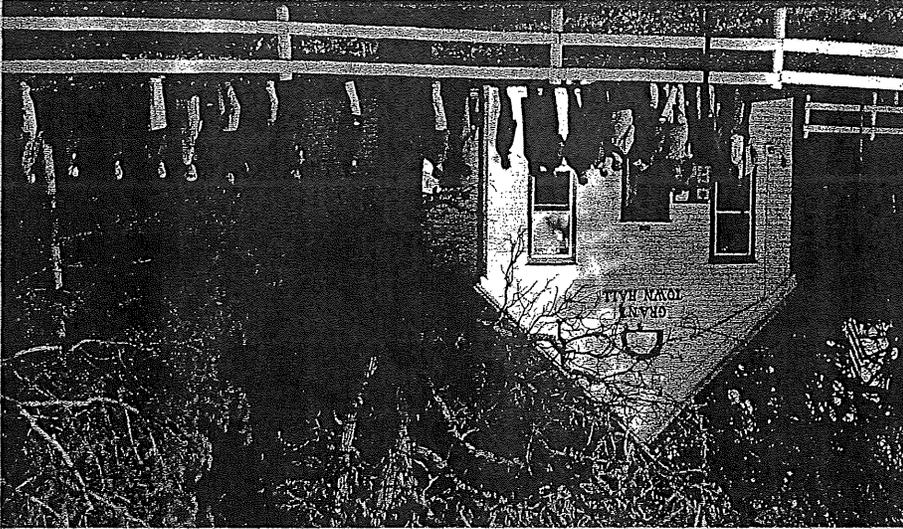


Photo by Tom Olschheid

What's the Problem

Recent actions indicate there may be efforts to weaken Minnesota's local community rights. A report issued in 2004 by Governor Pawlenty's Livestock Task Force recommends township and county zoning powers be weakened in order to advance large-scale livestock operations in Minnesota. These large-scale operations come at the expense of family farms and the environment. This is not what Minnesotans value.

Here's what the *New York Times* had to say about Governor Pawlenty's report and his proposal to weaken local control: "It is a blueprint for the destruction of family farming in Minnesota... This report is the result of a one-sided task force, whose advice was assembled without consulting a wide range of Minnesota farmers. It fosters one-sided agriculture, driven only by corporate interests."

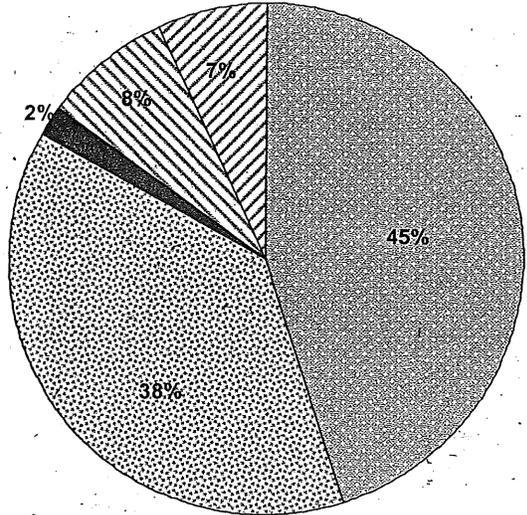
- "Fighting for Local Control," editorial *New York Times* Dec 2, 2004

Weakening the rights of local government to protect people's health and the outdoors will only hurt our communities - and the entire state.

Our Position

The Minnesota Environmental Partnership supports the right of local communities to protect the environment. The legislature should do nothing that undermines the rights of local communities to create and enforce planning and zoning regulations stronger than state minimum standards in order to protect the local community and the environment.

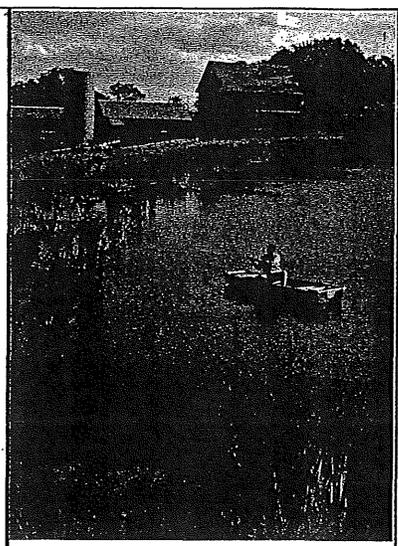
Minnesotans Support the Rights of Local Communities



Question?
Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that local townships have a right to create stronger local standards than the state to protect the health and well-being of the community?

- Strongly Agree - 45%
- Agree - 38%
- Don't Know - 2%
- Somewhat Disagree - 8%
- Strongly Disagree - 7%

From a statewide telephone poll of 600 registered Minnesota voters, conducted Aug. 23-27, 2004 for the Minnesota Environmental Partnership by Decision Research, a San Diego, CA-based research firm. Maximum margin of sampling error is no greater than 4 percentage points, plus or minus, at a 95 percent confidence level.



Minnesotans want to protect our rivers, streams and groundwater, and reject the notion of rolling back environmental protections and "streamlining" regulations to benefit agribusiness.

For more information contact:

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LIVESTOCK

Is Good For The Economy

And

Good For The Environment

Minnesota

Needs More

LIVESTOCK

**Prepared by Senator Steve Dille, 103 State Office Building, 100
Martin Luther King Blvd. St. Paul, MN 55155 (651-296-4131.)
February 2005**

LIVESTOCK PRODUCTION IS GOOD FOR MINNESOTA'S ECONOMY

1. Minnesota livestock farms and related livestock agribusiness employ over 200,000 people.
2. Minnesota livestock farms and related livestock agribusiness annually produce economic value of at least \$28 Billion.
3. Minnesota livestock consumes 25% of Minnesota corn and soybean crops.
4. Minnesota ranks 1st in the nation in turkey production, 3rd in hogs and 5th in dairy cows, 6th in total red meat production, 8th in total livestock production, and 10th in cattle, calves, chickens, and eggs.

Farm size necessary to make \$50,000 net profit

Minnesotans should let farmers that want to make a living on the farm, grow their business, re-invest in their production facilities and adopt new technology. What does it take to make a living on the farm?

Farm Management Records for West Central and Central Minnesota show the following:

	1999 503 Farms	2000 505 Farms	2001 505 Farms	2002 451 Farms	2003 489 Farms
Average gross income	\$306,000	\$323,000	\$344,000	\$327,000	\$380,000
Average net income	\$62,000	\$56,000	\$38,000	\$50,000	\$73,000
% of gross that's net	20%	14%	11%	15%	19%

To net \$50,000, you would need about \$300,000 of gross farm revenue.

Out of \$50,000 net income the farmer must pay:

15.3% social security tax	\$7,650
Income tax	\$7,350
Health care (est.)	\$6,000
Principal payments on debt	varies
Family living expenses	<u>\$29,000</u>
TOTAL	\$50,000

\$50,000 is barely enough if you are debt free with no off farm income.

In order for most farmers to make a decent living, expansion and growth are necessary, especially if a son or daughter joins the business.

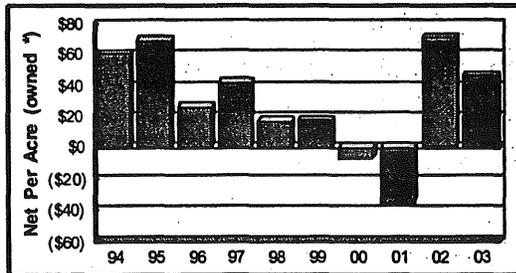
ENTERPRISE Analysis Farm Business Management Central & West Central Minnesota

Corn - 2003 <small>MinSU West Central FBM 2003</small>	OWNED			RENTED		
	Average	Low	High	Average	Low	High
	281	50	57	439	87	80
Acres	116.3	75.4	132.7	201.1	97.8	260.8
Yield per Acre	143.0	96.3	168.7	145.1	102.1	164.8
Operators Share of Yield %	100	100	100	100	100	100
Value per Unit	\$2.21	\$2.10	\$2.28	\$2.23	\$2.11	\$2.27
Crop Product Return Per Acre	\$316.12	\$202.17	\$384.64	\$323.51	\$215.37	\$374.07
Miscellaneous Income per Acre	\$9.38	\$8.01	\$10.24	\$5.47	\$16.10	\$2.01
Gross Return per Acre	\$325.50	\$210.18	\$394.88	\$328.98	\$231.47	\$276.08
Direct Expense Per Acre						
Seed	40.48	36.65	43.11	41.47	37.95	41.55
Fertilizer	48.87	39.86	47.34	49.83	44.87	47.32
Chemicals	24.47	26.50	21.36	24.06	28.09	21.02
Crop Insurance	8.96	6.20	8.88	10.10	8.92	7.85
Drying Fuel	5.90	6.69	7.53	5.84	7.19	7.06
Fuel and Oil	11.96	14.23	12.88	11.73	12.91	12.71
Repairs	23.21	29.93	23.52	19.69	27.77	17.83
Custom Hire	4.90	6.76	4.38	3.30	2.96	2.04
Land Rent	0.00	0.00	0.00	76.20	65.29	74.46
Marketing	0.65	2.08	0.08	0.32	1.55	0.01
Operating Interest	5.25	5.59	5.06	6.04	5.46	5.00
Miscellaneous	1.41	2.07	0.79	1.12	1.39	0.59
Total Direct Expenses	\$176.06	\$176.56	\$174.93	\$249.70	\$244.35	\$237.44
Return over Direct Expenses	\$149.44	\$33.62	\$219.95	\$79.28	\$86.12	\$38.64
Overhead Costs per Acre						
Custom Hire	1.95	6.95	1.73	1.47	4.43	1.20
Hired Labor	7.74	5.50	11.82	7.04	6.20	6.72
Machinery & Building Leases	3.76	2.54	3.87	5.67	2.14	4.24
Real Estate Taxes	7.57	6.58	8.05	0.00	0.00	0.00
Farm Insurance	4.84	4.88	5.49	4.10	3.43	4.95
Utilities	3.41	3.05	3.79	2.83	2.81	2.86
Dues & Professional Fees	1.14	0.77	1.38	1.20	1.64	1.39
Interest Interm/Lg Term Debt	40.52	35.33	47.51	5.20	6.92	3.69
Mach & Bldg Depreciation	24.75	33.53	25.05	18.54	23.24	21.32
Miscellaneous	6.92	4.64	11.36	4.00	3.87	4.32
Total Overhead Expenses	\$102.60	\$103.77	\$120.05	\$50.05	\$54.68	\$50.69
Total Expenses	\$278.66	\$280.33	\$294.98	\$300.75	\$299.03	\$288.13
Net Return per Acre	\$46.84	(\$70.15)	\$99.90	\$28.23	(\$67.56)	\$87.95
Direct Expense per unit	\$1.23	\$1.83	\$1.04	\$1.72	\$2.39	\$1.44
Total Expense per unit	\$1.95	\$2.91	\$1.75	\$2.07	\$2.93	\$1.75
Net Return per Unit	\$0.33	(\$0.73)	\$0.59	\$0.20	(\$0.66)	\$0.53
Break Even Yield per Acre	126.09	139.49	129.86	134.22	141.72	129.33
Estimated Labor Hours per Acre	3.08	4.57	2.98	2.37	3.59	2.13
Labor & Mgmt Charge per Acre	\$25.23	\$29.12	\$23.57	\$21.97	\$27.63	\$19.81
Net Return over Labor & Mgmt	\$21.61	(\$9.27)	\$76.33	\$6.26	(\$95.93)	\$68.14
Government Payments	\$22.80	\$19.62	\$26.82	\$23.37	\$21.32	\$24.50
Net Return with Government Payments	\$44.41	(\$10.65)	\$103.15	\$29.63	(\$74.61)	\$92.64

Net Return Per Acre (owned)			
Year	Gr. Return	T. Costs	Net Return
94 *	\$288	\$227	\$61
95	\$301	\$232	\$69
96	\$271	\$245	\$26
97	\$299	\$257	\$42
98	\$276	\$259	\$17
99	\$278	\$260	\$18
00	\$262	\$269	(\$7)
01	\$243	\$278	(\$35)
02	\$344	\$273	\$71
03	\$325	\$279	\$47

* Prior to 1995 data included all acres.

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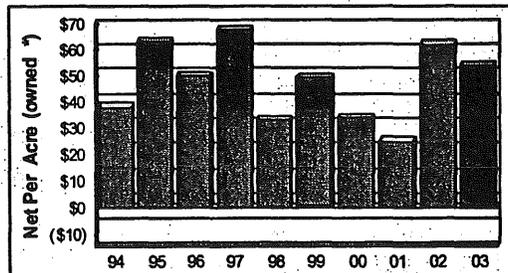


10 year Ave Net return/Acre of CORN - \$31⁰⁰/Acre
Acres required to Net \$50,000 - 1600 Acres

Soybeans 2003 MASCOT WEST CORP. PDM 2003	OWNED			RENTED		
	Average	Low	High	Average	Low	High
	241	45	45	455	101	101
Acres	116.0	63.7	133.2	204.1	138.1	201.4
Yield per Acre	32.3	23.2	39.4	31.4	25.3	36.4
Operators Share of Yield %	100	100	100	100	100	100
Value per Unit	\$6.66	\$6.26	\$7.05	\$6.59	\$6.12	\$7.14
Crop Product Return Per Acre	\$214.92	\$145.29	\$277.77	\$206.86	\$154.77	\$259.68
Miscellaneous Income per Acre	\$20.98	\$8.94	\$18.35	\$20.85	\$13.23	\$27.48
Gross Return per Acre	\$235.90	\$154.23	\$296.12	\$227.71	\$168.00	\$287.16
Direct Expense Per Acre						
Seed	25.08	26.99	23.56	24.13	24.84	23.25
Fertilizer	6.51	8.92	3.97	5.21	7.96	4.53
Chemicals	20.34	20.99	20.99	18.90	18.62	19.40
Crop Insurance	7.81	5.43	7.74	8.00	5.75	7.72
Fuel and Oil	9.47	9.76	9.22	9.55	9.94	9.85
Repairs	18.64	21.91	21.02	16.50	22.94	15.88
Custom Hire	5.10	7.99	5.23	3.30	4.48	4.36
Hired Labor	0.00	0.00	0.00	0.27	0.05	0.61
Land Rent	0.00	0.00	0.00	73.54	70.49	73.63
Machinery and Bldg Leases	0.29	0.57	0.00	0.40	2.21	0.04
Marketing	0.38	1.53	0.03	0.00	0.00	0.00
Operating Interest	4.49	3.05	3.22	4.90	4.98	3.59
Miscellaneous	0.80	0.48	0.52	0.65	1.19	0.27
Total Direct Expenses	\$98.91	\$107.62	\$95.50	\$165.35	\$173.45	\$163.13
Return over Direct Expenses	\$136.99	\$46.61	\$200.62	\$62.36	\$16.55	\$124.03
Overhead Costs per Acre						
Custom Hire	1.02	1.32	1.17	1.16	2.71	0.66
Hired Labor	5.62	5.02	5.27	5.41	6.06	7.28
Machinery & Building Leases	2.66	0.74	1.82	4.47	2.02	5.39
Real Estate Taxes	7.69	6.40	9.29	0.00	0.00	0.00
Farm Insurance	3.83	2.98	4.52	3.52	3.22	4.37
Utilities	2.79	2.60	3.07	2.41	2.77	2.86
Dues & Professional Fees	1.10	0.49	1.24	1.09	1.09	1.20
Interest Interm/Lg Term Debt	34.16	35.21	34.16	4.49	5.40	3.50
Mach & Bldg Depreciation	19.81	23.18	21.95	16.00	17.69	18.72
Miscellaneous	4.70	2.74	9.09	3.72	3.60	5.25
Total Overhead Expenses	\$83.38	\$80.68	\$91.58	\$42.27	\$44.56	\$49.23
Total Expenses	\$182.29	\$188.30	\$187.08	\$207.62	\$218.01	\$212.36
Net Return per Acre	\$53.70	\$65.93	\$109.04	\$20.09	\$49.99	\$174.80
Direct Expense per unit	\$3.07	\$4.64	\$2.42	\$5.27	\$6.86	\$4.49
Total Expense per unit	\$5.65	\$8.11	\$4.75	\$6.61	\$8.62	\$5.84
Net Return per Unit	\$1.66	(\$1.47)	\$2.77	\$0.64	(\$1.98)	\$2.06
Break Even Yield per Acre						
Estimated Labor Hours per Acre	2.42	3.08	2.18	2.04	2.50	1.83
Labor & Mgmt Charge per Acre	\$21.07	\$24.22	\$21.80	\$18.41	\$21.25	\$16.95
Net Return over Labor & Mgmt	\$32.63	\$41.71	\$87.24	\$1.68	\$28.74	\$157.85
Government Payments per Acre	\$22.73	\$20.25	\$24.43	\$22.38	\$24.15	\$21.66
Net Return with Gov Payments	\$55.36	\$61.96	\$111.67	\$24.06	\$52.89	\$179.51

Net Return Per Acre (owned)			
Year	Gr. Return	T. Costs	Net Return
94 *	\$200	\$162	\$38
95	\$220	\$157	\$63
96	\$227	\$177	\$50
97	\$255	\$187	\$68
98	\$221	\$188	\$33
99	\$222	\$173	\$49
00	\$212	\$178	\$34
01	\$208	\$183	\$25
02	\$230	\$168	\$62
03	\$236	\$182	\$54

* Prior to 1995 data included all acres.



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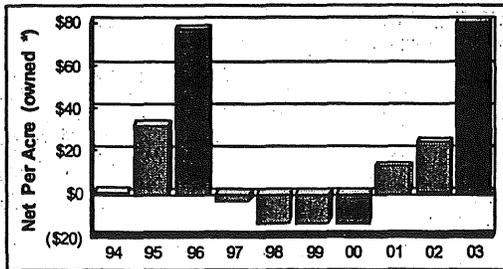
10 year Ave net return/acre of soybeans - \$48⁰⁰/Acre
 Acres required to Net \$50,000 - 1040 Acre

Wheat - 2003 MSU West Central Farm 2003	OWNED			RENTED		
	Average	Low	High	Average	Low	High
	52	14	14	116	26	26
Acres	63.9	37.2	48.2	94.9	56.9	90.3
Yield per Acre	58.9	47.2	68.0	59.9	45.6	67.5
Operators Share of Yield %	100	100	100	100	100	100
Value per Unit	\$3.64	\$3.51	\$3.63	\$3.64	\$3.55	\$3.70
Crop Product Return Per Acre	\$214.43	\$165.74	\$246.88	\$218.18	\$162.02	\$249.60
Miscellaneous Income per Acre	\$13.92	\$4.74	\$17.14	\$7.88	\$11.84	\$6.18
Gross Return per Acre	\$228.35	\$170.48	\$264.02	\$226.06	\$173.86	\$255.78
Direct Expense Per Acre						
Seed	13.27	15.39	12.35	12.82	12.79	11.78
Fertilizer	30.68	25.90	30.21	30.79	28.22	31.50
Chemicals	7.45	11.36	3.73	8.42	10.91	7.35
Crop Insurance	6.11	3.92	5.07	5.36	5.48	4.57
Drying Fuel	0.07	0.69	0.00	0.00	0.00	0.00
Fuel and Oil	7.14	11.09	5.30	6.61	5.77	7.31
Repairs	12.37	15.51	9.50	11.13	9.80	10.66
Custom Hire	3.30	14.55	2.33	3.60	7.88	1.71
Machinery and Bldg Leases	0.08	0.83	0.00	0.14	0.69	0.00
Land Rent	0.00	0.00	0.00	62.61	66.42	61.35
Marketing	1.34	0.06	0.00	0.46	0.53	0.00
Operating Interest	3.76	4.44	5.47	3.48	3.56	2.19
Miscellaneous	1.90	0.48	8.55	0.71	0.47	0.20
Total Direct Expenses	\$87.47	\$104.22	\$82.51	\$146.13	\$152.52	\$138.62
Return over Direct Expense	\$140.88	\$66.26	\$181.51	\$81.93	\$21.34	\$117.16
Overhead Costs per Acre						
Custom Hire	1.15	0.75	1.92	0.86	0.19	1.09
Hired Labor	3.27	1.87	2.44	2.53	1.32	3.71
Machinery & Building Leases	1.80	0.71	0.30	2.66	2.35	1.62
Real Estate Taxes	7.42	5.90	7.77	0.00	0.00	0.00
Farm Insurance	2.95	3.56	3.17	2.44	2.04	2.66
Utilities	1.80	2.21	1.55	1.49	1.41	1.43
Dues & Professional Fees	0.69	0.93	0.52	0.85	0.86	0.48
Interest Interm/Lg Term Debt	21.84	20.59	19.80	3.01	2.09	4.00
Mach & Bldg Depreciation	12.21	14.39	13.40	10.29	8.97	12.75
Miscellaneous	3.97	3.92	3.78	2.98	2.34	3.56
Total Overhead Expenses	\$57.10	\$54.83	\$54.65	\$27.11	\$21.57	\$31.30
Total Expenses	\$144.57	\$159.05	\$137.16	\$173.24	\$174.09	\$170.92
Net Return per Acre	\$83.78	\$11.43	\$126.86	\$52.82	(\$0.23)	\$84.86
Direct Expense per unit	\$1.48	\$2.21	\$1.21	\$2.44	\$3.34	\$2.05
Total Expense per unit	\$2.45	\$3.37	\$2.02	\$2.89	\$3.81	\$2.52
Net Return per Unit	\$1.42	\$0.24	\$1.87	\$0.88	(\$0.00)	\$1.27
Break Even Yield per Acre	39.72	45.14	37.49	47.59	38.04	38.04
Estimated Labor Hours per Acre	1.95	2.41	2.35	1.57	1.93	1.80
Labor & Mgmt Charge per Acre	\$14.98	\$20.28	\$15.11	\$13.53	\$16.04	\$15.07
Net Return over Labor & Mgmt	\$68.80	(\$8.85)	\$111.75	\$39.29	(\$16.27)	\$69.79
Government Payments per Acre	\$20.74	\$23.07	\$19.78	\$19.18	\$15.88	\$21.21
Net Return with Govt Payments	\$89.54	\$14.22	\$131.53	\$58.47	(\$0.39)	\$91.00

Net Return Per Acre (owned)			
Year	Gr. Return	T. Costs	Net Return
94 *	\$137	\$136	\$1
95	\$171	\$139	\$32
96	\$229	\$152	\$77
97	\$149	\$152	(\$3)
98	\$149	\$162	(\$13)
99	\$137	\$150	(\$13)
00	\$112	\$125	(\$13)
01	\$176	\$163	\$13
02	\$164	\$140	\$24
03	\$228	\$145	\$84

* Prior to 1995 data included all acres.

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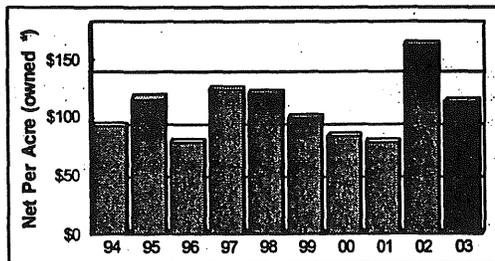
10 year Ave Net return/acre of wheat - \$19⁰⁰/Acre
 Acres required to net \$50,000 - 2630 acres

	OWNED			RENTED		
	Average	Low	High	Average	Low	High
	104	21	21	110	24	24
Alta Alta Hay 2003						
Acres	48.1	39.1	66.3	41.6	36.2	49.8
Yield per Acre	3.4	1.9	4.8	3.4	1.7	5.0
Operators Share of Yield %	100	100	100	100	100	100
Value per Unit	\$90.91	\$75.67	\$100.53	\$87.84	\$79.54	\$95.55
Crop Product Return Per Acre	\$312.73	\$139.99	\$480.53	\$295.14	\$134.42	\$475.84
Miscellaneous Income per Acre	\$1.28	\$2.29	\$1.78	\$8.89	\$0.00	\$2.47
Gross Return per Acre	\$314.01	\$142.28	\$482.31	\$304.03	\$134.42	\$478.31
Direct Expense Per Acre						
Fertilizer	15.84	15.32	21.08	18.68	11.85	25.70
Seed	0.00	0.00	0.00	0.00	0.00	0.00
Chemicals	4.22	4.97	6.79	6.28	5.15	9.51
Crop Insurance	1.05	0.91	1.19	1.90	1.61	2.82
Drying Fuel	0.00	0.00	0.00	0.00	0.00	0.00
Fuel and Oil	15.62	15.99	16.16	14.92	15.09	16.31
Repairs	27.54	31.76	21.14	28.94	33.25	26.71
Custom Hire	11.55	10.61	7.34	9.60	7.13	6.86
Special Hired Labor	0.00	0.00	0.00	0.00	0.00	0.00
Machinery and Bldg Leases	0.53	0.00	0.00	1.81	0.47	3.56
Land Rent	0.00	0.00	0.00	67.99	62.48	74.02
Utilities	0.00	0.00	0.00	0.00	0.00	0.00
Marketing	0.00	0.00	0.00	0.29	0.81	0.00
Operating Interest	6.07	14.70	2.78	4.71	6.59	3.89
Miscellaneous	2.33	1.36	2.87	1.75	1.24	2.04
Total Direct Expenses	\$84.75	\$95.62	\$79.35	\$156.87	\$145.67	\$171.42
Return over Direct Expense	\$229.26	\$46.66	\$402.96	\$147.16	\$-11.25	\$306.89
Overhead Costs per Acre						
Custom Hire	4.59	5.41	4.11	5.49	4.33	6.19
Hired Labor	7.55	3.72	13.98	11.98	9.09	13.95
Machinery & Building Leases	3.07	4.38	2.03	4.44	5.21	3.23
Real Estate Taxes	6.00	6.41	5.48	0.00	0.00	0.00
Farm Insurance	4.89	4.36	4.50	3.78	2.79	3.60
Utilities	4.01	3.99	3.19	3.19	4.28	2.25
Dues & Professional Fees	1.47	1.18	1.13	0.95	1.08	1.05
Interest: Intern/Lg Term Debt	37.35	27.87	41.84	6.49	7.67	5.06
Mach & Bldg Depreciation	35.30	33.30	41.34	28.65	31.47	22.11
Miscellaneous	11.50	6.64	26.33	5.79	4.99	3.40
Total Overhead Expenses	\$115.73	\$97.26	\$143.93	\$70.76	\$70.91	\$60.84
Total Expenses	\$200.48	\$192.88	\$223.28	\$227.63	\$216.58	\$232.26
Net Return per Acre	\$113.53	(\$50.60)	\$259.03	\$76.40	(\$11.25)	\$246.12
Direct Expense per ton	\$24.64	\$51.69	\$16.60	\$46.69	\$86.20	\$34.42
Total Expense per ton	\$58.28	\$104.26	\$46.71	\$67.75	\$128.15	\$46.64
Net Return per ton	\$33.00	(\$27.35)	\$54.19	\$22.74	(\$48.61)	\$49.41
Break Even Yield per Acre	2.1	1.1	2.2	2.1	1.1	2.2
Estimated Labor Hours per Acre	4.88	5.06	5.12	4.28	4.22	4.08
Labor & Mgmt Charge per Acre	\$29.98	\$28.72	\$25.45	\$27.48	\$28.89	\$18.17
Net Return over Labor & Mgmt	\$83.55	(\$79.32)	\$28.74	\$48.92	(\$47.64)	\$31.24
Government Payments per Acre	\$18.82	\$15.29	\$16.97	\$20.60	\$15.59	\$19.90
Net Return with Govt Payments	\$102.37	(\$64.03)	\$45.71	\$69.52	(\$32.05)	\$51.14

Net Return Per Acre (owned)			
Year	Gr. Return	T. Costs	Net Return
94 *	\$268	\$175	\$93
95	\$290	\$174	\$116
96	\$255	\$176	\$79
97	\$316	\$192	\$124
98	\$324	\$203	\$121
99	\$311	\$211	\$100
00	\$285	\$201	\$84
01	\$285	\$207	\$78
02	\$357	\$194	\$163
03	\$314	\$200	\$114

* Prior to 1995 data included all acres.

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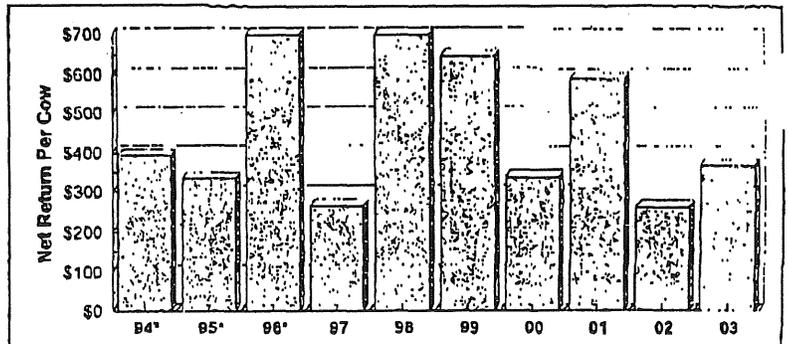


10 year Ave net return/acre of alta = \$107⁰⁰/Ac
 Acres required to net \$50,000 - 470 Ac

Dairy Cow Enterprise-03 MN AVG-Per Cow	529 Farms Quantity	Average Per Cow	105 Farms Quantity	Low Per Cow	105 Farms Quantity	High Per Cow
Milk Sold	19921.63	\$2,574.89	17336.63	\$2,212.29	22755.21	\$3,013.08
Milk Used in the Home & Fed	76.34	\$8.90	85.03	\$11.05	60.29	\$7.24
Dairy Calves Sold	0.17	\$27.95	0.09	\$19.78	0.19	\$27.29
Transferred Out	0.72	\$89.28	0.62	\$71.96	0.79	\$102.26
Cull Sales	0.27	\$129.37	0.30	\$111.96	0.26	\$132.22
Butchered	0.01	\$3.15	0.01	\$3.88	0.01	\$2.85
Less Livestock Purchased	-0.06	(\$64.76)	-0.07	(\$74.03)	-0.03	(\$37.34)
Less Livestock Transferred In	-0.33	(\$374.78)	-0.32	(\$367.23)	-0.36	(\$391.52)
Inventory Change	0.02	\$39.53	-0.04	(\$45.15)	0.05	\$104.25
Total Production	19997.97	\$2,433.51	17421.66	\$1,944.51	22815.50	\$2,960.33
Other Income		\$183.95		\$157.80		\$196.37
Total Return		\$2,617.46		\$2,102.31		\$3,156.70
Direct Costs						
Corn (bu.)	75	156.87	75	165.63	81	165.60
Corn Silage (lb.)	14003	136.20	13604	131.70	15265	148.44
Hay, Alfalfa (lb.)	4286	192.30	4024	174.00	4369	193.84
Haylage, Alfalfa (lb.)	3123	76.71	4340	112.55	3133	75.13
Complete Ration (lb.)	1034	104.38	832	80.02	1024	90.04
Protein Vit Minerals (lb.)	2877	363.06	2872	392.23	3458	393.36
Other feed stuffs	1331	58.94	1113	57.43	682	44.04
Total Feed		\$1,088.46		\$1,113.56		\$1,110.45
Breeding fees		29.76		19.54		37.50
Veterinary		96.56		98.15		94.20
BST		33.04		26.99		41.80
Livestock supplies		134.65		122.43		126.40
DHIA		14.79		12.34		15.96
Fuel & oil		35.90		38.50		36.19
Repairs		94.09		82.45		103.53
Custom hire		17.64		31.66		16.71
Hired labor		0.00		0.00		0.00
Hauling and trucking		23.14		19.59		25.97
Marketing		41.35		41.44		40.06
Bedding		12.72		10.19		16.24
Operating interest		13.58		21.34		10.44
Total Direct Costs		\$1,635.68		\$1,638.18		\$1,675.48
Return to Direct Costs		\$981.78		\$464.13		\$1,481.22
Overhead Costs						
Custom Hire		15.18		7.03		20.15
Hired labor		201.61		169.41		274.08
Machinery & bldg leases		25.97		31.56		25.89
Farm insurance		30.54		29.73		31.50
Utilities		61.14		60.16		65.25
Interest		112.12		106.81		116.95
Mach & bldg depreciation		121.93		111.51		134.47
Miscellaneous		44.58		37.30		48.74
Total Overhead Costs		\$613.07		\$553.51		\$717.03
Total Costs		\$2,248.75		\$2,191.69		\$2,392.51
Net Return		\$368.71		(\$89.38)		\$764.19
Est. Labor Hours per Unit		40.94		41.65		41.39
Labor & Management Charge		\$187.56		\$184.26		\$202.39
Net Return over Lbr. & Mgt.		\$181.15		(\$273.64)		\$561.80

Enterprise History		Per Cow	
Year	T. Return	T. Costs	Net Ret.
94*	\$2,170	\$1,777	\$393
95*	\$2,055	\$1,720	\$335
96*	\$2,440	\$1,720	\$720
97	\$2,220	\$1,956	\$264
98	\$2,691	\$1,990	\$701
99	\$2,645	\$1,999	\$646
00	\$2,341	\$2,001	\$340
01	\$2,780	\$2,190	\$590
02	\$2,470	\$2,208	\$262
03	\$2,617	\$2,249	\$369

*Regional data used prior to 1997

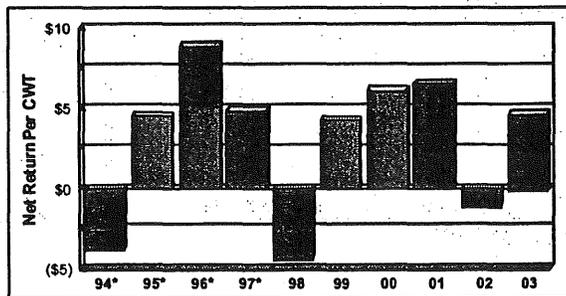


10 year average Net income / cow / year - \$462⁰² / cow
 # of cows to net \$50,000 - pg. 8 108 cows

Hogs Barrow - Finish-03		50 Farms	Average	10 Farms	Low	10 Farms	High
MN AVG Per CWT		Quantity	CWT	Quantity	CWT	Quantity	CWT
Raised Hog Sales		94.44	\$39.46	91.68	\$35.90	92.71	\$40.81
Transferred Out		1.38	\$0.78	3.92	\$1.15	2.7	\$1.14
Cull Sales		4.9	\$1.37	10.16	\$3.36	4.87	\$1.34
Butchered		0.21	\$0.09	1.38	\$0.51	0.09	\$0.03
Less Livestock Purchased		-2.22	(\$2.04)	-1.27	(\$1.27)	-2.57	(\$2.25)
Less Livestock Transferred In		-0.12	(\$0.09)	0	\$0.00	-0.07	(\$0.14)
Inventory Change		1.41	\$3.08	-5.87	(\$2.80)	2.27	\$5.35
Total Production		100.00	\$42.65	100.00	\$36.85	100.00	\$46.28
Other Income			\$0.02		\$0.01		
Total Return			\$42.67		\$36.86		\$46.29
Direct Costs							
Corn (bushel)		3.77	7.95	6.25	13.6	2.57	5.24
Complete Ration		60.74	5.56	0	0	103.47	7.05
Protein Vit Minerals (lbs)		61.86	8.69	94.08	16.24	60.32	7.93
Other feedstuffs		0.26	0.24	0.08	0.11	0.25	0.14
Total Feed			\$22.88		\$29.95		\$20.55
Breeding fees			0.47		0.47		0.52
Veterinary			1.38		1.36		1.32
Livestock supplies			0.79		0.57		0.52
Fuel & oil			0.45		1.54		0.24
Repairs			0.81		1.85		0.55
Custom hire			1.65		2.22		0.83
Machinery & bldg leases			0.59		0.00		0.91
Livestock leases			0.29		0.00		0.00
Utilities			0.12		0.33		0.06
Hauling and Trucking			0.18		0.00		0.44
Marketing			0.37		0.61		0.27
Operating interest			0.37		0.21		0.40
Total Direct Costs			\$29.91		\$39.11		\$26.42
Return to Direct Costs			\$12.76		(\$2.25)		\$20.74
Overhead Costs							
Custom hire			0.52		0		1.55
Hired labor			2.03		0.36		1.64
Machinery & bldg leases			1.38		0.67		3.86
Farm insurance			0.48		0.67		0.38
Utilities			0.62		0.84		0.41
Interest			1.08		0.47		0.73
Mach & bldg depreciation			1.56		1.14		1.25
Miscellaneous			0.46		0.62		0.26
Total Overhead Costs			\$8.13		\$4.77		\$10.08
Total Costs			\$38.04		\$43.88		\$36.50
Net Return			\$4.63		(\$7.02)		\$10.79
Est. Labor Hours per Unit			0.33		0.44		0.28
Labor & Management Charge			2.23		3.72		2.09
Net Return over Lbr. & Mgt.			\$2.40		(\$10.74)		\$7.69

Enterprise History		Per CWT	
Year	T. Return	T. Costs	Net Ret.
94*	\$37.69	\$41.49	(\$3.80)
95*	\$42.85	\$38.30	\$4.55
96*	\$55.72	\$46.83	\$8.89
97*	\$48.90	\$44.06	\$4.84
98	\$31.70	\$36.08	(\$4.38)
99	\$38.50	\$34.21	\$4.29
00	\$42.30	\$36.17	\$6.13
01	\$44.02	\$37.46	\$6.56
02	\$36.40	\$37.49	(\$1.09)
03	\$42.67	\$38.04	\$4.63

*Regional data used prior to 1997



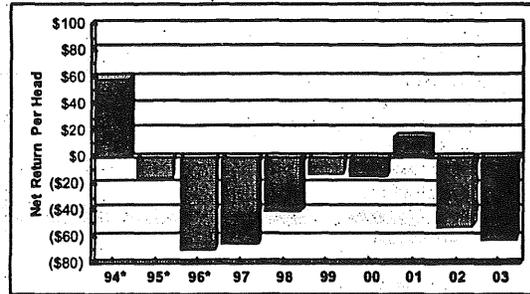
35

10 year average Net/cwt of pork produced - $3\frac{42}{100}$ /cwt
 20 pigs/sow x 250 lbs/market pig x $3\frac{42}{100}$ /cwt = 181⁰⁰/Net/sow
 # of Sows to Net \$50,000 280 Sows

Livestock Information - 2003

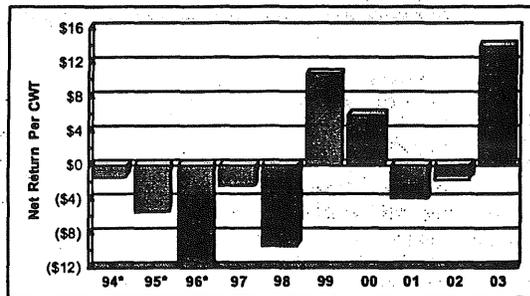
Dairy Replacement Heifers			Per Head
Year	T. Return	T. Costs	Net Ret.
94*	\$425.62	\$366.70	\$58.92
95*	\$453.72	\$469.60	(\$15.88)
96*	\$347.67	\$417.09	(\$69.42)
97	\$349.00	\$414.00	(\$65.00)
98	\$378.00	\$418.00	(\$40.00)
99	\$534.00	\$546.00	(\$12.00)
00	\$521.00	\$535.00	(\$14.00)
01	\$465.32	\$450.64	\$14.68
02	\$404.00	\$456.00	(\$52.00)
03	\$409.00	\$470.18	(\$61.18)

*Regional data used prior to 1997



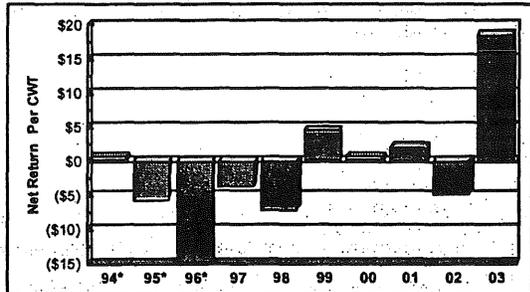
Dairy Steers			Per CWT
Year	T. Return	T. Costs	Net Ret.
94*	\$50.35	\$51.75	(\$1.40)
95*	\$45.36	\$50.75	(\$5.39)
96*	\$59.29	\$71.25	(\$11.96)
97	\$63.73	\$66.14	(\$2.41)
98	\$46.65	\$56.07	(\$9.42)
99	\$64.54	\$53.81	\$10.73
00	\$59.30	\$53.37	\$5.93
01	\$51.67	\$55.50	(\$3.83)
02	\$52.35	\$53.91	(\$1.56)
03	\$77.18	\$63.29	\$13.89

*Regional data used prior to 1997



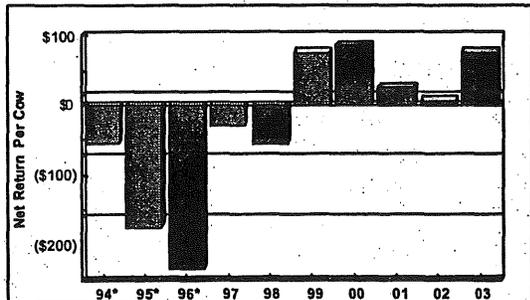
Beef Finishing -All			Per CWT
Year	T. Return	T. Costs	Net Ret.
94*	\$50.44	\$49.73	\$0.71
95*	\$48.36	\$53.87	(\$5.51)
96*	\$59.58	\$74.15	(\$14.57)
97	\$55.54	\$59.15	(\$3.61)
98	\$47.61	\$54.60	(\$6.99)
99	\$54.83	\$50.26	\$4.57
00	\$50.00	\$49.28	\$0.72
01	\$52.24	\$50.21	\$2.03
02	\$45.49	\$50.21	(\$4.72)
03	\$74.65	\$56.15	\$18.50

*Regional data used prior to 1997



Beef Cow-Calf			Per Cow
Year	T. Return	T. Costs	Net Ret.
94*	\$325.43	\$380.44	(\$55.01)
95*	\$223.11	\$397.47	(\$174.36)
96*	\$245.56	\$478.49	(\$232.93)
97	\$421.11	\$450.64	(\$29.53)
98	\$374.89	\$429.39	(\$54.50)
99	\$479.57	\$403.77	\$75.80
00	\$459.58	\$373.17	\$86.41
01	\$430.77	\$404.72	\$26.05
02	\$420.22	\$413.88	\$6.34
03	\$492.24	\$416.51	\$75.73

*Regional data used prior to 1997



Farms producing for a niche market, using low input systems, organic producers, those producing specialty crops, or using on-farm processing to add value, may be able to achieve a higher net profit as a percent of gross cash operating income.

FARM NUMBERS

The 2003 total number of farms in Minnesota was estimated at 80,000, down 900 farms from 2002. The number of farms in the \$1,000-\$9,999 economic sales class decreased 200 to 35,200 in 2003. Those with sales in the \$10,000-\$99,999 economic sales class decreased 700 to 25,500 farms in 2003.

Farms in the \$100,000-\$249,999; \$250,000-\$499,999; and \$500,000 and over sales classes remained unchanged from 2002.

A farm is defined as any establishment from which \$1,000 or more of agricultural products were sold or would normally be sold during the year. Government payments are included as sales.

NUMBER OF FARMS, LAND IN FARMS, AND AVERAGE SIZE: Minnesota, 1992-2003 1/

Year	Number of Farms	Land in Farms	Avg. Size of Farms
	Number	1,000 Acres	Acres
1992	88,000	29,800	339
1993	86,000	29,700	345
1994	84,500	29,500	349
1995	83,000	29,400	354
1996	82,000	29,200	356
1997	81,000	29,100	359
1998	80,000	28,600	358
1999	81,000	28,200	348
2000	81,000	27,900	344
2001	81,000	27,800	343
2002	80,900	27,800	344
2003	80,000	27,700	346

1/ A farm is any establishment from which \$1,000 or more of agricultural products were sold or would normally be sold during the year.

**NUMBER OF FARMS: By Economic Sales Class
Minnesota, 1998-2003**

Year	\$1,000-\$9,999	\$10,000-\$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000 & Over	Total
	Number					
1998	29,600	29,400	12,600	5,500	2,900	80,000
1999	30,500	29,500	12,400	5,500	3,100	81,000
2000	32,100	28,400	11,600	5,500	3,400	81,000
2001	33,900	27,100	10,900	5,400	3,700	81,000
2002	35,400	26,200	10,000	5,400	3,900	80,900
2003	35,200	25,500	10,000	5,400	3,900	80,000

60700 FARMS (75%) *19300 FARMS (25%)*

**LAND IN FARMS: By Economic Sales Class
Minnesota, 1998-2003**

Year	\$1,000-\$9,999	\$10,000-\$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000 & Over	Total
	1,000 Acres					
1998	3,110	8,500	6,800	5,590	4,600	28,600
1999	3,140	8,000	6,600	5,460	5,000	28,200
2000	3,210	7,500	6,400	5,390	5,400	27,900
2001	3,220	7,200	6,200	5,380	5,800	27,800
2002	3,290	6,830	5,900	5,380	6,400	27,800
2003	3,070	6,850	5,920	5,410	6,450	27,700

Source:

2004 Minnesota Agricultural Statistics

← published in late 2004

Growth of Minnesota Livestock Farms

Almost all growth is from family farmers growing their livestock enterprise so they can continue making a living on the farm, or so they can bring the next generation into the farm business.

Unfortunately many family farmers who once dreamed of going into a farm business partnership with a son or daughter have had the dream destroyed by a hostile social and political climate that exists because of a misunderstanding of the economic and environmental benefits of livestock production.

A properly sited, and
engineered livestock
farm that is properly
managed, and follows
the new 7020 MN State
feedlot rules and laws is
good for the
environment.

Livestock Production Helps Protect the Environment

1. Cattle, sheep, and horse production requires **hay, pasture and small grain production which controls erosion and runoff** much better than the typical corn-soybean rotation.
2. Fields fertilized with manure that has been properly managed, have increased water holding capacity. Peer reviewed research from across the U.S. shows **runoff is reduced 2-62%, and soil loss is reduced 15-65%** as compared to control sites that were not fertilized with manure.
3. University of Minnesota research at Morris shows **decreased phosphorus runoff** at sites fertilized with manure that is properly managed.
4. Minnesota Pollution Control Agency study completed in 2004 attributes only 1% of the phosphorus entering our surface water is coming from feedlots.
5. Nitrogen leaching losses are generally less than commercial fertilizer when manure is applied at agronomic rates. (Gyles Randall data)
6. Nitrogen leaching losses from a corn-soybean rotation are 30-50 times higher than alfalfa or CRP.
7. Minnesota Department of Natural Resources research in SE Minnesota over a 30 year period shows that **streams in pastures that were rotational grazed had better water quality than streams in pastures that were not grazed.** This is partially due to trees growing up in non-grazed areas, causing the grass to die, resulting in more stream bank erosion. Also, livestock were permitted to graze only long enough to harvest the forage and then were moved to another pasture.

**Estimated Total Phosphorus Contributions to
MN Surface Water**

1. Crop land and pasture runoff	26.4%
2. Atmospheric deposition	13.1%
3. Commercial/Industrial water use	12%
4. Stream bank erosion	11.1%
5. Municipal sewage treatment plants	10.9%
6. Non agricultural rural runoff	5.7%
7. Urban runoff	4.8%
8. Waste food/garbage disposal waste	4.2%
9. Septic tanks	3.7%
10. Automatic dishwasher detergent	2.8%
11. Agricultural tile drainage	1.8%
12. Roadway and sidewalk de-icing chemicals	1.1%
13. ***FEEDLOTS***	1.0%
14. Raw and finished water supply	.8%
15. Toothpaste, mouthwashes, etc.	.3%
16. Non-contact cooling water	.2%
17. Ground water intrusion into sewage systems	Less than .1%

Source: "Detailed Assessment of Phosphorus Sources to MN Watersheds," prepared by the Barr Engineering Company, February, 2004 for the MN Pollution Control Agency.

Livestock that is properly managed is good for the environment because:

1. Less soil erosion
2. Less water runoff
3. Less phosphorus runoff
4. Better soil fertility
5. Better water quality
6. Less urban sprawl
7. Fewer vehicles on the road commuting to distant jobs.
8. More diversity in cropping systems
9. More pasture land
10. Fewer row crops on marginal land

High Livestock and human populations peacefully coexist in much of the world.

Minnesotans should try to be more like citizens of the United Kingdom, Denmark, the Netherlands, or Lancaster County, PA who live in close proximity to farmers that use diverse production systems ranging from small pastures to large modern confinement barns. They live together in the same neighborhood in peace and harmony.

Comparison of 4 MN Counties with Lancaster County, PA

	Lancaster County, PA	Meeker County, MN	McLeod County, MN	Wright County, MN	Carver County, MN
Area in sq. miles	949	644	503	716	357
Population 2002	470,658	22,644	34,898	89,986	75,620
Population per sq. mi.	496	35	69	126	212
All Cattle 2003	255,700	29,500	32,500	47,500	35,000
Milk Cows 2003	107,600	8,100	9,100	12,100	12,800
Hogs 2003	386,800	61,000	38,000	21,000	25,000
All Sheep and Lambs 2003	6,100	1,700	700	1,100	600
All Chickens 2003	13,000,000	1,562,000			NA
Turkeys 2003	NA	2,000,000	NA	NA	NA

Lancaster County animal statistics are from 2002. MN counties are 2003. Information compiled from various state and county web sites, U.S. Bureau of Statistics, MN Dept. of Agriculture, and USDA.

**Comparison of Livestock and Human Populations in
Minnesota, the United Kingdom (England,
 Scotland, Wales, Northern Ireland), Netherlands,
 Denmark, and Italy**

	Minnesota	United Kingdom	Netherlands	Denmark	Italy
Area in square miles	84,000	94,000	13,000	16,000	55,000
Population – 2000	5 million	60 million	16 million	5.4 million	28 million
Population per square mile	59	638	1231	331	512
Cattle	2.6 million	11.3 million	3.8 million		7 million
Sheep	170,000	42 million			11 million
Hogs	6 million		11 million	24 million	9 million
Poultry	78 million (includes 46 million turkeys)	44 million	100 million		

Conclusion: In some parts of the world, high livestock and human populations peacefully co-exist. Minnesotans should try to become more accepting of livestock and not oppose farmers who are expanding their livestock enterprises.

Livestock

Is Good For The Economy
And
Good For The Environment

Minnesotans should become more accepting of livestock farms. They should enthusiastically encourage grain farmers to add livestock enterprises. They should also encourage livestock farmers to grow and re-invest

Because

Minnesota
Needs more
Livestock

Local Siting Committee Draft Recommendations to Governor Tim Pawlenty January 19, 2005

The Local Siting Committee (committee)¹ recognizes the economic significance of Minnesota's livestock industry and its importance to rural communities and the state, and believes that diversity of species and of sizes and types of livestock facilities is critical to maintain the vitality of the livestock industry and of the overall state economy. The committee's goal is to maintain Minnesota's commitment to local government zoning and environmental quality while at the same time improving the transparency, predictability, cost effectiveness, fairness and civility of the local siting process. The committee recommends a multi-part strategy for achieving these important goals.

1. **Training and Technical Assistance.** The committee recognizes that an important factor in local livestock siting is the expectations of the local unit of government, the project proposer, and other interested parties and whether their expectations are similar.
 - ✓ A. **Development of Checklist:** To clarify the expectations of the siting process, the committee recommends development of a checklist that would provide a template for consideration of the project, including those steps necessary for permitting the feedlot. The Minnesota Department of Agriculture (MDA) would provide the federal and state requirements for the checklist and the local unit of government would provide, to the extent possible, the various regulatory and procedural requirements that apply in that local jurisdiction. The checklist will be prepared by the MDA and customized by local government units. The checklist would also be provided to the project proposer(s) at the initiation of the permit process and is intended to reduce confusion and increase the transparency of the approval process.
 - B. **Training and Assistance Program:** The committee also recommends development of a comprehensive training and technical assistance program for local government officials. The program would provide information and training on livestock siting issues and would be based on an updated version of the 1996 handbook *Planning and Zoning for Animal Agriculture in Minnesota*. Training would commence as soon as possible following the updating of this document by the Minnesota Department of Agriculture (MDA), with an expected handbook completion date of no later than October 1, 2005. MDA would update the handbook in consultation with the Local Planning Assistance Center (LPAC) of the Minnesota Department of Administration. As soon as possible after the handbook is updated, MDA would assist LPAC to provide training programs to local government officials

¹ Committee members include Bill Oemichen, Minnesota Association of Cooperatives, and Sandy Ludeman, co-chairs, and County Commissioner Harlan Madsen, Minnesota Association of Township's attorney Troy Gilchrist, State Senators Jim Vickerman and Steve Dille, State Representatives Greg Blaine and Paul Marquart, along with original Minnesota Governor's Livestock Task Force members Dana Allen, Lisa Heggedahl, Dave Hoelmer, Joe Swedberg, and Karen Zimmerman. The committee was assisted by personnel of the Minnesota Department of Agriculture, the University of Minnesota, the Minnesota Counties Association, staff of the Minnesota Senate and Minnesota House of Representatives, and observers from a number of agricultural, conservation environmental organizations.

on planning and zoning for animal agriculture. The goal is to complete the first phase of the training process within one year of finishing the Handbook update, with training to be offered on an on-going basis in the future. In addition to training on planning and zoning, the program will include, but not be limited to, information on the rural economic impact of animal agriculture, use of GIS modeling, cost factors associated with local government involvement, and the environmental review process. To help facilitate the training, supplemental funding would be sought from a combination of public and private sources.

In developing this training and technical assistance program, the committee recommends MDA and LPAC rely on the guidance and support of an advisory team including:

- Producer organizations (representing the state's major livestock sectors);
- Agricultural organizations (Minnesota Farm Bureau, Minnesota Farmers Union and Minnesota Association of Cooperatives);
- Local government associations (AMC, MAT, League of Cities);
- Academic institutions (University of Minnesota, Minnesota State Colleges and Universities);
- State agencies; and
- Education/training professionals.

As a possible incentive for local authorities to participate, the committee recommends the Minnesota Department of Agriculture, along with other interested parties, work with insurers for local government organizations to determine whether the insurers could offer a discount on insurance for local officials who receive certification of training in planning and zoning for animal agriculture.

✓ ***2. Notice to Minnesota Agriculture and Minnesota Pollution Control Commissioners Regarding Feedlot Ordinance Consideration by Local Government.*** Second, the committee focused on a concern that has been raised regarding notice by local governmental units when they begin work on a feedlot ordinance. Committee members believe it is desirable for the local unit of government to provide notice to the Commissioners of Agriculture and Minnesota Pollution Control Agency when it is developing or amending a local land use regulation affecting livestock feedlots. This notice provides the opportunity for these two state agencies to provide helpful information and feedback to the local unit of government during its ordinance writing process. Therefore, the committee recommends the Minnesota Legislature amend Minnesota Statutes to provide that local units of government in Minnesota Statutes Chapter 462, as is already required of counties in Minnesota Statutes Section 394.25, must notify the Commissioner of Agriculture and Commissioner of the Minnesota Pollution Control Agency when the local unit of government begins the process of adopting a feedlot ordinance, or amendment to an existing ordinance. This notification should be early in the ordinance adoption process, but in no event any later than the notice of the first hearing to adopt a new feedlot ordinance or to amend an existing feedlot ordinance.

3. Impact on Local Economy Statement. Third, the committee recommends that counties and other local units of government seeking to enact or amend a feedlot ordinance or regulation that would impact animal agriculture, prepare a brief report on the impact the ordinance or regulation will have on the local economy if requested by at least one of the members of the local governing body or upon petition of at least 25 eligible voters within the local governmental jurisdiction. The committee recommends that a local economy analysis include the following:

- State whether the ordinance or regulation will affect the local economy; and
- Describe the kinds of businesses, if any, that may be affected by the ordinance or regulation and the projected impact the ordinance or regulation will have on those businesses.

To assist local government in preparing this local economic analysis, the MDA, in cooperation with the Department of Employment and Economic Development (DEED), will develop a template for measuring local economic impacts and make it available to local units of government.

4. Public notification. Fourth, the committee recommends changes to Minnesota Statutes regarding the notice required of local units of government for the initiation of animal agriculture-related ordinances, including interim ordinances, regulations, moratoriums or other types of decision making to ensure timely notice is provided to all potentially interested parties. The purpose of this recommended change is to harmonize the public notice requirements of local units of governments. The committee recognizes that to protect the planning process, the notice requirement must indicate that permit applications are subject to the new ordinance or amendment if the application is made following public notice.

✓ **5. Odor Research for Siting Decisions.** Fifth, the committee recognizes that researchers have made substantial progress over the years with improvements in odor technology. This research should be provided to local units of government when separation distances and other requirements are being considered to help ensure they reflect the most recent scientific information available.

The committee encourages the University of Minnesota, the Minnesota Pollution Control Agency, and MDA continue research and support the development of odor technology and methodology so that this information can be used by local government authorities for separation distance decisions

6. Appeal process. Finally, the committee discussed a series of options in attempting to improve the appeal process for local land use decisions. This consideration arose out of concerns that the current appeal process through the Minnesota District Court, Court of Appeals, and then Supreme Court is costly and leads to the substantial risk of an untimely decision for the producer applicant.

The group focused on three primary areas:

1. Who should decide appeals from local land use decisions?
2. Upon what standards should appeals be based?
3. What should be the burden of proof and who bears it?

The committee considered, but did not adopt recommendations on the following appeal options:

- (1) Changing Minnesota Statutes to allow an appeal of a livestock siting decision directly to the Minnesota Court of Appeals;
- (2) Changing Minnesota Statutes to create a statewide Livestock Siting Commission appointed by the Governor or Commissioner of Agriculture that would include broad representation of counties, townships, producers, environmental representatives, technical experts and public members.
- (3) Changing Minnesota Statutes to provide for a change in venue in the appeal of a local unit of government's livestock siting decision.

There was disagreement among committee members over aspects of each of the three listed appeal options.² For this reason, committee members determined that improved education and training efforts, timely and effective notice to the state and other interested parties, a renewed focus on relevant scientific information, and cooperation among all interested parties, will lead to improved siting decisions, ease siting conflicts, and reduce the need for a revised appeals process.³ Because of this belief, the committee does not recommend revisions to the appeal process at this time.

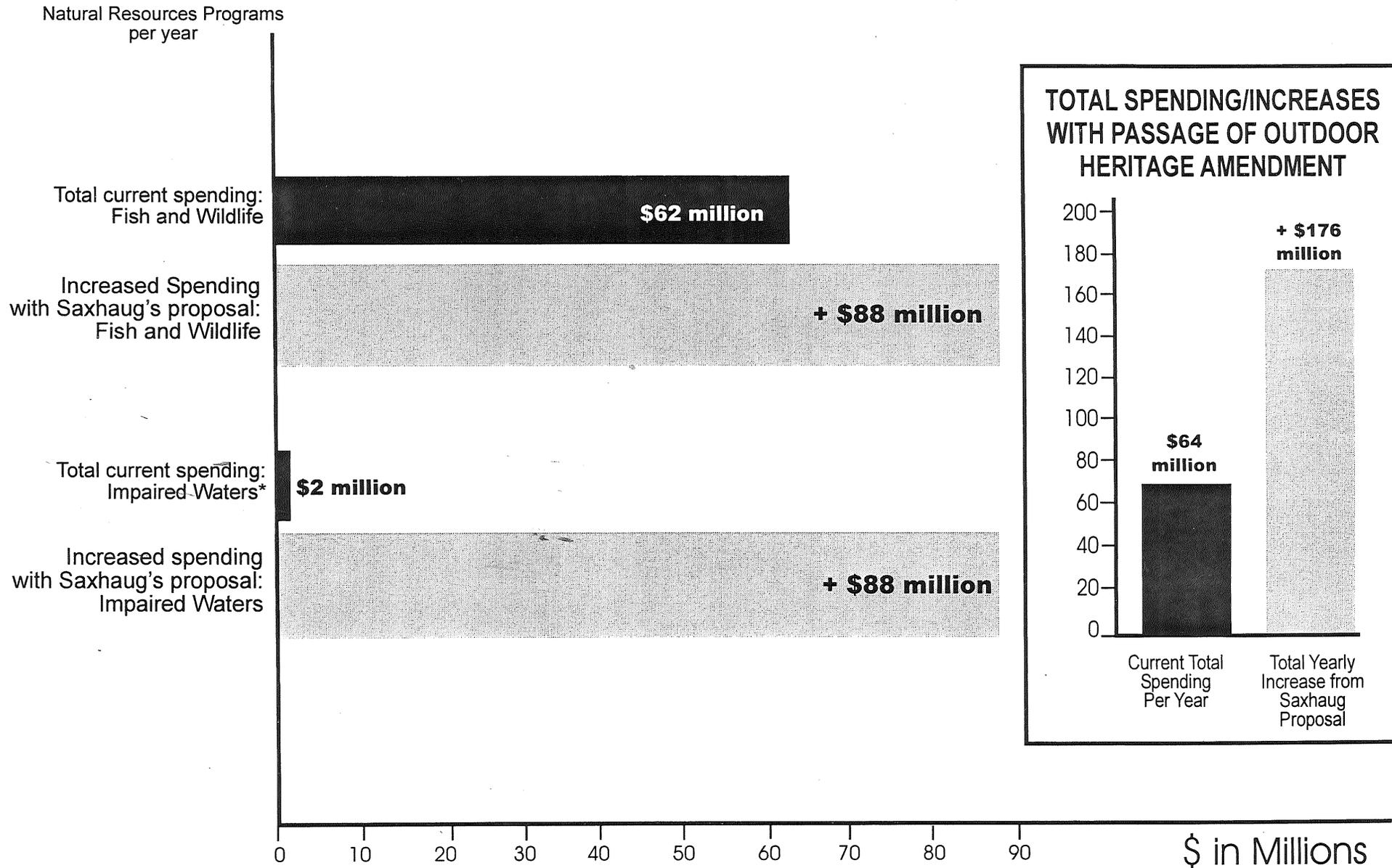
Given the importance of animal agriculture and the challenges faced by the industry, the Committee encourages the Governor provide for a review of the outcomes of these recommendations in the future.

The committee thanks Governor Tim Pawlenty for the opportunity to provide him with local livestock siting recommendations to enhance the Minnesota livestock industry and its relationship with local units of government.

² In addition, a fourth option was considered during the committee's final meeting on December 13, 2004. This option would have created a voluntary mediation process between the local unit of government and the producer. Committee members determined there was insufficient time and information to consider this option.

³ Senator Steve Dille, a committee member, introduced four potential recommendations at the final in-person committee meeting on December 13, 2004. These recommendations include: (1) recommending the Governor appoint a task force to study urban sprawl issues and make recommendations on controlling urban sprawl, (2) requiring local units of government to base any requirements that are more stringent than the State 7020 Feedlot Rules on "sound economics" and "reasonable scientifically defensible findings of fact," (3) that if a township chooses to plan and zone, its officers should first attend available training sessions, and (4) that any Minnesota statute listing zoning criteria also include economics as a consideration. The committee determined there was insufficient time to review these potential options and noted that some of the proposed options drew both support and opposition from committee members.

Funding to Preserve Our Outdoor Heritage



* Estimate of current spending in agency budget. No line item for this spending.
 Statistics: Office of Senate Counsel, Research and Fiscal Analysis
 Graphics: Senate Majority Research

Cologne – “Benton Lake” Trail



Figure No. 1

This picture was taken east of 122nd Street looking east along the north shore of Benton Lake.

Cologne – “Benton Lake” Trail



Figure No. 2

This picture was taken on the east side of T.H. 284 near the intersection of Benton Street looking south.

Cologne – “Benton Lake” Trail



Figure No. 3

This picture was taken at the northeast corner of Benton Lake at the intersection of T.H. 284 and Benton Street looking south.

Cologne – “Benton Lake” Trail



Figure No. 4

This picture was taken just north of Lake Street at the southeast corner of Benton Lake looking north.

Cologne – “Benton Lake” Trail



Figure No. 5

This picture was taken along the east shore of Benton Lake looking north.

Cologne – “Benton Lake” Trail



Figure No. 6

This picture was taken on the east side of T.H. 284 (in front of St. Hubert's Catholic Church) looking northeast at the intersection of T.H. 284 and Benton Street.

Cologne – “Benton Lake” Trail



Figure No. 7

This picture was taken on the east side of T.H. 284 looking toward the northeast corner of Benton Lake.



LAND STEWARDSHIP PROJECT

| HOME | ABOUT US | JOIN US | CONTACT US | CALENDAR | GALLERY | SEARCH |



PROGRAMS

REGIONAL FOOD SYSTEM

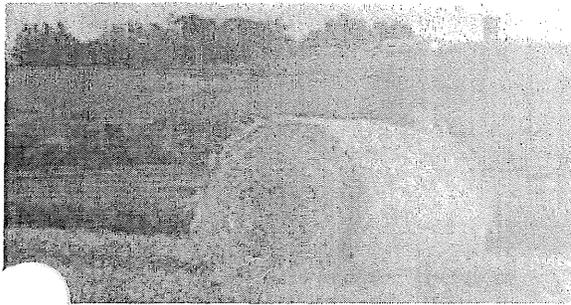
- Food Alliance Midwest
- Farm and City Food Connections
- Stewardship Food Network
- Food & Farm Connection
- Local Food Dinners
- Food & Farm Festival
- Pride of the Prairie

SUSTAINABLE FARMING PRACTICES

- On Farm Research
- Planning & Managing for Stewardship
- Whole Farm Planning
- Monitoring Toolbox
- Farm Beginnings
- Agroecology

NEW VISION FOR AGRICULTURE

- Pork Checkoff Campaign
- Federal & State Policy
- Conservation Security Program
- Fighting Factory Farms
- Multiple Benefits of Agriculture & Pasture Raised Livestock



The Land Stewardship Project is involved in a broad range of activities that serve our mission "to foster an ethic of stewardship for farmland, to promote sustainable agriculture and to develop sustainable communities."

Below are summaries of our many program areas with links to details and opportunities to get involved.

REGIONAL FOOD SYSTEM

Creating a Regional Food System that benefits farmers, consumers and the land

Food Alliance Midwest - Creating Food Choices

Food Alliance Midwest (FAM) is a third-party certification program that uses a certification seal in a public education and consumer awareness campaign to support local farms and foods. By looking for the FAM certification seal, consumers can choose and purchase foods from farms that are local, environmentally friendly, and socially responsible. Food Alliance Midwest is the only certification that combines these healthful elements into one certification seal.

[Learn more...](#)

Farm and City Food Connections

LSP educates consumers on how they can support sustainable farmers by purchasing food directly from the farm. LSP helps link farmers and consumers through several resources and events: our [Stewardship Food Network](#) listing of direct-marketing farmers, the [Food and Farm Connection](#), [Local Foods Dinners](#), and the [Community Food & Farm Festival](#) that bring people together for good food and discussion of food issues, and other events.

[Learn more...](#)

Pride of the Prairie

An important aspect of LSP's work is assisting sustainable producers in cultivating profitable alternative markets and building direct connections with consumers. LSP offers a variety of resources and workshops on marketing locally grown, sustainably raised farm products. Pride of the Prairie is working to increase the variety and amount of locally produced foods in restaurants, grocery stores and institutions in western Minnesota.

[Learn more...](#)

[top](#)

SUSTAINABLE FARMING PRACTICES

Encouraging Stewardship through education, research and demonstration

On Farm Research

www.landstewardshipproject.org/programs.html

①

2/25/2005

LSP regularly supports research of farming practices that improve the profitability, environmental sustainability and quality of life of family farmers. LSP also takes an active role building relationships between farmers, University researchers, agency representatives and environmentalists. Recent collaborative efforts have researched farm sustainability as reflected by water quality and financial data, and forage based livestock systems and their impact on water quality and farm profitability.

[Learn more...](#)

Planning and Managing for Stewardship

Incorporated into much of LSP's work is a holistic approach to managing land, people and money - and their interrelationships. LSP offers several training opportunities and resources that translate this holistic attitude into practical techniques for planning and managing farming operations including [Whole Farm Planning workshops](#) and a [Monitoring Tool Box](#) of techniques for monitoring the impact of management decisions on quality of life, financial sustainability, soils, streams, birds, frogs, and pasture vegetation. On-line sustainability calculator for farms.

[Learn more...](#)

Farm Beginnings - Preparing a New Generation of Farmers

The Farm Beginnings program trains new farmers in low-capital, environmentally-sound farming practices, financial management, whole farm planning and environmental monitoring. It also links participants with experienced sustainable farmers who serve as mentors. A zero interest livestock loan program is available to eligible Farm Beginnings graduates made possible by a generous grant from Heifer Project International.

[Learn more...](#)

Agroecology

The long-term goal of the Agroecology Program is to restore a relationship between farming and the natural world that enhances the sustainability of both and transforms rural landscapes into mixtures of agricultural and natural ecosystems. To introduce these ideas about agroecological restoration, LSP supported the writing of a book called *The Farm as Natural Habitat: Reconnecting Food Systems with Ecosystems*, published by Island Press in April 2002. LSP staff members participate in book readings, conferences and programs based on themes related to those in the book.

LSP is a founding member of the [Wild Farm Alliance](#) and participates in activities of this coalition to promote a farming culture that helps protect and restore wild nature.

[Learn more...](#)

Top

NEW VISION FOR AGRICULTURE

Creating a New Vision for Agriculture by organizing communities for positive change

Standing up to Corporate Power and Concentration

LSP works to change government and corporate policies that consolidate wealth and power into fewer hands while endangering the health and well-being of people, communities and the environment.

As part of the Campaign for Family Farms, LSP is working on a national drive to end the mandatory pork checkoff. The pork checkoff is a tax paid by all hog farmers on each hog sold. For years, the National Pork Producers Council (NPPC) received nearly \$50 million a year in checkoff funds, which it used to promote factory farms and corporate control of the hog industry. Now the funds are managed by the National Pork Board (which is appointed by the U.S. Secretary of Agriculture in close communication with the NPPC) with the same ultimate purpose and with much of the funding still ending up in the various subsidiaries and state affiliates of the NPPC.

[Learn more...](#)

LSP also works at the federal and state level for legislation that would ensure a fair market place for family farmers. We support a ban on packer ownership of livestock, a moratorium on agribusiness mergers, enforcement of the Packers and Stockyards Act, and strengthening of mandatory price reporting.

[Learn more...](#)

Federal & State Policy - Advancing Policy that Benefits the Land and People

LSP promotes policies and programs at the federal, state and local level that help family farms and rural communities thrive and move us toward a food and agriculture system based on good stewardship of the land.

2

LSP's Federal Farm Policy Committee has played a key role in developing and advancing a new policy approach in which farmers would receive federal farm program payments based on their effectiveness in producing public benefits such as soil and water quality, wildlife habitat, energy conservation, and biodiversity.

At the national level, LSP participates in the Midwest Sustainable Agriculture Working Group, the Sustainable Agriculture Coalition, the National Campaign for Sustainable Agriculture and the Campaign for Family Farms. In Minnesota, we are a strong advocate for sustainable agriculture programs at the University of Minnesota and through Department of Agriculture.
[Learn more...](#)

[Top](#)

The Conservation Security Program

The Conservation Security Program (CSP), which is part of the 2002 Farm Bill, is a unique and exciting initiative that promises to reward farmers based on how well they are protecting and improving the environment. Traditional agricultural policy rewards farmers for all-out production of a handful of commodity crops, resulting in major environmental and economic problems. The CSP, which LSP members helped lay the groundwork for, provides payments for producers who historically have practiced good stewardship on their agricultural lands, and incentives for those who want to do more.
[Learn more...](#)

Organizing Against Factory Farms

LSP works to stop factory farms that pollute the air and water, threaten the health of their neighbors and drive family farmers from the land. LSP members and staff work with neighbors at the township, county and state levels to oppose factory farms and promote alternatives that are environmentally sound.
[Learn more...](#)

Document Multiple Benefits of Agriculture

Following the successful completion of research that estimated and compared the benefits of different agricultural management decisions in two watersheds in Minnesota, LSP's Multiple Benefits of Agriculture project has turned to the inevitable matter of policy. Phase II focuses on the design of both policy options and their on-the-ground delivery systems that reward farmers for producing non-market public goods such as reduced soil erosion, improved wildlife habitat, and strengthened rural economies.
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Quick Links
 
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[Land Stewardship Project, 2001](#)

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The Land Stewardship Project

When a Factory Farm Comes to Town: Protecting Your Township From Unwanted Development

A Guide for Using the Interim Ordinance and Other Tools in
Minnesota's Municipal Planning Law

January 1997

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I. Introduction

A. Why this guide was created

Many townships in Minnesota are dealing with the effects of large-scale livestock and poultry production facilities (referred to in this guide as large-scale feedlots). The unprecedented size of many of these operations makes them more industrial than agricultural. Reports of their negative consequences by neighbors and residents living near these facilities are proof they need local regulation to minimize their negative effects.

But local residents and township officials can chart their own course as a community and control factory farms that want to operate in their township. Minnesota laws give townships the authority to control these facilities through comprehensive planning and zoning. This guide outlines how townships can use comprehensive planning and zoning, generally, and the interim ordinance, specifically, to control the development of large-scale livestock production operations and similar facilities.

This guide defines large-scale feedlots as those which house at least 500 animal units, which is the equivalent of about 50,000 chickens, 1250 swine, and 350 cows. An "animal unit" (AU) is a measure used to compare the amount of manure generated by different types of animals.

Numbers and styles of barns and manure storage systems vary among different facilities. Technology, such as computerized feeding and watering systems, makes it possible for farmers to handle more animals per operation than ever before. Manure is stored within the facility to be used by local farms or sold as fertilizer. The effects of concentrating a large number of animals and their wastes on a relatively small area of land is unprecedented in agriculture.

The scale of these systems is relatively new to Minnesota; regulatory agencies are using old regulations that were designed to monitor smaller types of feedlots which don't pose the same consequences as large-scale feedlots.

In the case of hogs, large confinement hog barns are often part of a contract management system. In these systems, local landowners are paid by an owner to raise pigs on contract, while that owner maintains overall management and control over the landowner's supplies, medication, feed, and sale of the hogs. Local landowners are seeking permits, and are building confinement barns and manure storage complexes more rapidly than regulatory systems are prepared to handle.

Meanwhile, neighbors and residents living near these facilities are suffering from very real problems which the outdated regulations don't recognize and thus don't regulate: Residents living next to these facilities believe the air pollution from the manure storage is causing chronic headaches, coughing, plugged ears, watering eyes, runny nose, fatigue, shortness of breath, nausea, dizziness, and tightness of chest. Strong odors have curtailed outdoor activities such as children's play, and have kept friends from visiting. Waste leaks and runoff from earthen basins used for manure storage are suspected of having contaminated some public waterways and private drinking wells. These facilities have eroded property values, according to assessors in Minnesota and an Iowa State University study. The volume of products (hogs, poultry, milk and beef) marketed through factory farms, and the preferred treatment these operations receive from packers and processors have reduced market access and prices for independent farmers, forcing many out of business. The rapid rate of change created by these large-scale facilities has eroded

When industrial ag comes to town Here's a step-by-step guide for organizing your community

By Doug Nopar & Paul Sobocinski

It can be quite disheartening to learn that you're about to be a neighbor of a livestock confinement facility housing thousands of hogs or cattle. But as Land Stewardship Project members have shown in recent years, a well-organized grassroots effort can often stop a factory farm in its tracks. When organized people run up against organized money, place your bets on the former force.

Here's a list of basic steps to take at the local level when a factory farm is proposed for your neighborhood:

-  Call your neighbors and feel out their concerns about this facility.
-  Organize a neighborhood meeting of people in the general proximity of the facility who share your concerns.
-  Consider having someone at your meeting who has fought one of these facilities somewhere else.
-  List your objections to the proposed facility — environmental, social, economic, health, land use, property values.
-  Find the information which has been supplied by the factory farm owner to government officials on feedlot permit applications. Go to the county zoning office and get a copy of the feedlot permit application. If your county doesn't have a feedlot ordinance, get a copy of the application from your state's pollution control agency. In Minnesota, contact the Pollution Control Agency at (612) 296-6300.
-  Find out how big the facility is, and what the manure storage and manure application plans are.
-  If your county has a zoning ordinance with feedlot provisions, get a copy.
-  Get a list from the county of the names and addresses and phone

numbers of the county board members and the county planning and zoning commission members. Planning and zoning commissions make recommendations to the county board. The county board can accept, reject or modify the planning commission's recommendations in their final decisions.

 Ask the zoning administrator to describe exactly how this application will proceed in the county.

 Circulate a petition listing the reasons you're opposed to the facility. By itself, the petition will probably not stop any facility, but it is a good tool for making people aware while gathering their names, addresses and phone numbers in one central location.

Important questions

Many people have asked staff members of the Land Stewardship Project what we mean by "factory farm." The following questions about any given facility should make the notion of a factory farm more clear:

- ? Does the facility pose a potential threat to public health or the environment?
- ? Does the facility have the capacity to impact neighboring property values negatively?
- ? Does the owner(s) of the facility have, due to its size, preferential access to markets or credit?
- ? Will the owner(s) of the facility, due to its size, be receiving price premiums?
- ? Is the owner(s) removed from the day-to-day management and labor needed to operate the facility?

In order to label a facility a "factory farm," we don't have to answer "yes" to all of these questions. However, the more "yes" answers we get, the more it smells like a factory.

 Contact your township supervisors and encourage them to pass a township resolution opposing the facility.

 Develop a plan for presenting your case to the appropriate governmental body (planning and zoning, county board, etc.). The drafting of this plan should involve a number of local citizens, preferably of diverse backgrounds. For example, it's good to have farmers and rural non-farmers working together on this issue.

 Get a real estate agent to estimate how this facility would affect local property values.

 Get signed letters from people living close to the proposed facility.

 Generate phone calls to members of the planning and zoning commission, as well as the county board of commissioners, expressing your opposition.

 Avoid personal verbal attacks directed toward public officials or the owner/operator of the proposed facility.

 Once you've met as a group, you may want to designate a couple of representatives to talk with the facility operator/owner to express the group's concerns.

 Choose a couple of people to be coordinators so that group members can stay in touch and act as a team.

 Work constantly to get the group's message out to the public. For example, encourage different people to write letters to newspaper commentary sections.

 Start working on developing a better zoning ordinance to regulate feedlots at the county level. Township level ordinances can also be explored. □

Doug Nopar and Paul Sobocinski are Land Stewardship Project organizers.



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State of Minnesota

S.F. No. 1902 - Utility Siting and Routing Authority Transfer

Author: Senator James P. Metzen

Prepared by: Matthew S. Grosser, Senate Research (651/296-1890)

Date: April 6, 2005

The bill transfers all authority and responsibility for power plant, transmission route, wind energy conversion system, and pipeline site selection from the Environmental Quality Board to the Public Utilities Commission. The bill directs the Pollution Control Agency to give technical expertise and other assistance to the PUC in carrying out the site selection authority. The PUC shall reimburse the Pollution Control Agency for costs associated with that assistance. The bill modifies the application fees assessed for the site selection process such that they cover the necessary and reasonable commission costs. The bill also transfers all Reliability Administrator responsibilities from the Department of Commerce to the PUC.

MSG:cs

1 Senator Anderson from the Committee on Jobs, Energy and
2 Community Development, to which was referred

3 S.F. No. 1902: A bill for an act relating to public
4 utilities; transferring power plant siting and routing, wind
5 energy conversion system, and pipeline authority from the
6 Environmental Quality Board to the Public Utilities Commission;
7 amending Minnesota Statutes 2004, sections 116C.52, subdivision
8 2; 116C.53, subdivision 2; 116C.57, subdivisions 1, 2c, by
9 adding a subdivision; 116C.575, subdivision 5; 116C.577;
10 116C.58; 116C.69, subdivisions 2, 2a; 216B.243, subdivisions 4,
11 5; 216C.052.

12 Reports the same back with the recommendation that the bill
13 be amended as follows:

14 Delete everything after the enacting clause and insert:

15 "Section 1. Minnesota Statutes 2004, section 116C.52,
16 subdivision 2, is amended to read:

17 Subd. 2. [~~BOARD COMMISSION.~~] ~~"Board"~~~~shall mean the~~
18 ~~Minnesota-Environmental-Quality-Board~~ "Commission" means the
19 Public Utilities Commission.

20 Sec. 2. Minnesota Statutes 2004, section 116C.52,
21 subdivision 4, is amended to read:

22 Subd. 4. [~~HIGH VOLTAGE TRANSMISSION LINE.~~] "High voltage
23 transmission line" means a conductor of electric energy and
24 associated facilities designed for and capable of operation at a
25 nominal voltage of 100 kilovolts or more and is greater than
26 1,500 feet in length.

27 Sec. 3. Minnesota Statutes 2004, section 116C.53,
28 subdivision 2, is amended to read:

29 Subd. 2. [~~JURISDICTION.~~] The ~~board~~ commission is hereby
30 given the authority to provide for site and route selection for
31 large electric power facilities. The ~~board~~ commission shall
32 issue permits for large electric power facilities in a timely
33 fashion. ~~When the Public Utilities Commission has determined~~
34 ~~the~~ and in a manner consistent with the overall determination of
35 need for the project under section 216B.243 or 216B.24257.
36 Questions of need, including size, type, and timing; alternative
37 system configurations; and voltage ~~are not within the board's~~
38 ~~siting and routing authority and~~ must not be included in the
39 scope of environmental review conducted under sections 116C.51
40 to 116C.69.

41 Sec. 4. Minnesota Statutes 2004, section 116C.57,

1 subdivision 1, is amended to read:

2 Subdivision 1. [SITE PERMIT.] No person may construct a
3 large electric generating plant without a site permit from the
4 ~~board~~ commission. A large electric generating plant may be
5 constructed only on a site approved by the ~~board~~ commission.
6 The ~~board~~ commission must incorporate into one proceeding the
7 route selection for a high voltage transmission line that is
8 directly associated with and necessary to interconnect the large
9 electric generating plant to the transmission system and whose
10 need is certified ~~as-part-of-the-generating-plant-project-by-the~~
11 ~~Public-Utilities-Commission~~ under section 216B.243.

12 Sec. 5. Minnesota Statutes 2004, section 116C.57,
13 subdivision 2c, is amended to read:

14 Subd. 2c. [ENVIRONMENTAL REVIEW.] The ~~board~~ commissioner
15 of the Department of Commerce shall prepare for the commission
16 an environmental impact statement on each proposed large
17 electric generating plant or high voltage transmission line for
18 which a complete application has been submitted. ~~For-any~~
19 ~~project-that-has-obtained-a-certificate-of-need-from-the-Public~~
20 ~~Utilities-Commission,-the-board~~ The commissioner shall not
21 consider whether or not the project is needed. No other state
22 environmental review documents shall be required. The ~~board~~
23 commissioner shall study and evaluate any site or route proposed
24 by an applicant and any other site or route the ~~board~~ commission
25 deems necessary that was proposed in a manner consistent with
26 rules ~~adopted-by-the-board~~ concerning the form, content, and
27 timeliness of proposals for alternate sites or routes.

28 Sec. 6. Minnesota Statutes 2004, section 116C.57, is
29 amended by adding a subdivision to read:

30 Subd. 9. [DEPARTMENT OF COMMERCE TO PROVIDE TECHNICAL
31 EXPERTISE AND OTHER ASSISTANCE.] The commissioner of the
32 Department of Commerce shall consult with other state agencies
33 and provide technical expertise and other assistance to the
34 commission for activities and proceedings under this section,
35 sections 116C.51 to 116C.697, and chapter 116I. The
36 commissioner shall periodically report to the commission

1 concerning the Department of Commerce's costs of providing
2 assistance. The report shall conform to the schedule and
3 include the required contents specified by the commission. The
4 commission shall include the costs of the assistance in
5 assessments for activities and proceedings under those sections
6 and reimburse the special revenue fund for those costs.

7 Sec. 7. Minnesota Statutes 2004, section 116C.575,
8 subdivision 5, is amended to read:

9 Subd. 5. [ENVIRONMENTAL REVIEW.] For the projects
10 identified in subdivision 2 and following these procedures, the
11 ~~board~~ commissioner of the Department of Commerce shall prepare
12 for the commission an environmental assessment. The
13 environmental assessment shall contain information on the human
14 and environmental impacts of the proposed project and other
15 sites or routes identified by the ~~board~~ commission and shall
16 address mitigating measures for all of the sites or routes
17 considered. The environmental assessment shall be the only
18 state environmental review document required to be prepared on
19 the project.

20 Sec. 8. Minnesota Statutes 2004, section 116C.577, is
21 amended to read:

22 116C.577 [EMERGENCY PERMIT.]

23 (a) Any utility whose electric power system requires the
24 immediate construction of a large electric power generating
25 plant or high voltage transmission line due to a major
26 unforeseen event may apply to the ~~board~~ commission for an
27 emergency permit ~~after-providing.~~ The application shall provide
28 ~~notice in writing to the Public Utilities Commission~~ of the
29 major unforeseen event and the need for immediate construction.
30 The permit must be issued in a timely manner, no later than 195
31 days after the ~~board's~~ commission's acceptance of the
32 application and upon a finding by the ~~board~~ commission that (1)
33 a demonstrable emergency exists, (2) the emergency requires
34 immediate construction, and (3) adherence to the procedures and
35 time schedules specified in section 116C.57 would jeopardize the
36 utility's electric power system or would jeopardize the

1 utility's ability to meet the electric needs of its customers in
2 an orderly and timely manner.

3 (b) A public hearing to determine if an emergency exists
4 must be held within 90 days of the application. The
5 ~~board~~ commission, after notice and hearing, shall adopt rules
6 specifying the criteria for emergency certification.

7 Sec. 9. Minnesota Statutes 2004, section 116C.58, is
8 amended to read:

9 116C.58 [ANNUAL HEARING.]

10 The ~~board~~ commission shall hold an annual public hearing at
11 a time and place prescribed by rule in order to afford
12 interested persons an opportunity to be heard regarding any
13 matters relating to the siting of large electric generating
14 power plants and routing of high voltage transmission lines. At
15 the meeting, the ~~board~~ commission shall advise the public of the
16 permits issued by the ~~board~~ commission in the past year.

17 The ~~board~~ commission shall provide at least ten days but no more
18 than 45 days' notice of the annual meeting by mailing notice to
19 those persons who have requested notice and by publication in
20 the EQB Monitor and the commission's weekly calendar.

21 Sec. 10. Minnesota Statutes 2004, section 116C.69,
22 subdivision 2, is amended to read:

23 Subd. 2. [SITE APPLICATION FEE.] Every applicant for a
24 site permit shall pay to the ~~board~~ commission a fee in-an-amount
25 ~~equal-to-\$500-for-each-\$1,000,000-of-production-plant-investment~~
26 ~~in-the-proposed-installation-as-defined-in-the-Federal-Power~~
27 ~~Commission-Uniform-System-of-Accounts.--The-board-shall-specify~~
28 ~~the-time-and-manner-of-payment-of-the-fee.--If-any-single~~
29 ~~payment-requested-by-the-board-is-in-excess-of-25-percent-of-the~~
30 ~~total-estimated-fee, the-board-shall-show-that-the-excess-is~~
31 ~~reasonably-necessary.--The-applicant-shall-pay-within-30-days-of~~
32 ~~notification-any-additional-fees-reasonably-necessary-for~~
33 ~~completion-of-the-site-evaluation-and-designation-process-by-the~~
34 ~~board.--In-no-event-shall-the-total-fees-required-of-the~~
35 ~~applicant-under-this-subdivision-exceed-an-amount-equal-to-0.001~~
36 ~~of-said-production-plant-investment-(\$1,000-for-each-\$1,000,000)~~

1 to cover the necessary and reasonable costs incurred by the
 2 commission in acting on the permit application and carrying out
 3 the requirements of sections 116C.51 to 116C.69. The commission
 4 may adopt rules providing for the payment of the fee. Section
 5 16A.1283 does not apply to establishment of this fee. All money
 6 received pursuant to this subdivision shall be deposited in a
 7 special account. Money in the account is appropriated to
 8 the ~~board~~ commission to pay expenses incurred in processing
 9 applications for site permits in accordance with sections
 10 116C.51 to 116C.69 and in the event the expenses are less than
 11 the fee paid, to refund the excess to the applicant.

12 Sec. 11. Minnesota Statutes 2004, section 116C.69,
 13 subdivision 2a, is amended to read:

14 Subd. 2a. [ROUTE APPLICATION FEE.] Every applicant for a
 15 transmission line route permit shall pay to the ~~board~~ commission
 16 ~~a base-fee-of-\$35,000-plus-a-fee-in-an-amount-equal-to-\$1,000~~
 17 ~~per-mile-length-of-the-longest-proposed-route.--The-board-shall~~
 18 ~~specify-the-time-and-manner-of-payment-of-the-fee.--If-any~~
 19 ~~single-payment-requested-by-the-board-is-in-excess-of-25-percent~~
 20 ~~of-the-total-estimated-fee,--the-board-shall-show-that-the-excess~~
 21 ~~is-reasonably-necessary.--In-the-event-the-actual-cost-of~~
 22 ~~processing-an-application-up-to-the-board's-final-decision-to~~
 23 ~~designate-a-route-exceeds-the-above-fee-schedule,--the-board-may~~
 24 ~~assess-the-applicant-any-additional-fees-necessary-to-cover-the~~
 25 ~~actual-costs,--not-to-exceed-an-amount-equal-to-\$500-per-mile~~
 26 ~~length-of-the-longest-proposed-route~~ fee to cover the necessary
 27 and reasonable costs incurred by the commission in acting on the
 28 permit application and carrying out the requirements of sections
 29 116C.51 to 116C.69. The commission may adopt rules providing
 30 for the payment of the fee. Section 16A.1283 does not apply to
 31 the establishment of this fee. All money received pursuant to
 32 this subdivision shall be deposited in a special account. Money
 33 in the account is appropriated to the ~~board~~ commission to pay
 34 expenses incurred in processing applications for route permits
 35 in accordance with sections 116C.51 to 116C.69 and in the event
 36 the expenses are less than the fee paid, to refund the excess to

1 the applicant.

2 Sec. 12. Minnesota Statutes 2004, section 216B.243,
3 subdivision 4, is amended to read:

4 Subd. 4. [APPLICATION FOR CERTIFICATE; HEARING.] Any
5 person proposing to construct a large energy facility shall
6 apply for a certificate of need ~~prior-to-applying~~ and for a site
7 or route permit under sections 116C.51 to 116C.69 ~~or prior to~~
8 construction of the facility. The application shall be on forms
9 and in a manner established by the commission. In reviewing
10 each application the commission shall hold at least one public
11 hearing pursuant to chapter 14. The public hearing shall be
12 held at a location and hour reasonably calculated to be
13 convenient for the public. An objective of the public hearing
14 shall be to obtain public opinion on the necessity of granting a
15 certificate of need and, if a joint hearing is held, a site or
16 route permit. The commission shall designate a commission
17 employee whose duty shall be to facilitate citizen participation
18 in the hearing process. ~~If~~ Unless the commission ~~and-the~~
19 ~~Environmental-Quality-Board-determine~~ determines that a joint
20 hearing on siting and need under this subdivision and section
21 116C.57, subdivision 2d, is not feasible, or more efficient, and
22 ~~may-further~~ or otherwise not in the public interest, a joint
23 hearing under those subdivisions ~~may~~ shall be held.

24 Sec. 13. Minnesota Statutes 2004, section 216B.243,
25 subdivision 5, is amended to read:

26 Subd. 5. [APPROVAL, DENIAL, OR MODIFICATION.] Within
27 ~~six~~ 12 months of the submission of an application, the
28 commission shall approve or deny a certificate of need for the
29 facility. Approval or denial of the certificate shall be
30 accompanied by a statement of the reasons for the decision.
31 Issuance of the certificate may be made contingent upon
32 modifications required by the commission. If the commission has
33 not issued an order on the application within the 12 months
34 provided, the commission may extend the time period upon
35 receiving the consent of the parties or on its own motion, for
36 good cause, by issuing an order explaining the good cause

1 justification for extension.

2 Sec. 14. Minnesota Statutes 2004, section 216C.052, is
3 amended to read:

4 216C.052 [RELIABILITY ADMINISTRATOR.]

5 Subdivision 1. [RESPONSIBILITIES.] (a) There is
6 established the position of reliability administrator in the
7 ~~Department-of-Commerce~~ Public Utilities Commission. The
8 administrator shall act as a source of independent expertise and
9 a technical advisor to ~~the-commissioner~~, the commission, and the
10 ~~public-and-the-Legislative-Electric-Energy-Task-Force~~ on issues
11 related to the reliability of the electric system. In
12 conducting its work, the administrator shall provide assistance
13 to the commission in administering and implementing the
14 commission's duties under sections 116C.51 to 116C.69; 116C.691
15 to 116C.697; 216B.2422; 216B.2425; 216B.243; chapter 116I; and
16 rules associated with those sections. Subject to resource
17 constraints, the reliability administrator may also:

18 (1) model and monitor the use and operation of the energy
19 infrastructure in the state, including generation facilities,
20 transmission lines, natural gas pipelines, and other energy
21 infrastructure;

22 (2) develop and present to the commission and parties
23 technical analyses of proposed infrastructure projects, and
24 provide technical advice to the commission;

25 (3) present independent, factual, expert, and technical
26 information on infrastructure proposals and reliability issues
27 at public meetings hosted by the task force, the Environmental
28 Quality Board, the department, or the commission.

29 (b) Upon request and subject to resource constraints, the
30 administrator shall provide technical assistance regarding
31 matters unrelated to applications for infrastructure
32 improvements to the task force, the department, or the
33 commission.

34 (c) The administrator may not advocate for any particular
35 outcome in a commission proceeding, but may give technical
36 advice to the commission as to the impact on the reliability of

1 the energy system of a particular project or projects. The
2 ~~administrator-must-not-be-considered-a-party-or-a-participant-in~~
3 ~~any-proceeding-before-the-commission-~~

4 Subd. 2. [ADMINISTRATIVE ISSUES.] (a) The ~~commissiener~~
5 commission may select the administrator who shall serve for a
6 four-year term. The administrator may not have been a party or
7 a participant in a commission energy proceeding for at least one
8 year prior to selection by the ~~commissiener~~ commission.
9 The ~~commissiener~~ commission shall oversee and direct the work of
10 the administrator, annually review the expenses of the
11 administrator, and annually approve the budget of the
12 administrator. Pursuant to commission approval, the
13 administrator may hire staff and may contract for technical
14 expertise in performing duties when existing state resources are
15 required for other state responsibilities or when special
16 expertise is required. The salary of the administrator is
17 governed by section 15A.0815, subdivision 2.

18 (b) Costs relating to a specific proceeding, analysis, or
19 project are not general administrative costs. For purposes of
20 this section, "energy utility" means public utilities,
21 generation and transmission cooperative electric associations,
22 and municipal power agencies providing natural gas or electric
23 service in the state.

24 (c) The ~~Department-of-Commerce~~ commission shall pay:

25 (1) the general administrative costs of the administrator,
26 not to exceed \$1,000,000 in a fiscal year, and shall assess
27 energy utilities for those administrative costs. These costs
28 must be consistent with the budget approved by the ~~commissiener~~
29 commission under paragraph (a). The ~~department~~ commission shall
30 apportion the costs among all energy utilities in proportion to
31 their respective gross operating revenues from sales of gas or
32 electric service within the state during the last calendar year,
33 and shall then render a bill to each utility on a regular basis;
34 and

35 (2) costs relating to a specific proceeding analysis or
36 project and shall render a bill to the specific energy utility

1 or utilities participating in the proceeding, analysis, or
2 project directly, either at the conclusion of a particular
3 proceeding, analysis, or project, or from time to time during
4 the course of the proceeding, analysis, or project.

5 (d) For purposes of administrative efficiency, the
6 ~~department~~ commission shall assess energy utilities and issue
7 bills in accordance with the billing and assessment procedures
8 provided in section 216B.62, to the extent that these procedures
9 do not conflict with this subdivision. The amount of the bills
10 rendered by the ~~department~~ commission under paragraph (c) must
11 be paid by the energy utility into an account in the special
12 revenue fund in the state treasury within 30 days from the date
13 of billing and is appropriated to the ~~commissioner~~ commission
14 for the purposes provided in this section. The commission shall
15 approve or approve as modified a rate schedule providing for the
16 automatic adjustment of charges to recover amounts paid by
17 utilities under this section. All amounts assessed under this
18 section are in addition to amounts appropriated to the
19 ~~commission and the department~~ by other law.

20 Subd. 3. [ASSESSMENT AND APPROPRIATION.] In addition to
21 the amount noted in subdivision 2, the ~~commissioner~~ commission
22 may assess utilities, using the mechanism specified in that
23 subdivision, up to an additional \$500,000 annually through June
24 30, 2006. The amounts assessed under this subdivision are
25 appropriated to the ~~commissioner~~ commission, and some or all of
26 the amounts assessed may be transferred to the commissioner of
27 administration, for the purposes specified in section 16B.325
28 and Laws 2001, chapter 212, article 1, section 3, as needed to
29 implement those sections.

30 Subd. 4. [EXPIRATION.] This section expires June 30,
31 ~~2006~~ 2007.

32 Sec. 15. [TRANSFERRING POWER PLANT SITING
33 RESPONSIBILITIES.]

34 All responsibilities, as defined in Minnesota Statutes,
35 section 15.039, subdivision 1, held by the Environmental Quality
36 Board relating to power plant siting and routing under Minnesota

1 Statutes, sections 116C.51 to 116C.69; wind energy conversion
2 systems under Minnesota Statutes, sections 116C.691 to 116C.697;
3 pipelines under Minnesota Statutes, chapter 116I; and rules
4 associated with those sections are transferred to the Public
5 Utilities Commission under Minnesota Statutes, section 15.039,
6 except that the responsibilities of the Environmental Quality
7 Board under Minnesota Statutes, section 116C.83, subdivision 6,
8 and Minnesota Rules, parts 4400.1700, 4400.2750, and 4410.7010
9 to 4410.7070, are transferred to the commissioner of the
10 Department of Commerce. The power plan siting staff of the
11 Environmental Quality Board are transferred to the Department of
12 Commerce. The department's budget shall be adjusted to reflect
13 the transfer.

14 Sec. 16. [TRANSFERRING RELIABILITY ADMINISTRATOR
15 RESPONSIBILITIES.]

16 All responsibilities, as defined in Minnesota Statutes
17 2004, section 15.039, subdivision 1, held by the Minnesota
18 Department of Commerce relating to the reliability administrator
19 under Minnesota Statutes, section 216C.052, are transferred to
20 the Minnesota Public Utilities Commission under Minnesota
21 Statutes, section 15.039.

22 Sec. 17. [REVISOR'S INSTRUCTION.]

23 (a) The revisor of statutes shall change the words
24 "Environmental Quality Board," "board," "chair of the board,"
25 "chair," "board's," and similar terms, when they refer to the
26 Environmental Quality Board or chair of the Environmental
27 Quality Board, to the term "Public Utilities Commission,"
28 "commission," or "commission's," as appropriate, where they
29 appear in Minnesota Statutes, sections 13.741, subdivision 3,
30 116C.51 to 116C.697, and chapter 116I. The revisor shall also
31 make those changes in Minnesota Rules, chapters 4400, 4401, and
32 4415, except as specified in paragraph (b).

33 (b) The revisor of statutes shall change the words
34 "Environmental Quality Board," "board," "chair of the board,"
35 "chair," "board's," and similar terms, when they refer to the
36 Environmental Quality Board or chair of the Environmental

1 Quality Board, to the term "commissioner of the Department of
 2 Commerce," "commissioner," or "commissioner's," as appropriate,
 3 where they appear in Minnesota Statutes, section 116C.83,
 4 subdivision 6; and Minnesota Rules, parts 4400.1700, subparts 1
 5 to 9, 11, and 12; 4400.2750; and 4410.7010 to 4410.7070.

6 Sec. 18. [EFFECTIVE DATE.]

7 Sections 1 to 16 are effective July 1, 2005."

8 Delete the title and insert:

9 "A bill for an act relating to public utilities;
 10 transferring power plant siting and routing, wind energy
 11 conversion system, and pipeline authority from the Environmental
 12 Quality Board to the Public Utilities Commission; transferring
 13 certain environmental review duties to the Department of
 14 Commerce; transferring the reliability administrator to the
 15 Public Utilities Commission; amending Minnesota Statutes 2004,
 16 sections 116C.52, subdivisions 2, 4; 116C.53, subdivision 2;
 17 116C.57, subdivisions 1, 2c, by adding a subdivision; 116C.575,
 18 subdivision 5; 116C.577; 116C.58; 116C.69, subdivisions 2, 2a;
 19 216B.243, subdivisions 4, 5; 216C.052."

20 And when so amended the bill do pass and be re-referred to
 21 the Committee on Environment and Natural Resources. Amendments
 22 adopted. Report adopted.

23

24
 25 (Committee Chair)
 26
 27 April 8, 2005.....
 28 (Date of Committee recommendation)

1 Quality Board, to the term "commissioner of the Department of
 2 Commerce," "commissioner," or "commissioner's," as appropriate,
 3 where they appear in Minnesota Statutes, section 116C.83,
 4 subdivision 6; and Minnesota Rules, parts 4400.1700, subparts 1
 5 to 9, 11, and 12; 4400.2750; and 4410.7010 to 4410.7070.

6 Sec. 18. [EFFECTIVE DATE.]

7 Sections 1 to 16 are effective July 1, 2005."

8 Delete the title and insert:

9 "A bill for an act relating to public utilities;
 10 transferring power plant siting and routing, wind energy
 11 conversion system, and pipeline authority from the Environmental
 12 Quality Board to the Public Utilities Commission; transferring
 13 certain environmental review duties to the Department of
 14 Commerce; transferring the reliability administrator to the
 15 Public Utilities Commission; amending Minnesota Statutes 2004,
 16 sections 116C.52, subdivisions 2, 4; 116C.53, subdivision 2;
 17 116C.57, subdivisions 1, 2c, by adding a subdivision; 116C.575,
 18 subdivision 5; 116C.577; 116C.58; 116C.69, subdivisions 2, 2a;
 19 216B.243, subdivisions 4, 5; 216C.052."

20 And when so amended the bill do pass and be re-referred to
 21 the Committee on Environment and Natural Resources. Amendments
 22 adopted. Report adopted.

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.....
 (Committee Chair)
 April 8, 2005.....
 (Date of Committee recommendation)

Uniting Need & Siting Decisions

PUC initiative, as amended by the House Regulated Industries Committee

Problems with current process:

1. No state decision-maker sees the full picture of full environmental impacts and the complete range of alternatives to a proposed project
 - the PUC undertakes a full review of alternatives to the project, and a limited environmental review
 - the EQB undertakes a full review of environmental impacts of the project, and a limited review of alternatives
 - Commission is most familiar with statewide energy needs, but is shielded from dealing with landowner impacts
2. "You're in the wrong line." Under the current process –
 - A citizen that comes to the EQB to discuss alternatives to a project is told that she has to talk to the PUC; and
 - A citizen that comes to the PUC to talk about specific environmental impacts of a project is told to talk to the EQB
3. "Calm before the storm." Growing need for more energy infrastructure.
 - Between 1970 and 2000, there were only 11 transmission lines 8 large wind facilities and 7 large power plants permitted.
 - Since 2001, there have been 4 large power plants, 6 transmission lines and 5 large wind projects permitted, and with *many more projects being proposed.*

Summary of proposal:

1. Transfer of responsibility. Transfer power plant & power line siting responsibilities to PUC, with no change in environmental review standards or process for citizen input.
2. Joint hearings on need and siting. Require that joint public hearings for need and siting be the general rule.
3. EQB staff to join Commerce. Transfer current EQB siting staff to Commerce, to provide technical expertise and assistance to PUC.
4. Reliability Administrator transferred to PUC. Transfer the state's Reliability Administrator and staff from Commerce to the PUC to assist the PUC with its new duties.

Benefits of proposal:

1. Decision-maker sees the complete picture
2. Better opportunity for citizen input.
3. Greater accountability
4. More transparency
5. Potential for significant efficiencies.
6. Easier public access

COMPARISON OF DECISION MAKERS

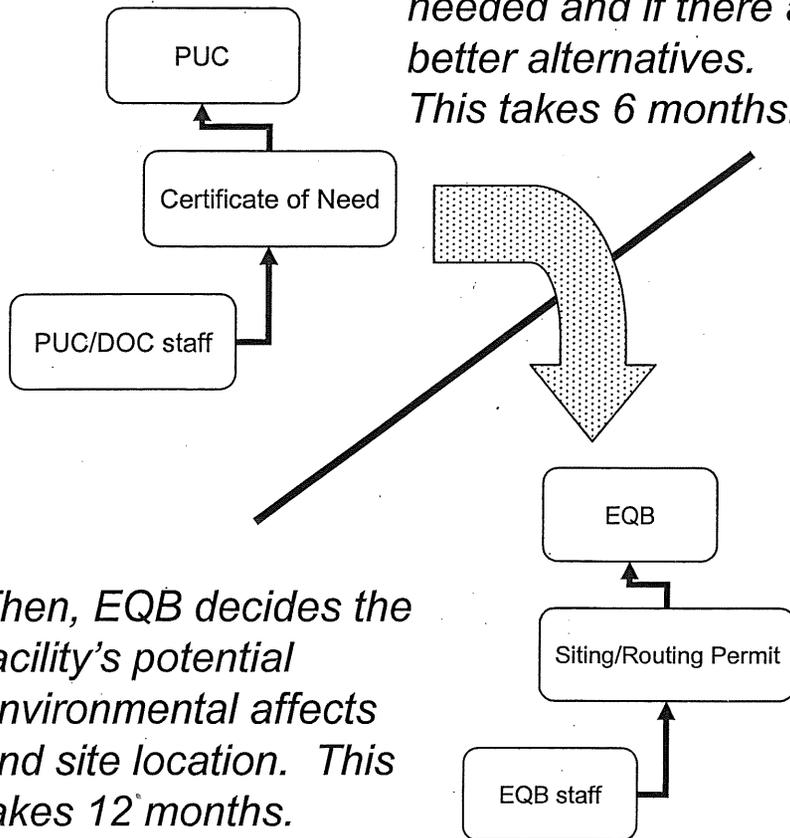
PUC	EQB
5 Commissioners	15 Members (10 agency heads, 5 citizens)
Full-time, dedicated to Commission	Part-time duties to Board
Meets each week	Meets once a month
Must comply with open meeting law	Must comply with open meeting law
Not more than 3 commissioners from same political party	No limit on political party affiliation
Six-year, over-lapping terms	Only citizen-members have Board membership terms; agency members change with Administration
Can be removed only "for cause"	Agency members serve "at will"

Uniting Need & Siting Decisions

PUC proposal, as amended by House Reg. Industries Committee

Before change

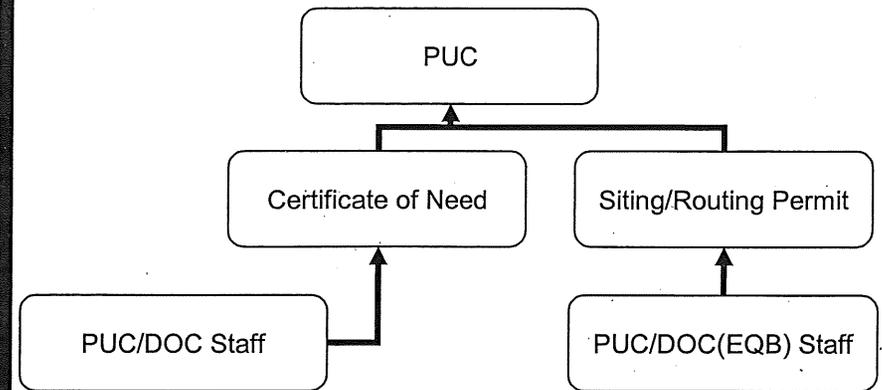
First, PUC decides whether the facility is needed and if there are better alternatives. This takes 6 months.



Then, EQB decides the facility's potential environmental affects and site location. This takes 12 months.

Separate Decisions

After Change



Same decisions; same due process and environmental protections. Only changes:

- PUC makes both decisions
- EQB staff joins DOC
- DOC advises PUC on both Need and Siting decisions

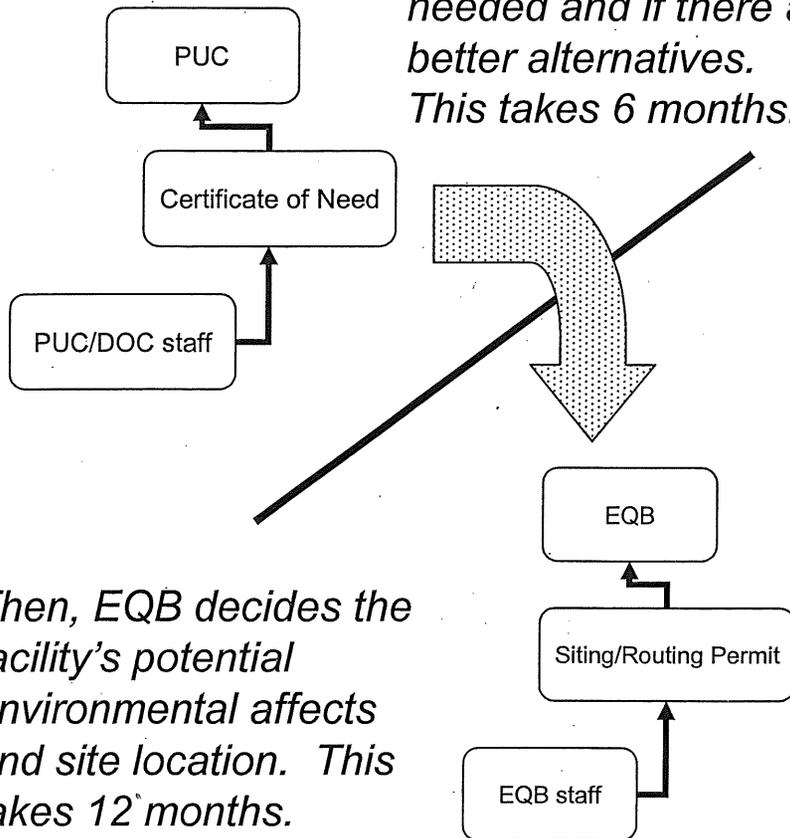
United Decision-Making

Uniting Need & Siting Decisions

PUC proposal, as amended by House Reg. Industries Committee

Before change

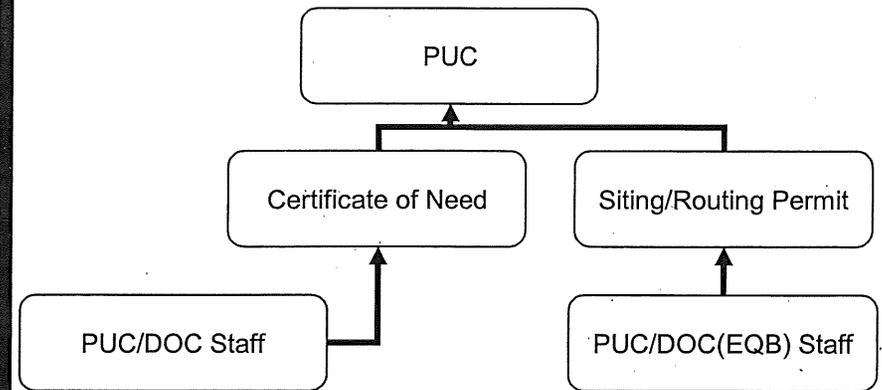
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- PUC makes both decisions
- EQB staff joins DOC
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United Decision-Making

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State of Minnesota

**S.F. No. 1721 - Sales Tax Receipts Dedication for
Natural Resource Purposes**

Author: Senator Tom Saxhaug *TS*
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Date: April 11, 2005

ARTICLE 1 – CONSTITUTIONAL AMENDMENT

Section 1 [Constitutional Amendment] provides the language for a constitutional amendment dedicating the sales and use tax receipts equal to the sales and use tax of 1/4 of one percent on taxable sales for 25 years beginning on July 1, 2007. The money will be appropriated by law and is apportioned as follows:

- (1) 50 percent in the Heritage Enhancement Fund for improvement, enhancement, and protection of the state's fish, wildlife, habitat, and fish and wildlife tourism; and
- (2) 50 percent in the Clean Water Fund for protection and restoration of lakes, rivers, streams, wetlands, and groundwater;

The constitutional language also creates the two funds receiving allocations; provides that the money dedicated under this section for fish and wildlife, and clean water cannot supplant traditional funding for these purposes; and specifies that any land acquired in fee title from money in the Heritage Enhancement Fund must be open to the public taking of fish and game during the open season unless otherwise provided by law.

Section 2 [Submission to the Voters] provides the language of the question to be placed on the ballot at the 2006 general election to adopt the constitutional amendment in section 1.

Section 3 [Effective Date] makes sections 1 and 2 apply to sales and uses occurring after June 30, 2007.

ARTICLE 2 – CONFORMING CHANGES

Section 1 [Public Official Definition] adds members of the Heritage Enhancement Council to the definition of a “public official.” This makes the members of the council subject to the economic interest reporting and the gift ban prohibitions.

Section 2 [Heritage Enhancement Fund; Heritage Enhancement Council]

Subdivision 1 [Heritage Enhancement Fund] provides that the Heritage Enhancement Fund is established in the Minnesota Constitution and the fund must be credited with money earned by the fund. This subdivision also provides that at least 97 percent of the money appropriated from the Fund must be spent on specific fish, wildlife, habitat, and fish and wildlife tourism projects.

Subdivision 2 [Heritage Enhancement Council] establishes an 11 member Heritage Enhancement Council on November 15, 2006, that consists of:

- (1) Two members of the Senate;
- (2) Two members of the House of Representatives;
- (3) Two public members representing hunting, fishing, and wildlife interests appointed by the Senate Subcommittee on Committees;
- (4) Two public members representing hunting, fishing, and wildlife interests appointed by the Speaker of the House; and
- (5) Three public members representing hunting, fishing, and wildlife interests appointed by the Governor.

This subdivision also specifies that the legislative members are nonvoting; one Senate member and one House of Representatives member must be from the minority caucus; that members will receive per diem plus travel expenses beginning July 1, 2007, for services to the Council; and that the terms are for two years.

Subdivision 3 [Duties of the Council] provides the duties of the Council. The Council, after consultation with statewide and local fishing, forestry, hunting, and wildlife groups, must submit a biennial budget plan for expenditures from the Heritage Enhancement Fund. The Governor must submit separate budget detail for planned expenditures from the Fund as recommended by the Council. An agency or entity

receiving an appropriation from the Heritage Enhancement Fund must submit a work program and quarterly progress reports to the Council.

Subdivision 4 [Council Administration] allows the Council to employ personnel and contract with consultants as necessary to carry out its functions and duties; provides for the payment of administrative expenses from the Heritage Enhancement Fund beginning July 1, 2007; and prohibits participation of a Council member or staff where they have a potential conflict of interest.

Subdivision 5 [Council Meetings] provides that the Heritage Enhancement Council meetings must be conducted as provided in the Open Meeting Law.

Section 3 [Clean Water Fund]

Subdivision 1 [Fund] provides that the Clean Water Fund is established in the Minnesota Constitution and the fund must be credited with money earned by the fund

Subdivision 2 [Expenditures] provides that the money in the fund may be spent only on:

- monitoring, investigations, and analysis of water quality;
- state and local activities to protect, preserve, and improve water resources; and
- assistance to individuals and organizations for water quality improvement projects.

Subdivision 3 [Clean Waters Council; Membership; Appointment] establishes a Clean Waters Council of 18 members. Four of the members shall represent state agencies and are appointed by the heads of the agencies. The agencies are: the Department of Natural Resources; Department of Agriculture; Pollution Control Agency; and Board of Water and Soil Resources. The Commissioner of the Pollution Control Agency, after consultation with the other state agencies represented on the Council, shall appoint 14 public members to the Council. The members appointed shall represent:

- statewide farm organizations, two members;
- business organizations, two members;
- environmental organizations, two members;
- soil and water conservation districts, one member;
- watershed districts, one member;

- organizations focused on improving lakes and streams, one member;
- an organization of county governments, one member;
- organizations of city governments, two members;
- the Metropolitan Council, one member; and
- an organization of township governments, one member.

Subdivision 4 [Terms and Compensation] provides that the terms, compensation, removal, and filling of vacancies for Clean Waters Council members is as provided under general law for advisory councils.

Subdivision 5 [Appropriation Recommendations] directs the Clean Waters Council to recommend to the Governor appropriations from the Clean Water Fund.

Subdivision 6 [Biennial Report] requires a biennial report, by December 1, of each even-numbered year, to the Legislature from the Clean Waters Council on past expenditures and recommendations for future expenditures.

Subdivision 7 [Council Meetings] provides that meetings of the Clean Waters Council must be conducted as provided in the Open Meeting Law.

Section 4 [Effective Date] makes this article effective on November 15, 2006, if the amendment to the Constitution in Article 1 is adopted by the voters.

GK:dv

Senators Saxhaug, Sams, Pariseau, Bakk and Rosen introduced--

S.F. No. 1721: Referred to the Committee on Environment and Natural Resources.

1 A bill for an act

2 relating to natural resources; proposing an amendment
3 to the Minnesota Constitution by adding a section to
4 article XI; dedicating the sales and use tax receipts
5 equal to a sales and use tax of one-fourth of one
6 percent on taxable sales and uses for natural resource
7 purposes; creating a heritage enhancement fund;
8 creating a clean water fund; establishing a Heritage
9 Enhancement Council; establishing a Clean Waters
10 Council; providing appointments; amending Minnesota
11 Statutes 2004, section 10A.01, subdivision 35;
12 proposing coding for new law in Minnesota Statutes,
13 chapters 97A; 103F.

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

15 ARTICLE 1

16 CONSTITUTIONAL AMENDMENT

17 Section 1. [CONSTITUTIONAL AMENDMENT.]

18 An amendment to the Minnesota Constitution is proposed to
19 the people. If the amendment is adopted, a section will be
20 added to article XI, to read:

21 Sec. 15. Beginning July 1, 2007, until June 30, 2032, the
22 state sales and use tax receipts equal to the state sales and
23 use tax of one-fourth of one percent on sales and uses taxable
24 under the general state sales and use tax law, plus penalties
25 and interest and reduced by any refunds, are dedicated as
26 follows: 50 percent of the receipts shall be deposited in the
27 heritage enhancement fund and may be spent only to improve,
28 enhance, or protect the state's fish, wildlife, habitat, and
29 fish and wildlife tourism; and 50 percent of the receipts shall

1 be deposited in the clean water fund and may be spent only on
 2 protection and restoration of the state's lakes, rivers,
 3 streams, wetlands, and groundwater. A heritage enhancement fund
 4 and clean water fund are created in the state treasury. The
 5 money dedicated under this section shall be appropriated by
 6 law. The money dedicated under this section shall not be used
 7 as a substitute for traditional funding sources for the purposes
 8 specified, but the dedicated money shall supplement traditional
 9 sources of funding for those purposes. Land acquired in fee
 10 with money deposited in the heritage enhancement fund under this
 11 section must be open to public taking of fish and game during
 12 the open season unless otherwise provided by law.

13 Sec. 2. [SUBMISSION TO VOTERS.]

14 The proposed amendment shall be submitted to the people at
 15 the 2006 general election. The question submitted shall be:

16 "Shall the Minnesota Constitution be amended to provide
 17 funding beginning July 1, 2007, to improve, enhance, or protect
 18 the state's fish, wildlife, habitat, and fish and wildlife
 19 tourism and to protect and restore the state's lakes, rivers,
 20 streams, wetlands, and groundwater by dedicating the sales and
 21 use tax receipts equal to the state sales and use tax of
 22 one-fourth of one percent on taxable sales until the year 2032?

23 Yes

24 No"

25 Sec. 3. [EFFECTIVE DATE.]

26 Sections 1 and 2 apply to sales and uses occurring after
 27 June 30, 2007.

28 ARTICLE 2

29 CONFORMING CHANGES

30 Section 1. Minnesota Statutes 2004, section 10A.01,
 31 subdivision 35, is amended to read:

32 Subd. 35. [PUBLIC OFFICIAL.] "Public official" means any:

33 (1) member of the legislature;

34 (2) individual employed by the legislature as secretary of
 35 the senate, legislative auditor, chief clerk of the house,
 36 revisor of statutes, or researcher, legislative analyst, or

1 attorney in the Office of Senate Counsel and Research or House
2 Research;

3 (3) constitutional officer in the executive branch and the
4 officer's chief administrative deputy;

5 (4) solicitor general or deputy, assistant, or special
6 assistant attorney general;

7 (5) commissioner, deputy commissioner, or assistant
8 commissioner of any state department or agency as listed in
9 section 15.01 or 15.06;

10 (6) member, chief administrative officer, or deputy chief
11 administrative officer of a state board or commission that has
12 either the power to adopt, amend, or repeal rules under chapter
13 14, or the power to adjudicate contested cases or appeals under
14 chapter 14;

15 (7) individual employed in the executive branch who is
16 authorized to adopt, amend, or repeal rules under chapter 14 or
17 adjudicate contested cases under chapter 14;

18 (8) executive director of the State Board of Investment;

19 (9) deputy of any official listed in clauses (7) and (8);

20 (10) judge of the Workers' Compensation Court of Appeals;

21 (11) administrative law judge or compensation judge in the
22 State Office of Administrative Hearings or referee in the
23 Department of Employment and Economic Development;

24 (12) member, regional administrator, division director,
25 general counsel, or operations manager of the metropolitan
26 council;

27 (13) member or chief administrator of a metropolitan
28 agency;

29 (14) director of the Division of Alcohol and Gambling
30 Enforcement in the Department of Public Safety;

31 (15) member or executive director of the Higher Education
32 Facilities Authority;

33 (16) member of the board of directors or president of
34 Minnesota Technology, Inc.; or

35 (17) member of the board of directors or executive director
36 of the Minnesota State High School League; or

1 (18) member of the Heritage Enhancement Council.

2 Sec. 2. [97A.056] [HERITAGE ENHANCEMENT FUND; HERITAGE
3 ENHANCEMENT COUNCIL.]

4 Subdivision 1. [HERITAGE ENHANCEMENT FUND.] The heritage
5 enhancement fund is established in the Minnesota Constitution,
6 article XI, section 15. All money earned by the heritage
7 enhancement fund must be credited to the fund. At least 97
8 percent of the money appropriated from the fund must be spent on
9 specific fish, wildlife, habitat, and fish and wildlife tourism
10 projects.

11 Subd. 2. [HERITAGE ENHANCEMENT COUNCIL.] (a) A Heritage
12 Enhancement Council of 11 members is created, consisting of:

13 (1) two members of the senate appointed by the senate
14 Subcommittee on Committees of the Committee on Rules and
15 Administration;

16 (2) two members of the house of representatives appointed
17 by the speaker of the house;

18 (3) two public members representing hunting, fishing, and
19 wildlife interests appointed by the senate Subcommittee on
20 Committees of the Committee on Rules and Administration;

21 (4) two public members representing hunting, fishing, and
22 wildlife interests appointed by the speaker of the house; and

23 (5) three public members representing hunting, fishing, and
24 wildlife interests appointed by the governor.

25 (b) Legislative members appointed under paragraph (a),
26 clauses (1) and (2), serve as nonvoting members. One member
27 from the senate and one member from the house of representatives
28 must be from the minority caucus. Legislative members are
29 entitled to reimbursement for per diem expenses plus travel
30 expenses incurred in the services of the council. The removal
31 and, beginning July 1, 2007, the compensation of public members
32 are as provided in section 15.0575.

33 (c) Members shall elect a chair, vice-chair, secretary, and
34 other officers as determined by the council. The chair may
35 convene meetings as necessary to conduct the duties prescribed
36 by this section.

1 (d) Membership terms are two years, except that members
2 shall serve on the council until their successors are appointed.

3 (e) Vacancies occurring on the council do not affect the
4 authority of the remaining members of the council to carry out
5 their duties. Vacancies shall be filled in the same manner as
6 under paragraph (a).

7 Subd. 3. [DUTIES OF THE COUNCIL.] (a) The council, in
8 consultation with statewide and local fishing, forestry,
9 hunting, and wildlife groups, shall develop a biennial budget
10 plan for expenditures from the heritage enhancement fund. The
11 biennial budget plan may include grants to statewide and local
12 fishing, forestry, hunting, and wildlife groups to improve,
13 enhance, or protect fish and wildlife resources.

14 (b) In the biennial budget submitted to the legislature,
15 the governor shall submit separate budget detail for planned
16 expenditures from the heritage enhancement fund as recommended
17 by the council.

18 (c) As a condition of acceptance of an appropriation from
19 the heritage enhancement fund, an agency or entity receiving an
20 appropriation shall submit a work program and quarterly progress
21 reports for appropriations from the heritage enhancement fund to
22 the Heritage Enhancement Council in the form determined by the
23 council.

24 Subd. 4. [COUNCIL ADMINISTRATION.] (a) The council may
25 employ personnel and contract with consultants as necessary to
26 carry out functions and duties of the council. Permanent
27 employees shall be in the unclassified service. The council may
28 request staff assistance, legal opinion, and data from agencies
29 of state government as needed for the execution of the
30 responsibilities of the council.

31 (b) Beginning July 1, 2007, the administrative expenses of
32 the council shall be paid from the heritage enhancement fund.

33 (c) A council member or an employee of the council may not
34 participate in or vote on a decision of the council relating to
35 an organization in which the member or employee has either a
36 direct or indirect personal financial interest. While serving

1 on or employed by the council, a person shall avoid any
2 potential conflict of interest.

3 Subd. 5. [COUNCIL MEETINGS.] Meetings of the council and
4 other groups the council may establish must be conducted in
5 accordance with chapter 13D. Except where prohibited by law,
6 the council shall establish additional processes to broaden
7 public involvement in all aspects of its deliberations.

8 Sec. 3. [103F.765] [CLEAN WATER FUND; EXPENDITURES; CLEAN
9 WATERS COUNCIL.]

10 Subdivision 1. [FUND.] The clean water fund is established
11 in the Minnesota Constitution, article XI, section 15. All
12 money earned by the clean water fund must be credited to the
13 fund.

14 Subd. 2. [EXPENDITURES.] Subject to appropriation, money
15 in the clean water fund may be spent only on:

16 (1) monitoring, investigations, and analysis of the quality
17 of Minnesota's water resources;

18 (2) state and local activities to protect, preserve, and
19 improve the quality of Minnesota's water resources; and

20 (3) assistance to individuals and organizations for water
21 quality improvement projects.

22 Subd. 3. [CLEAN WATERS COUNCIL; MEMBERSHIP;
23 APPOINTMENT.] A Clean Waters Council of 18 members is created on
24 January 5, 2007. The members of the council shall elect a chair
25 from the nonagency members of the council. The commissioners of
26 natural resources, agriculture, and the Pollution Control
27 Agency, and the executive director of the Board of Water and
28 Soil Resources, shall each appoint one person from their
29 respective agency to serve as a member of the council. The
30 commissioner of the Pollution Control Agency, in consultation
31 with the other state agencies represented on the council, shall
32 appoint 14 additional nonagency members of the council as
33 follows:

34 (1) two members representing statewide farm organizations;

35 (2) two members representing business organizations;

36 (3) two members representing environmental organizations;

- 1 (4) one member representing soil and water conservation
2 districts;
- 3 (5) one member representing watershed districts;
- 4 (6) one member representing organizations focused on
5 improvement of Minnesota lakes or streams;
- 6 (7) one member representing an organization of county
7 governments;
- 8 (8) two members representing organizations of city
9 governments;
- 10 (9) one member representing the Metropolitan Council
11 established under section 473.123; and
- 12 (10) one member representing organizations of township
13 governments.

14 Subd. 4. [ADMINISTRATION.] Terms, compensation, removal,
15 and filling of vacancies for the council shall be as provided in
16 section 15.059, subdivisions 2, 3, and 4. Notwithstanding
17 section 15.059, subdivision 5, the council does not expire.

18 Subd. 5. [RECOMMENDATIONS ON APPROPRIATION OF FUNDS.] The
19 Clean Waters Council shall recommend to the governor the manner
20 in which money from the clean water fund should be appropriated
21 for the purposes identified in subdivision 2.

22 Subd. 6. [BIENNIAL REPORT TO LEGISLATURE.] By December 1
23 of each even-numbered year, the council shall submit a report to
24 the legislature on the activities for which money from the clean
25 water fund has been or will be spent for the current biennium
26 and the activities for which money from the account is
27 recommended to be spent in the next biennium.

28 Subd. 7. [COUNCIL MEETINGS.] Meetings of the council and
29 other groups the council may establish must be conducted in
30 accordance with chapter 13D. Except where prohibited by law,
31 the council shall establish additional processes to broaden
32 public involvement in all aspects of its deliberations.

33 Sec. 4. [EFFECTIVE DATE.]

34 This article is effective November 15, 2006, if the
35 constitutional amendment proposed in article 1 is adopted by the
36 voters.

Article 1 CONSTITUTIONAL AMENDMENT.....	page	1
Article 2 CONFORMING CHANGES.....	page	2

1 Senator moves to amend S.F. No. 1721 as follows:

2 Page 7, after line 32, insert:

3 "Sec. 4. Minnesota Statutes 2004, section 297A.94, is
4 amended to read:

5 297A.94 [DEPOSIT OF REVENUES.]

6 (a) Except as provided in this section and the Minnesota
7 Constitution, article XI, section 15, the commissioner shall
8 deposit the revenues, including interest and penalties, derived
9 from the taxes imposed by this chapter in the state treasury and
10 credit them to the general fund.

11 (b) The commissioner shall deposit taxes in the Minnesota
12 agricultural and economic account in the special revenue fund if:

13 (1) the taxes are derived from sales and use of property
14 and services purchased for the construction and operation of an
15 agricultural resource project; and

16 (2) the purchase was made on or after the date on which a
17 conditional commitment was made for a loan guaranty for the
18 project under section 41A.04, subdivision 3.

19 The commissioner of finance shall certify to the commissioner
20 the date on which the project received the conditional
21 commitment. The amount deposited in the loan guaranty account
22 must be reduced by any refunds and by the costs incurred by the
23 Department of Revenue to administer and enforce the assessment
24 and collection of the taxes.

25 (c) The commissioner shall deposit the revenues, including
26 interest and penalties, derived from the taxes imposed on sales
27 and purchases included in section 297A.61, subdivision 3,
28 paragraph (g), clauses (1) and (4), in the state treasury, and
29 credit them as follows:

30 (1) first to the general obligation special tax bond debt
31 service account in each fiscal year the amount required by
32 section 16A.661, subdivision 3, paragraph (b); and

33 (2) after the requirements of clause (1) have been met, the
34 balance to the general fund.

35 (d) The commissioner shall deposit the revenues, including
36 interest and penalties, collected under section 297A.64,

1 subdivision 5, in the state treasury and credit them to the
2 general fund. By July 15 of each year the commissioner shall
3 transfer to the highway user tax distribution fund an amount
4 equal to the excess fees collected under section 297A.64,
5 subdivision 5, for the previous calendar year.

6 (e) For fiscal year 2001, 97 percent; for fiscal years 2002
7 and 2003, 87 percent; and for fiscal year 2004 and thereafter,
8 72.43 percent of the revenues, including interest and penalties,
9 transmitted to the commissioner under section 297A.65, must be
10 deposited by the commissioner in the state treasury as follows:

11 (1) 50 percent of the receipts must be deposited in the
12 heritage enhancement account in the game and fish fund, and may
13 be spent only on activities that improve, enhance, or protect
14 fish and wildlife resources, including conservation,
15 restoration, and enhancement of land, water, and other natural
16 resources of the state;

17 (2) 22.5 percent of the receipts must be deposited in the
18 natural resources fund, and may be spent only for state parks
19 and trails;

20 (3) 22.5 percent of the receipts must be deposited in the
21 natural resources fund, and may be spent only on metropolitan
22 park and trail grants;

23 (4) three percent of the receipts must be deposited in the
24 natural resources fund, and may be spent only on local trail
25 grants; and

26 (5) two percent of the receipts must be deposited in the
27 natural resources fund, and may be spent only for the Minnesota
28 Zoological Garden, the Como Park Zoo and Conservatory, and the
29 Duluth Zoo.

30 (f) The revenue dedicated under paragraph (e) may not be
31 used as a substitute for traditional sources of funding for the
32 purposes specified, but the dedicated revenue shall supplement
33 traditional sources of funding for those purposes. Land
34 acquired with money deposited in the game and fish fund under
35 paragraph (e) must be open to public hunting and fishing during
36 the open season, except that in aquatic management areas or on

1 lands where angling easements have been acquired, fishing may be
2 prohibited during certain times of the year and hunting may be
3 prohibited. At least 87 percent of the money deposited in the
4 game and fish fund for improvement, enhancement, or protection
5 of fish and wildlife resources under paragraph (e) must be
6 allocated for field operations."

7 Renumber the sections in sequence and correct the internal
8 references

9 Amend the title accordingly

1 Senator moves to amend S.F. No. 1721 as follows:

2 Page 7, after line 32, insert:

3 "Sec. 4. Minnesota Statutes 2004, section 297A.94, is
4 amended to read:

5 297A.94 [DEPOSIT OF REVENUES.]

6 (a) Except as provided in this section and the Minnesota
7 Constitution, article XI, section 15, the commissioner shall
8 deposit the revenues, including interest and penalties, derived
9 from the taxes imposed by this chapter in the state treasury and
10 credit them to the general fund.

11 (b) The commissioner shall deposit taxes in the Minnesota
12 agricultural and economic account in the special revenue fund if:

13 (1) the taxes are derived from sales and use of property
14 and services purchased for the construction and operation of an
15 agricultural resource project; and

16 (2) the purchase was made on or after the date on which a
17 conditional commitment was made for a loan guaranty for the
18 project under section 41A.04, subdivision 3.

19 The commissioner of finance shall certify to the commissioner
20 the date on which the project received the conditional
21 commitment. The amount deposited in the loan guaranty account
22 must be reduced by any refunds and by the costs incurred by the
23 Department of Revenue to administer and enforce the assessment
24 and collection of the taxes.

25 (c) The commissioner shall deposit the revenues, including
26 interest and penalties, derived from the taxes imposed on sales
27 and purchases included in section 297A.61, subdivision 3,
28 paragraph (g), clauses (1) and (4), in the state treasury, and
29 credit them as follows:

30 (1) first to the general obligation special tax bond debt
31 service account in each fiscal year the amount required by
32 section 16A.661, subdivision 3, paragraph (b); and

33 (2) after the requirements of clause (1) have been met, the
34 balance to the general fund.

35 (d) The commissioner shall deposit the revenues, including
36 interest and penalties, collected under section 297A.64,

1 subdivision 5, in the state treasury and credit them to the
2 general fund. By July 15 of each year the commissioner shall
3 transfer to the highway user tax distribution fund an amount
4 equal to the excess fees collected under section 297A.64,
5 subdivision 5, for the previous calendar year.

6 (e) For fiscal year 2001, 97 percent; for fiscal years 2002
7 and 2003, 87 percent; and for fiscal year 2004 and thereafter,
8 72.43 percent of the revenues, including interest and penalties,
9 transmitted to the commissioner under section 297A.65, must be
10 deposited by the commissioner in the state treasury as follows:

11 (1) 50 percent of the receipts must be deposited in the
12 heritage enhancement account in the game and fish fund, and may
13 be spent only on activities that improve, enhance, or protect
14 fish and wildlife resources, including conservation,
15 restoration, and enhancement of land, water, and other natural
16 resources of the state;

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18 natural resources fund, and may be spent only for state parks
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24 natural resources fund, and may be spent only on local trail
25 grants; and

26 (5) two percent of the receipts must be deposited in the
27 natural resources fund, and may be spent only for the Minnesota
28 Zoological Garden, the Como Park Zoo and Conservatory, and the
29 Duluth Zoo.

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31 used as a substitute for traditional sources of funding for the
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33 traditional sources of funding for those purposes. Land
34 acquired with money deposited in the game and fish fund under
35 paragraph (e) must be open to public hunting and fishing during
36 the open season, except that in aquatic management areas or on

1 lands where angling easements have been acquired, fishing may be
2 prohibited during certain times of the year and hunting may be
3 prohibited. At least 87 percent of the money deposited in the
4 game and fish fund for improvement, enhancement, or protection
5 of fish and wildlife resources under paragraph (e) must be
6 allocated for field operations."

7 Renumber the sections in sequence and correct the internal
8 references

9 Amend the title accordingly

Outdoor Heritage Amendment

1/4-cent to Preserve Our Outdoor Heritage

- Voters are asked to approve a Constitutional Amendment to dedicate an amount equal to a sales tax of 1/4 of 1% on taxable goods to preserve Minnesota's natural resources.
- This amounts to a quarter of a penny for each dollar, or 25-cents for every \$100 spent on taxable goods in the state.
- The dedication comes from existing revenue, and sunsets after 25 years.

Revenue from the 1/4-cent sales tax dedication amounts to \$176 million a year distributed as follows:

- **50%** for fish and wildlife resources, outdoor heritage protection and tourism.
(\$88 million/year)
- **50%** for clean-water initiatives.*
(\$88 million/year)

**Includes the Minnesota Pollution Control Agency's Impaired Waters Program.*

Hunting and Fishing Facts

Outdoor Heritage Amendment

- Minnesota has more than 11 million acres of public land
 - ✓ 1.1 million acres are wildlife management areas
 - ✓ 184,000 acres are waterfowl production areas
- 1.6 million state residents and nonresidents fish in Minnesota.
- Anglers spent \$1.3 billion in 2001 on fishing-related expenses.
- Almost 600,000 state residents and nonresidents hunt in Minnesota.
- Hunters spent \$483 million in Minnesota in 2001.
- More than 5,700 trapping permits were issued in 2002.
- State residents and nonresidents spent \$2.7 billion in 2001 on wildlife recreation in Minnesota.
- 39% of Minnesotans hunt or fish.
- 54% of Minnesotans participate in wildlife-watching activities.