

FCS MONDAY MORNING

Legislative Update

April 6, 2009

STATE BUDGET BILLS BEGIN TO ROLL-OUT **Lawmakers Work Feverishly to Move Policy Bills Through the Process**

Lawmakers will take a break this week to return home for the Passover/Easter holiday but, before they do, they are racing to meet a final deadline for committee approval of bills dealing with policy matters. The Legislature will be in recess from Wednesday (4/8) to the following Tuesday (4/14).

Against this timeline, policy bills must receive final committee approval by midnight on Tuesday (4/7) to remain "alive" in this Session. And, spending bills must be finalized and reported out of their respective divisions by the Thursday (4/16), after lawmakers return.

In fact, what usually happens is that a great deal of policy language gets wrapped into the spending bill to be negotiated along with funding provisions in conference committees at the end of the Session. Here, then is a look at where we stand going into the med-Session break.

Rep. Al Juhnke (DFL-Willmar) who chairs the House Ag Finance Division, will rolled out his budget proposal, HF 1122, for public review on Monday (4/16). The Senate Ag Committee will get its first look at the proposed 2009 omnibus ag finance bill next Tuesday (4/7) when Senator Jim Vickerman (DFL-Tracy) presents SF 1779. More details of both bills will be provided in the next newsletter.

FARMER-LENDER MEDIATION EXTENSION APPROVED **Increase in Amounts Subject to Mediation Will Be Studied**

The House Ag Finance Committee took up HF 841 on Tuesday (3/31) and agreed to include it in this year's House Omnibus Ag Finance bill. The measure would extend the sunset date on the Farmer-Lender Mediation law for four more years to June 30, 2013.

Through the program, a creditor with a secured debt of more than \$5,000 against an agricultural property must offer farmer-lender mediation before proceeding with foreclosure, repossession, contract cancellation or collection of a judgment.

The main question before the committee was whether to increase the current threshold. Farm Credit Services and the Independent Community Bankers of Minnesota testified that the threshold has not been increased since the law was enacted 26 years ago and does not realistically reflect the cost of doing business, today. In addition, two-thirds of the mediation notices issued last year were waived by the borrower and a vast majority of those involved a action brought by an implement dealer who held a secured position in farm real estate.

Former state representative, Jerry Schoenfeld also testified in favor of increasing the threshold. He noted that when he originally authored the bill in 1986, it was designed to get lenders and borrowers to talk to each other at a time a

tremendous social upheaval in the countryside. It was never intended to be a collection tool nor a means of enforcing small debts, he said.

Testifiers from the Farmers Legal Action Group and Minnesota Farmers Union disagreed and stressed that many new farmers are opting for smaller operations where a debt of that size could be significant.

Juhnke said by extending the sunset, the Legislature would buy time to revisit the threshold. He pledged to work with Farm Credit and other interested parties over the legislative interim to find a proper threshold. In the meantime, discussion have begun between FCS, lender groups and the U of M Extension Service to define what information is needed to properly complete a study if the issue.

The Senate companion bill, SF 289, sponsored by Senator Sharon Erickson-Ropes (DFL-Winona), was taken up in the Senate Judiciary Committee on Friday (4/3) where it was amended and returned to the Ag Finance Committee for inclusion in the Senate Omnibus Ag Finance bill. The Senate bill includes and increase in the threshold from \$5,000 to \$10,000. However, that language is likely to be removed when the House and Senate bills go to a conference committee in favor of the study proposed by Rep. Juhnke.

CONSTITUTIONAL CLEAN WATER FUND WILL PROVIDE MILLIONS FOR IMPROVEMENTS TO STATE'S WATER RESOURCES

(From House of Representatives *Session Weekly*) With an anticipated \$158 million flowing into the Clean Water Fund during the next biennium from increased sales tax revenues, Rep. Kent Eken (DFL-Twin Valley) sponsors a bill that would distribute \$151 million of the funds to the following agencies: Pollution Control Agency, Department of Natural Resources, Board of Water and Soil Resources, Department of Agriculture, Department of Health, Metropolitan Council and the Public Facilities Authority.

The House Environment and Natural Resources Finance Division held HF2128 over for possible inclusion in the House omnibus environment funding bill.

The money would be used by the various agencies to analyze, monitor and clean up polluted water streams, including groundwater and drinking water. A portion would be used for public awareness campaigns, local government grants, agricultural water usage research and other water quality issues.

Though the bill has wide support from the recipient agencies, the Minnesota Farm Bureau and Minnesota Chambers of Commerce, some legislators cautioned about spending the funds for regulatory expenditures. They note the constitutional amendment approved by the majority of state voters in November, requires that spending supplant, and not substitute, money already being spent to "protect, enhance and restore water quality in lakes, rivers and streams and to protect groundwater from degradation."

A companion, SF1913, sponsored by Sen. Dennis Frederickson (R-New Ulm), awaits action by the Senate Environment, Energy and Natural Resources Budget Division.

STATE RAIL PLAN WILL DEFINE COURSE FOR FUTURE OF FREIGHT AND PASSENGER RAILROADS *Pawlenty and Walz Team-Up to Go After Federal Funding*

A statewide study of future rail lines in Minnesota will consider all options, Governor Tim Pawlenty announced Friday (4/3), as the state prepares an application for federal stimulus funding for rail projects.

Governor Pawlenty is directing Minnesota Department of Transportation Commissioner Tom Sorel and the Minnesota Intercity Passenger Rail Transportation Forum to study all potential future rail lines in Minnesota. The group will advise Commissioner Sorel on the implementation of a comprehensive statewide freight and passenger rail plan and on which

projects to submit for federal funding. Governor Pawlenty and First District Congressman Tim Walz have discussed at length the need to study all potential rail corridors through a data-driven process.

The rail forum's work will assist efforts as the state applies for federal funding for high-speed rail contained in the American Recovery and Reinvestment Act and other related federal programs. The stimulus package includes \$8 billion for capital grants for high-speed rail corridors and intercity passenger rail.

"We should consider every option, including rail, as we build a 21st Century transportation system that assists economic development and better moves people and goods around our state," Governor Pawlenty said. "Minnesota will compete for federal rail funds in a comprehensive manner based on data and analysis. The rail forum is already off to a good start and will ensure that our application makes the best case for our state."

Rail lines that Governor Pawlenty directed to be considered in the statewide study include the "Northern Lights Express" between the Twin Cities and Duluth and a Twin Cities to Chicago high-speed rail line that could include access to Winona and Rochester.

Congressman Tim Walz said, "I've long been a strong advocate for studying all potential rail lines in Minnesota through a data-driven process. I'm pleased that the Pawlenty Administration is undertaking a comprehensive evaluation of the state's rail future.

"This is a once in a generation opportunity to make a significant investment in high speed rail and we need to make the correct long-term decision for the state of Minnesota and the country," said Congressman Walz. "While southern Minnesota, including the communities of Rochester and Winona, appears to be well-positioned today to potentially benefit from high-speed rail the State of Minnesota must complete the comprehensive analysis first and produce the data to make the strongest case possible for our entire state. We are competing with several other states for the same pot of federal funding. That's why I'm pleased that the Pawlenty Administration is completing a thorough analysis of all the possible routes, so that Minnesota will be well positioned to compete for the available federal funding."

Federal grants for rail projects will be awarded on a competitive basis by the U.S. Department of Transportation. (U.S. DOT). The U.S. DOT will provide "interim guidance" to prospective applicants like the state of Minnesota by June 17 covering the grant terms, conditions and procedures applicants will need to satisfy in order to submit applications, including deadlines for submission and selection.

For more information about Minnesota's State Rail Plan, you can link to [State Rail Plan](#).