



policy special



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Minnesota Milk Secures \$8M in DMC Rebates

By Lucas Sjostrom, Minnesota Milk Executive Director

Some things are worth the effort, and this year's legislative session was one of them. Once signed, S.F. 1 (originally S.F. 2226), the Omnibus agriculture department, rural development and housing finance bill as well as H.F. 2 (originally H.F. 2208), the Omnibus jobs and economic development, energy and climate, and telecommunications policy and finance bill will provide big relief for dairy farmers.

The two bills, combined, supply \$8 million for Minnesota dairy farmers as rebates for the Dairy Margin Coverage (DMC) program premiums they will pay after the June 17 program sign-up.

Minnesota Milk is meeting with the Department of Agriculture Commissioner Thom Petersen and Minnesota FSA Director Joe Martin to ensure a timely and efficient roll-out of the dollars, which will total an average of \$3,000 per eligible farm, or about \$0.15+ per hundredweight. Minnesota Milk will work with all Minnesota processors to ensure you have the tools to sign up.

The \$8 million will be divided amongst the applications that adhere to the following requirements as outlined in the law:

1. 2018 milk production total certified by processor
2. Sign up for the 5-year DMC program
3. Be in good standing with the state (no back taxes and current on permits)
4. Not be over 16 million pounds of milk production in 2018
5. To be milking cows at time of application (sometime after June 17 DMC sign up)

"We thank the chairs including Representative Poppe, Senator Westrom, Representative Mahoney and Senator Pratt for their work on this important financial aid for dairy farmers," said Dave Buck, Goodhue, Minnesota Milk President. "We are so glad to see this is meaningful aid to help dairy farmers position for their future recovery and look forward to Governor Walz signing it into law."

The aid is paired to the new federal Dairy Margin Coverage program. Sign-up for that program begins June 17 and will go

through September. Dairy farmers and their processors will soon receive instructions on how to apply.

"On a farm-by-farm basis, this will be a little bit of monetary aid for dairy farmers, but it will be a great mental reminder to dairy farmers that the state of Minnesota supports our farmers," said Garrett Luthens, Hutchinson, Minnesota Milk Policy Chair. "We hope it allows Minnesota to have one of the top Dairy Margin Coverage sign-up rates in the country and encourages farms to think long term about their operations."

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"Minnesota Milk works in a bipartisan fashion for dairy farmers," said Lucas Sjostrom, Minnesota Milk executive director. "Our accomplishments this session shows the collective strength of what dairy farms mean to the Minnesota economy. While we do not advocate for particular farm sizes or types of dairy farming, we are proud that direct aid is coming to the vast majority of Minnesota farms at a time when they need it."



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Minnesota Milk Secures \$8M (details inside)

Other Provisions affecting Dairy Farmers

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Below are other provisions and their locations within omnibus bills passed by the legislature and signed into law.

Omnibus agriculture policy bill

- Updates to dairy laws, including emergency exemptions (if allowed by the Commissioner of Ag) for holding milk on-farm over 72 hours
- Clear labeling for raw milk cheeses aged over 60 days

Omnibus agriculture department, rural development, and housing finance bill

- \$5 million for DAIRI payments (DMC rebates) as described on opposite side of this page, plus \$3 million from Jobs omnibus bill
- Continuation of \$634,000 for Minnesota Dairy Initiatives and Dairy Business Planning Grants
- Preference given to robotic dairy-milking equipment within the Livestock Investment Grants
 - *More access to grants and loans for farmers considering robotic milking*
- Defining pastures to include “sacrifice areas” when weather may not allow for regular grazing
- New \$500,000 for ag emergency preparedness (foreign animal diseases)
- Sustain the AgREETT funding for faculty at the University of Minnesota’s ag colleges
- Purchase \$550,000/year milk for Second Harvest Heartland (increase of \$50,000/year)
- Implementation of broadband internet dollars (\$40 million)

Omnibus tax bill

- Higher percentage of agricultural property taxes covered in referendums through the 70 percent phase-in of the Ag2School credit over four years (50% in 2020, 55% in 2021, 60% in 2022, 70% in 2023)
- Section 179 80% addback
- Ensuring Homestead Tax Credits are extended to LLCs that are owned by the same individuals that are operating the farm site
- Buffer tax credits of \$50/acre on up to three acres

What didn't happen (where we played defense):

- Ensuring policies detrimental to dairy farmers were not enacted, including:
 - *Regulation of pasture as feedlots*
 - *Ensuring dairy farms nor processors were excluded in the Wholesale Produce Dealers bonding fees*
 - *Making your voice heard that a fuel tax would raise costs on getting milk to the market*

What didn't happen (our future work):

- Streamlined environmental regulations that are good for the environment and dairy farmers
- Federal Section 199A Domestic Production Activities Deduction for cooperatives