

We're engaging with lawmakers to advance the success of Minnesota's dairy producers!



2023–24 Fiscal Priorities

Dairy Assistance, Investment and Relief Initiative (DAIRI) – The DAIRI program provided an \$8 million investment structured as a rebate to all Minnesota dairy farmers who enrolled in the 5-year coverage option for the USDA Farm Service Agency Dairy Margin Coverage (DMC) risk management program. Farmers with less than 160,000 cwt were eligible for a \$.10/cwt payment based on 2018 milk production. The combination of the state investment and federal risk management program, Minnesota led the nation in DMC enrollment, far above the national average. That increased enrollment provided record federal and state dollars to be infused into Minnesota dairy farms. Increasing state investments for the DAIRI II program to \$20 million for all federal dairy risk management products in 2023 biennium demonstrates to farmers that the state of Minnesota supports risk management programs as valuable tools for farmers to utilize.

Soil Health and Water Quality Improvement Initiatives – We support the funding and creation of farmer-led water and soil health councils. Funding should be utilized from the Clean Water Amendment/Council. The framework for these local councils should be based on the AWQSP framework. Minnesota must keep pace with the enhanced investments in water quality priorities throughout the Midwest. In order to continue progressive opportunities for success, funding in the amount of 10% of the \$337 million Clean Water Fund 24-25 budget, or \$33.7 million is essential.

Tax Relief and Credits – The budget surplus provides several opportunities to address opportunities for tax relief for existing taxes and create new tax credits to support Minnesota farmers.

- **Ag2School Tax Credit** – Support a provision that this credit never falls below 70% and rises to 100% based on other funding and educational needs.
- **Eliminate Tax on Cheese** – Minnesota Department of Revenue has considered creating a sales tax on cheese sold at retail as well as “process cheese” sold at retail. We oppose that any cheese should be taxed at retail as it is a food product. We support an exemption for all cheeses from any sales tax in the state of Minnesota. Cheeses are not value-added products and should not be evaluated based solely on name.
- **Beginning Farmer Tax Credit Expansion** – The Beginning Farmer Tax Credit program is a good program that is currently being underutilized. Currently, unrelated business partners or cousins are eligible to utilize the tax credit and sell land to one another. However, grandparents cannot sell land to grandchildren. The program should be expanded to make immediate family members eligible to utilize the tax credit. Minnesota Milk supported elimination of the loophole in the tax credit by assigning familial values at no greater than the county taxable value.

Dairy Infrastructure Investment – We support bonding for the land and facilities needed by Perham to enhance their wastewater treatment facility. This enhancement will provide the wastewater treatment capacity for Bongards to expand their cheese plant and whey making facilities. This will provide economic growth through new jobs, increasing milk capacity and providing responsible investment in water quality.

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