

Fiscal Note

2025-2026 Legislative Session

HF1428 - 0 - Grain Indemnity; Agricultural Emergency Acc. Mod.

Chief Author: **Bobbie Harder**
 Committee: **Agriculture Finance And Policy**
 Date Completed: **3/21/2025 3:40:03 PM**
 Agency: **Agriculture Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 3/21/2025 3:40:03 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Excess money in the grain indemnity account required to be transferred to the agricultural emergency account.

Assumptions

Money in the indemnity fund will accrue interest at a rate of 4.5% annually in perpetuity, the expected balance at the end of FY 25 is \$10,919,881. Assuming no claims or spending from the indemnity account the fund will reach \$15 million in FY 33. This bill does not impact the revenue for the agency but does require that after the grain indemnity account balance reaches \$15 million any money in excess of \$15 million be transferred within the agency from the Grain Indemnity account to the Agriculture Emergency account.

Expenditure and/or Revenue Formula

The balance of the Grain Indemnity account is expected to be \$10,919,881.00 at the end of FY25. Using an annual interest accrual rate of 4.5% and no expenditures to the account, the balance is set to reach \$15 million in FY33.

When the balance reaches \$15 million, the annual accrued interest that would be transferred to the Agriculture Emergency Account would be \$675,000.00.

Long-Term Fiscal Considerations

The above calculations do not consider any claims against the indemnity account, those claims would result in a reduction of balance, and change the interest accrued. This would lead to the balance reaching \$15M after the expected date of FY 33.

Accrual of interest on indemnity accounts in other states has led to some states not collecting premiums for decades, because the fund continued to grow and claim payments were made from interest accrual. By requiring the transfer of interest to the Agriculture Emergency Fund it would likely result in more frequent premium collection from Minnesota grain farmers.

Local Fiscal Impact

References/Sources

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