

MAWD

Legislative Update

June 8, 2017

The 2017 Legislative Session and Special Session ended early Friday morning, May 26th. All budget bills, policy bills, a bonding bill, and a tax bill were all sent to the Governor for final action. He did approve all of the budget bills, vetoed the Labor Standards bill because of a local government prohibition on mandating minimum wages higher than the state. In addition, the Governor line item vetoed the House and Senate's budget for the next two years, \$32 million per year per body. The Governor indicated he vetoed the legislative budget because he wanted to go back and revisit some provisions in the Tax, Education and Public Safety bills. He was particularly upset that the legislature included a provision in the State Government bill that would have denied funding for the Dept. of Revenue if he failed to sign the Tax Bill.

Presently it appears that the House and Senate is going to take the Governor to court to try and overturn his line-item veto. Most observers believe it will be overturned by the courts, but the Governor gets to make his point at the very least. Governor Dayton is encouraging the House and Senate leadership to return to the table and renegotiate several of the tax bill's provisions (size of the tax cuts) and presumably another special session to change the just established tax law. There has been little response to the Governor so we will just have to wait and see how this session is finally completed. Regardless, it will have little effect on us as the budget bills and tax bill have been signed. Our Riparian Aid buffer provision for \$14 million in the tax bill is not part of this tax bill dispute.

Environmental and Natural Resources Finance & Policy Bill (HF844, Chapter 93, Regular Session)

The budget article of this legislation appropriated a one-time \$300,000 appropriation for Wetland Conservation Act efficiencies including 404 Assumption explorations. It also included legislation appropriating part of the Riparian Aid for Buffers Enforcement of \$2 million per year to counties and watershed districts who elect jurisdiction for buffer law enforcement.

In addition, the bill include \$240,000 per year for aid to the Lower MN River WD to help defray the annual cost of operating and maintaining sites for dredge spoils for the MN River channel.

\$166,000 per year was also appropriated to provide technical assistance to local drainage management and the cost of the Drainage Work Group. Rider language requires the Work Group to evaluate and make recommendations to accelerate drainage system acquisition and establishment of buffer strips under MS103E or compatible alternative practices required by 103F.48.

There were several policy language changes/clarifications to the buffer language:

- Keeps the original deadlines intact - 11/1/17 for public waters and 11/1/18 for public drainage ditches
- Recognizes that some farmers may have hardships with meeting the date (such as weather) – so added language allows for an eight-month extension for implementation if needed. The bill language

says: A landowner or authorized agent that has filed a parcel-specific riparian protection compliance plan with the soil and water conservation district by November 1, 2017, shall be granted a conditional compliance waiver until July 1, 2018.

- Authorizes use of common alternative practices so landowners and local governments can tailor site-specific options for water quality improvements comparable to the required buffer.

Wetland Conservation Act: The legislation includes updates pre-settlement wetland definitions and broadens the ability of wetland mitigation to happen in more meaningful areas. This language was requested by the Rice Creek WD and MAWD. It was supported by BWSR and will be folded into the MN Rule Chapter 8420 update currently in progress.

Legacy Bill Clean Water Fund:

The Legislature appropriated \$95.5 million CWF dollars to BWSR for FY18-19. In addition to grant programs, the appropriation includes \$22 million for soil and water conservation district capacity funding and \$5 million in cost-share for buffer and alternative practice implementation. The \$22 million can be paid back to the Clean Water Fund through the tax bill, if there is positive revenue forecast for Minnesota's budget next November. The governor has stated his expectation that the restoration of this funding will restore the remainder of his 2017 recommendations, including \$17.25 million for CREP. The Governor's expectation does not follow the recommendations of the Clean Water Council on how that money should be spent.

The Capital Investment bill (Bonding Bill), HF6, Chapter 8, 2017 Special Session; included several provision important to watershed districts. Two BWSR programs received capital investment funds this session: \$5 million for the Local Roads Wetland Replacement Program and \$10 million for CREP. The DNR received \$11.55 million in flood hazard mitigation funding. Of this amount, \$1,700,000 was ear-marked for the Cedar River WD, \$750,000 for the city of Browns Valley Project, and \$1,800,000 for the city of Ortonville project. The ear-marked funding can be shifted to other projects if the DNR Commissioner determines the recipients are not ready to spend the money, thus making it available for other potential projects on the DNR Project List.

Tax Bill includes three provisions related to conservation work:

- Payback of \$22 million to the Clean Water Fund, if there is positive revenue forecast for Minnesota's budget next November. The governor has stated his expectation that the restoration of this funding will restore the remainder of his 2017 recommendations, including \$17.25 million for CREP.
- Riparian Aid to counties and watershed districts to enforce the buffer law (\$6 million in FY18 and \$8 million in FY19 and ongoing).

Other Funding

Local Roads Wetland Replacement Program

The statutorily mandated wetland program is in deficit because of long-term funding gaps. Earlier this year, Governor Dayton signed into a law a one-time \$5 million cash infusion (general fund) to re-open Wetland Bank Service Areas and allow local projects to move forward. The additional \$5 million bonding appropriation does not meet the full \$15 million program need, so BWSR will need to make additional requests next year to close that gap.

CREP Program

The Governor’s 2017 recommendations for the Conservation Reserve Enhancement Program (CREP) funding totaled \$85.23 million. As detailed below, final session appropriations are \$61.48 million. BWSR,

legislators, and partners will look to the 2018 legislative session to secure the remaining amounts needed for a successful CREP.

CREP Fund: Appropriation Origination:

Env. & Nat Resources Trust Fund (LCCMR)	\$ 6.0 m, \$13.5 m
Clean Water Fund	\$16.25 m
Outdoor Heritage Fund	\$15.731m
<u>Bonding</u>	<u>\$10.0m</u>
Total CREP 2017 Session	\$61.481m

Riparian Aid

With the tax bill and general fund appropriations, counties and watershed districts have \$8 million available in year one and \$10 million in year two (and thereafter) for enforcement of the buffer law. If a county or watershed district chooses not to accept enforcement responsibilities, then it falls to the state (BWSR) for enforcement and that share of funding. BWSR certifies jurisdiction and the Department of Revenue will distribute funds. Please see the BWSR guidance memo on this process sent out last Friday and MAWD memo sent out Wed., Jun 7 with our recommendations.

EQB Membership Changes

The legislature added to the EQB membership by mandating one person is appointed from each of Minnesota’s eight congressional districts. Those public members presently serving will continue to serve.

Please share this MAWD Legislative Update with your managers, key staff and partners. Thanks.