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State of Minnesota
HOUSE OF REPRESENTATIVES
First Division Engrossment

NINETY-FIRST SESSION

H. F. No. 1569

02/21/2019 Authored by Lippert, Brand, Hansen, Persell and Christensen
The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy
02/28/2019 Adoption of Report: Re-referred to the Committee on Ways and Means

Division Action

Referred by Chair to the Environment and Natural Resources Finance Division

03/01/2019 *Referred by Chair to the Water Division*

03/11/2019 *Division action, to adopt as amended and return to Environment and Natural Resources Finance Division*

1.1 A bill for an act
1.2 relating to water; modifying fees for public water supply; providing for
1.3 water-related grants and loans; establishing pilot program for drinking water
1.4 protection; appropriating money for water protection, conservation, sustainability,
1.5 assessment, and management; amending Minnesota Statutes 2018, sections
1.6 144.3831, subdivision 1; 473.504, by adding a subdivision; 473.517, subdivision
1.7 1.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2018, section 144.3831, subdivision 1, is amended to read:

1.10 Subdivision 1. **Fee setting.** The commissioner of health may assess an annual fee of
1.11 ~~\$6.36~~ \$9.72 for every service connection to a public water supply that is owned or operated
1.12 by a home rule charter city, a statutory city, a city of the first class, or a town. The
1.13 commissioner of health may also assess an annual fee for every service connection served
1.14 by a water user district defined in section 110A.02.

1.15 **EFFECTIVE DATE.** This section is effective January 1, 2020.

1.16 Sec. 2. Minnesota Statutes 2018, section 473.504, is amended by adding a subdivision to
1.17 read:

1.18 Subd. 13. **Inflow and infiltration grants and loans.** The council may provide grants
1.19 and loans to home rule charter and statutory cities in the metropolitan area for the purposes
1.20 of city inflow and infiltration prevention programs under section 471.342. The council may
1.21 use municipal wastewater charges it collects under section 473.517 or proceeds of bonds
1.22 issued under section 473.541 for the purposes of making the grants and loans. The council
1.23 must establish procedures and guidelines for making the grants and loans.

2.1 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,
2.2 Hennepin, Ramsey, Scott, and Washington.

2.3 Sec. 3. Minnesota Statutes 2018, section 473.517, subdivision 1, is amended to read:

2.4 Subdivision 1. **Allocation method.** Except as provided in subdivision 3, the estimated
2.5 costs of operation, maintenance, and debt service of the metropolitan disposal system to be
2.6 paid by the council in each fiscal year, and the costs of acquisition and betterment of the
2.7 system which are to be paid during the year from funds other than bond proceeds, including
2.8 all expenses incurred by the council pursuant to sections 473.501 to 473.545, are referred
2.9 to in this section as current costs, and shall be allocated among and paid by all local
2.10 government units which will discharge sewage, directly or indirectly, into the metropolitan
2.11 disposal system during the budget year according to an allocation method determined by
2.12 the council. The allocated costs may include an amount for a reserve or contingency fund
2.13 and an amount for cash flow management. The cash flow management fund so established
2.14 must not exceed five percent of the council's total wastewater services operating budget. In
2.15 addition, the allocated costs may include an amount for the purposes of section 473.504,
2.16 subdivision 13, grants and loans to cities for city inflow and infiltration prevention programs.

2.17 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,
2.18 Hennepin, Ramsey, Scott, and Washington.

2.19 Sec. 4. **WORKING LANDS; PILOT PROGRAM FOR DRINKING WATER**
2.20 **PROTECTION.**

2.21 Subdivision 1. **Goal.** It is the goal of the state to develop a market-driven strategy for
2.22 enhancing clean water and conservation outcomes by using perennial crops and cover crops
2.23 that can yield multiple benefits for water quality, soil health, carbon storage, habitat, and
2.24 Minnesota's rural economy.

2.25 Subd. 2. **Program.** (a) In selected areas, to protect sources of drinking water, the Board
2.26 of Water and Soil Resources must develop and implement a working lands pilot program
2.27 that includes:

2.28 (1) criteria and a process for selecting drinking water supply management areas that are
2.29 expected to result in the greatest water quality improvements and that exhibit readiness to
2.30 participate in the program;

2.31 (2) criteria for screening landowners and operators interested in participating in the
2.32 program;

3.1 (3) outreach to local governments, interest groups, and individual farmers on the economic
3.2 and environmental benefits of perennial and cover crops;

3.3 (4) coordination with soil and water conservation districts, watershed districts, public
3.4 water suppliers, cities, counties, and other local government entities to develop and participate
3.5 in the program;

3.6 (5) agronomic assistance to growers in establishing and maintaining the selected crops,
3.7 in coordination with the Forever Green Initiative and the University of Minnesota extension
3.8 programs;

3.9 (6) contract terms that provide flexibility for participating growers to establish a variety
3.10 of crops, crop rotations, and livestock enterprises that provide a high level of living cover
3.11 throughout the year and that can provide economic return;

3.12 (7) coordination with end users to establish off take agreements and delivery supply
3.13 chains for harvested crops;

3.14 (8) coordination with One Watershed, One Plan and other watershed-scale planning
3.15 efforts;

3.16 (9) coordination with initiatives related to protecting groundwater and drinking water,
3.17 soil health, and habitat;

3.18 (10) evaluation of current conditions and measurable water quality improvements under
3.19 the program; and

3.20 (11) efforts to use federal funds for assistance to establish perennial and cover crops to
3.21 the greatest extent possible.

3.22 (b) The board must coordinate developing the working lands pilot program with
3.23 stakeholders and the commissioners of health, natural resources, agriculture, and the Pollution
3.24 Control Agency and the University of Minnesota. The board must submit annual progress
3.25 reports by January 1 and a final report assessing program results by June 30, 2024. All
3.26 reports must be submitted to the chairs and ranking minority members of the legislative
3.27 committees and divisions with jurisdiction over agriculture, natural resources, and
3.28 environment policy and finance and to the Clean Water Council.

3.29 Subd. 3. **Appropriation.** \$8,500,000 in fiscal year 2020 is appropriated from the general
3.30 fund to the Board of Water and Soil Resources to establish the pilot program under this
3.31 section. This is a onetime appropriation and is available until June 30, 2024.

4.1 Sec. 5. **APPROPRIATIONS; ASSESSMENT OF EFFECTS OF FLOODING,**
4.2 **DROUGHT, LAND USE, AND POPULATION.**

4.3 (a) In the report required by Minnesota Statutes, section 103A.43, to be submitted on
4.4 September 15, 2020, the Environmental Quality Board must include an assessment and
4.5 analysis of the way that flooding, drought, land use, and population changes are affecting
4.6 groundwater and surface water quality and quantity, biota, hydrology, and infrastructure.
4.7 The assessment and analysis must also include an analysis of the effect these phenomena
4.8 are likely to have in the future.

4.9 (b) \$150,000 in fiscal year 2020 and \$150,000 in fiscal year 2021 are appropriated from
4.10 the fund to the Environmental Quality Board for the assessment required under
4.11 paragraph (a). The appropriations in this section are onetime and are available until June
4.12 30, 2021.

4.13 Sec. 6. **APPROPRIATIONS; PROTECT MINNESOTA'S LAKES FOR THE**
4.14 **FUTURE.**

4.15 \$150,000 in fiscal year 2020 and \$150,000 in fiscal year 2021 are appropriated from the
4.16 fund to the Environmental Quality Board, in consultation with the commissioners of
4.17 natural resources and the Pollution Control Agency, to analyze the various state programs
4.18 that monitor, manage, protect, and enhance lakes in the state and to develop a plan for
4.19 identifying which lakes need accelerated lake management. The plan must also specify how
4.20 existing programs may need to be altered to ensure that management of Minnesota's lakes
4.21 is prioritized appropriately and that the various programs are coordinated effectively. The
4.22 Environmental Quality Board must submit the plan developed under this section to the
4.23 chairs and ranking minority members of the legislative committees and divisions with
4.24 jurisdiction over environment and natural resources policy and finance by November 1,
4.25 2020. The report must include recommendations for regulatory, policy, and statutory changes
4.26 designed to further the purposes of this section. The appropriations in this section are onetime
4.27 and are available until June 30, 2021.

4.28 Sec. 7. **APPROPRIATIONS; DRINKING WATER AND WASTEWATER**
4.29 **INFRASTRUCTURE.**

4.30 (a) \$250,000 in fiscal year 2020 and \$250,000 in fiscal year 2021 are appropriated from
4.31 the fund as follows:

4.32 (1) \$50,000 in fiscal year 2020 and \$50,000 in fiscal year 2021 are to the commissioner
4.33 of the Pollution Control Agency, in cooperation with the Minnesota Rural Water Association,

5.1 to accelerate and enhance cost-effectiveness plan reviews and asset management plans for
5.2 wastewater treatment facilities;

5.3 (2) \$25,000 in fiscal year 2020 and \$25,000 in fiscal year 2021 are to provide assistance,
5.4 including training, tool development, and technical assistance, to the Minnesota Rural Water
5.5 Association, the Minnesota Technical Assistance Program at the University of Minnesota,
5.6 and cities to encourage innovative best management practices at drinking water, wastewater,
5.7 and storm water facilities. Of this amount, \$..... is to the commissioner of the Pollution
5.8 Control Agency and \$..... is to the commissioner of health;

5.9 (3) \$25,000 in fiscal year 2020 and \$25,000 in fiscal year 2021 are to assist applicants
5.10 for programs administered by the Public Facilities Authority and other communities with
5.11 developing and maintaining asset management plans for drinking water, wastewater, and
5.12 storm water. Of this amount, \$..... is to the commissioner of the Pollution Control Agency
5.13 and \$..... is to the commissioner of health;

5.14 (4) \$50,000 in fiscal year 2020 and \$50,000 in fiscal year 2021 are to the commissioner
5.15 of the Pollution Control Agency to assess, encourage, develop, and implement wastewater
5.16 infrastructure alternatives to cost-effectively maximize wastewater treatment, including
5.17 plan development, regionalization, and cooperative management. The commissioner may
5.18 work with the Minnesota Technical Assistance Program at the University of Minnesota to
5.19 implement this clause;

5.20 (5) \$25,000 in fiscal year 2020 and \$25,000 in fiscal year 2021 are to the commissioner
5.21 of the Pollution Control Agency to develop and implement market-based water quality
5.22 trading options for wastewater and storm water in several areas;

5.23 (6) \$25,000 in fiscal year 2020 and \$25,000 in fiscal year 2021 are to the commissioner
5.24 of health to address public health risks from public water supplies, including grants to public
5.25 water suppliers to replace lead service lines; and

5.26 (7) \$50,000 in fiscal year 2020 and \$50,000 in fiscal year 2021 are to the commissioner
5.27 of the Pollution Control Agency, in cooperation with the commissioner of health, to identify
5.28 and address areas where subsurface sewage treatment systems pose the most serious risk
5.29 to the environment and human health and to provide technical assistance, grants, and other
5.30 financial assistance to incentivize upgrades, replacements, and alternatives to improve water
5.31 quality.

5.32 (b) The appropriations in this section are onetime and are available until June 30, 2021.

6.1 Sec. 8. **APPROPRIATIONS; ENSURE CLEAN AND SUSTAINABLE SOURCES**
6.2 **OF GROUNDWATER.**

6.3 (a) \$1,200,000 in fiscal year 2020 and \$600,000 in fiscal year 2021 are appropriated
6.4 from the fund to the commissioner of natural resources to ensure the availability of
6.5 clean and sustainable sources of groundwater. Of this amount:

6.6 (1) \$600,000 the first year is for a pilot program to use existing data to perform water
6.7 balance analyses and to incorporate those analyses into at least one county geologic atlas
6.8 and at least one comprehensive watershed management plan developed under Minnesota
6.9 Statutes, section 103B.801;

6.10 (2) \$300,000 the first year and \$300,000 the second year are to accelerate designating
6.11 additional groundwater management areas under Minnesota Statutes, section 103G.287;
6.12 and

6.13 (3) \$300,000 the first year and \$300,000 the second year are to develop and implement,
6.14 in coordination with other affected state agencies, a water education program that incorporates
6.15 existing training materials and provides training on public use of geologic atlases and other
6.16 groundwater tools.

6.17 (b) The appropriations in this section are onetime and are available until June 30, 2021.

6.18 Sec. 9. **APPROPRIATIONS; KEEPING WATER ON THE LAND.**

6.19 (a) \$600,000 in fiscal year 2020 and \$600,000 in fiscal year 2021 are appropriated from
6.20 the fund as follows:

6.21 (1) \$200,000 in fiscal year 2020 and \$200,000 in fiscal year 2021 are to the Board of
6.22 Water and Soil Resources to develop, in cooperation with the commissioners of agriculture,
6.23 natural resources, and the Pollution Control Agency, a statewide action plan for keeping
6.24 water on the land to improve water retention, reduce erosion and loading of pollutants
6.25 through excess water runoff, and improve agricultural productivity. The plan must:

6.26 (i) identify the most efficient best management practices for keeping water on the land
6.27 and identify incentives to implement the practices at priority locations;

6.28 (ii) identify methods for encouraging greater state and local government cooperation
6.29 with the agricultural industry;

6.30 (iii) include methods for promoting existing programs and incentives to leverage state
6.31 and federal funds to maximize landowner enrollment in conservation programs, including
6.32 adoption of best management practices, cover crops, and conservation easements; and

7.1 (iv) include methods and identify funding needs to promote, encourage, and enhance
7.2 watershed-scale pollutant trading and banking programs for storm water and wastewater
7.3 using existing authorities.

7.4 The board must submit the plan to the chairs and ranking minority members of the house
7.5 of representatives and senate committees and divisions with jurisdiction over agriculture
7.6 and the environment and natural resources by January 15, 2020.

7.7 (2) \$100,000 in fiscal year 2020 and \$100,000 in fiscal year 2021 are to accelerate local
7.8 implementation of programs funded by the clean water fund by providing additional technical
7.9 assistance. Of this amount, \$..... is to the Board of Water and Soil Resources and \$..... is
7.10 to the commissioner of agriculture.

7.11 (3) \$200,000 in fiscal year 2020 and \$200,000 in fiscal year 2021 are to the commissioner
7.12 of the Pollution Control Agency to accelerate implementation of efficient water quality
7.13 trading options.

7.14 (4) \$100,000 in fiscal year 2020 and \$100,000 in fiscal year 2021 are to the commissioner
7.15 of natural resources to assess the amount of drainage in the state, including tile drainage
7.16 and drainage ditch use, and to study the hydrological impacts.

7.17 (b) The appropriations in this section are onetime and are available until June 30, 2021.

7.18 **Sec. 10. APPROPRIATIONS; WATER CONSERVATION EDUCATION.**

7.19 Subdivision 1. **Department of Education.** The sums indicated in this section are
7.20 appropriated from the general fund to the Department of Education for the fiscal years
7.21 designated.

7.22 Subd. 2. **Race 2 Reduce.** (a) For grants to support Race 2 Reduce water conservation
7.23 programming in Minnesota schools:

7.24 \$ 215,000 2020

7.25 \$ 210,000 2021

7.26 (b) In each fiscal year, \$40,000 is for H2O for Life to provide project management and
7.27 support, Minnesota GreenCorps member hosting, curriculum development and classroom
7.28 instruction assistance, school outreach, and community volunteer training.

7.29 (c) In each fiscal year, \$10,000 is for H2O for Life for a comprehensive project
7.30 evaluation.

8.1 (d) In each fiscal year, \$75,000 is for Independent School District No. 624, White Bear
8.2 Lake, for Race 2 Reduce curriculum development, teacher in-service training, service
8.3 learning activities, and community public awareness events.

8.4 (e) \$15,000 in fiscal year 2020 and \$10,000 in fiscal year 2021 are for Independent
8.5 School District No. 624, White Bear Lake, to develop a central platform to efficiently
8.6 connect volunteers, water education professionals, curricula, and other resources to school
8.7 districts across the state.

8.8 (f) In each fiscal year, \$75,000 is for competitive grants to schools to implement the
8.9 water conservation curriculum and co-develop the central platform. Minnesota school
8.10 districts or charter schools may apply to the commissioner in the form and manner determined
8.11 by the commissioner.

8.12 (g) The base in fiscal year 2022 is zero.