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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1718

03/01/2021

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The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance and Policy

1.1 A bill for an act
1.2 relating to water; modifying water use fees; creating the soil and water conservation
1.3 district account; transferring and appropriating money; amending Minnesota
1.4 Statutes 2020, sections 103G.27; 103G.271, subdivision 6; proposing coding for
1.5 new law in Minnesota Statutes, chapter 103C.

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

1.7 Section 1. 103C.302] SOIL AND WATER CONSERVATION DISTRICT ACCOUNT.

1.8 Subdivision 1. Account established. The soil and water conservation district account
1.9 is created in the special revenue fund. Transfers from the water management account under
1.10 section 103G.27, subdivision 3, and other receipts must be deposited in the account. Interest
1.11 earned on money in the account accrues to the account.

1.12 Subd. 2. Purpose. Money in the account may only be used to provide financial assistance
1.13 to soil and water conservation districts.

1.14 Sec. 2. Minnesota Statutes 2020, section 103G.27, is amended to read:

1.15 **103G.27 WATER MANAGEMENT ACCOUNT.**

1.16 Subdivision 1. **Account established; sources.** The water management account is created
1.17 in the natural resources fund in the state treasury. Revenues collected from permit application
1.18 fees, water use fees, field inspection fees, penalties, and other receipts according to sections
1.19 103G.271 and 103G.301 ~~shall~~ must be deposited in the account. Interest earned on money
1.20 in the account accrues to the account.

2.1 Subd. 2. **Purposes of account.** Except as provided in subdivision 3, money in the water
 2.2 management account may be spent only for the costs associated with administering this
 2.3 chapter.

2.4 Subd. 3. **Transfer.** Each fiscal year, the commissioner of management and budget must
 2.5 transfer \$12,000,000 from the water management account to the soil and water conservation
 2.6 district account under section 103C.302.

2.7 Sec. 3. Minnesota Statutes 2020, section 103G.271, subdivision 6, is amended to read:

2.8 Subd. 6. **Water-use permit; processing fee.** (a) Except as described in paragraphs (b)
 2.9 to (g), a water-use permit processing fee must be prescribed by the commissioner in
 2.10 accordance with the schedule of fees in this subdivision for each water-use permit in force
 2.11 at any time during the year. Fees collected under this paragraph are credited to the water
 2.12 management account in the natural resources fund. The schedule is as follows, with the
 2.13 stated fee in each clause applied to the total amount appropriated:

2.14 (1) ~~\$140~~ \$490 for amounts not exceeding 50,000,000 gallons per year;

2.15 (2) ~~\$3.50~~ \$12.25 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but
 2.16 less than 100,000,000 gallons per year;

2.17 (3) ~~\$4~~ \$14 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less
 2.18 than 150,000,000 gallons per year;

2.19 (4) ~~\$4.50~~ \$15.75 per 1,000,000 gallons for amounts greater than 150,000,000 gallons
 2.20 but less than 200,000,000 gallons per year;

2.21 (5) ~~\$5~~ \$17.50 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but
 2.22 less than 250,000,000 gallons per year;

2.23 (6) ~~\$5.50~~ \$19.25 per 1,000,000 gallons for amounts greater than 250,000,000 gallons
 2.24 but less than 300,000,000 gallons per year;

2.25 (7) ~~\$6~~ \$21 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less
 2.26 than 350,000,000 gallons per year;

2.27 (8) ~~\$6.50~~ \$22.75 per 1,000,000 gallons for amounts greater than 350,000,000 gallons
 2.28 but less than 400,000,000 gallons per year;

2.29 (9) ~~\$7~~ \$24.50 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but
 2.30 less than 450,000,000 gallons per year;

3.1 (10) ~~\$7.50~~ \$26.25 per 1,000,000 gallons for amounts greater than 450,000,000 gallons
 3.2 but less than 500,000,000 gallons per year; and

3.3 (11) ~~\$8~~ \$28 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per
 3.4 year.

3.5 (b) For once-through cooling systems, a water-use processing fee must be prescribed
 3.6 by the commissioner in accordance with the following schedule of fees for each water-use
 3.7 permit in force at any time during the year:

3.8 (1) for nonprofit corporations and school districts, ~~\$200~~ \$700 per 1,000,000 gallons;
 3.9 and

3.10 (2) for all other users, ~~\$420~~ \$1,470 per 1,000,000 gallons.

3.11 (c) The fee is payable based on the amount of water appropriated during the year and,
 3.12 except as provided in paragraph (f), the minimum fee is ~~\$100~~ \$350.

3.13 (d) For water-use processing fees other than once-through cooling systems:

3.14 (1) the fee for a city of the first class may not exceed ~~\$250,000~~ \$875,000 per year;

3.15 (2) the fee for other entities for any permitted use may not exceed:

3.16 (i) ~~\$60,000~~ \$210,000 per year for an entity holding three or fewer permits;

3.17 (ii) ~~\$90,000~~ \$315,000 per year for an entity holding four or five permits; or

3.18 (iii) ~~\$300,000~~ \$1,050,000 per year for an entity holding more than five permits;

3.19 (3) the fee for agricultural irrigation may not exceed ~~\$750~~ \$2,625 per year;

3.20 (4) the fee for a municipality that furnishes electric service and cogenerates steam for
 3.21 home heating may not exceed ~~\$10,000~~ \$35,000 for its permit for water use related to the
 3.22 cogeneration of electricity and steam;

3.23 (5) the fee for a facility that temporarily diverts a water of the state from its natural
 3.24 channel to produce hydroelectric or hydromechanical power may not exceed ~~\$5,000~~ \$17,500
 3.25 per year. A permit for such a facility does not count toward the number of permits held by
 3.26 an entity as described in this paragraph; and

3.27 (6) no fee is required for a project involving the appropriation of surface water to prevent
 3.28 flood damage or to remove flood waters during a period of flooding, as determined by the
 3.29 commissioner.

3.30 (e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of ten
 3.31 percent per month calculated from the original due date must be imposed on the unpaid

4.1 balance of fees remaining 30 days after the sending of a second notice of fees due. A fee
 4.2 may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal
 4.3 governmental agency holding a water appropriation permit.

4.4 (f) The minimum water-use processing fee for a permit issued for irrigation of agricultural
 4.5 land is ~~\$20~~ \$70 for years in which:

4.6 (1) there is no appropriation of water under the permit; or

4.7 (2) the permit is suspended for more than seven consecutive days between May 1 and
 4.8 October 1.

4.9 (g) The commissioner shall waive the water-use permit fee for installations and projects
 4.10 that use storm water runoff or where public entities are diverting water to treat a water
 4.11 quality issue and returning the water to its source without using the water for any other
 4.12 purpose, unless the commissioner determines that the proposed use adversely affects surface
 4.13 water or groundwater.

4.14 (h) A surcharge of ~~\$30~~ \$105 per million gallons in addition to the fee prescribed in
 4.15 paragraph (a) shall be applied to the volume of water used in each of the months of June,
 4.16 July, and August that exceeds the volume of water used in January for municipal water use,
 4.17 irrigation of golf courses, and landscape irrigation. The surcharge for municipalities with
 4.18 more than one permit shall be determined based on the total appropriations from all permits
 4.19 that supply a common distribution system.

4.20 Sec. 4. **APPROPRIATION.**

4.21 \$12,000,000 in fiscal year 2022 and \$12,000,000 in fiscal year 2023 are appropriated
 4.22 from the soil and water conservation district account to the Board of Water and Soil
 4.23 Resources for payments to soil and water conservation districts for the purposes of Minnesota
 4.24 Statutes, sections 103C.321 and 103C.331. From this appropriation, each soil and water
 4.25 conservation district must receive an increase in its base funding of \$100,000 per year.
 4.26 Money remaining after the base increase is available for grants to soil and water conservation
 4.27 districts as determined by the board based on county allocations to soil and water conservation
 4.28 districts and amount of private land and public waters. The board and other agencies may
 4.29 reduce the amount of grants to a county by an amount equal to any reduction in the county's
 4.30 allocation to a soil and water conservation district from the county's previous year allocation
 4.31 when the board determines that the reduction was disproportionate. The board may use up
 4.32 to one percent for the administration of payments.