

**SENATE**  
**STATE OF MINNESOTA**  
**NINETIETH SESSION**

**S.F. No. 1542**

(SENATE AUTHORS: DZIEDZIC and Senjem)

DATE	D-PG	OFFICIAL STATUS
02/27/2017	801	Introduction and first reading
		Referred to Environment and Natural Resources Finance
03/15/2017	1492a	Comm report: To pass as amended and re-refer to Taxes

1.1 A bill for an act

1.2 relating to taxation; establishing the riparian buffer compensation program and

1.3 riparian protection aid; modifying conversion schedule for construction debris;

1.4 appropriating money; amending Minnesota Statutes 2016, section 297H.04,

1.5 subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 103F;

1.6 477A.

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

1.8 Section 1. **[103F.485] RIPARIAN BUFFER COMPENSATION PROGRAM.**

1.9 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

1.10 the meanings given.

1.11 (b) "Board" means the Board of Water and Soil Resources.

1.12 (c) "Claimant" means:

1.13 (1) a person, as defined in section 290.01, subdivision 2, who owns agricultural land in

1.14 Minnesota and files an application under this section; or

1.15 (2) a purchaser or grantee of property sold or transferred after the original application

1.16 was submitted.

1.17 (d) "Commissioner" means the commissioner of revenue.

1.18 (e) "Program" means the riparian buffer compensation program established in this section.

1.19 (f) "Public waters buffer" means a 50-foot average width, 30-foot minimum width

1.20 continuous area consisting of perennially rooted vegetation, excluding invasive plants and

1.21 noxious weeds, adjacent to public waters, as defined in section 103G.005, subdivision 15,

2.1 that protects the water resources of the state from runoff pollution; stabilizes soils, shores,  
2.2 and banks; and protects or provides riparian corridors.

2.3 Subd. 2. **Eligibility requirements.** Land may be enrolled in the program if all of the  
2.4 following conditions are met:

2.5 (1) the land is tillable land classified as 2a under section 273.13, subdivision 23;

2.6 (2) a public waters buffer is required to be maintained on the property by the landowner  
2.7 pursuant to section 103F.48, subdivision 3, and the public waters buffer is identified and  
2.8 mapped on a buffer protection map established and maintained by the commissioner of  
2.9 natural resources;

2.10 (3) the tillable land is converted to a public waters buffer during calendar years 2015  
2.11 through 2018 to comply with section 103F.48;

2.12 (4) there are no delinquent property taxes on the land; and

2.13 (5) an application is submitted to the commissioner as specified in subdivision 3 on or  
2.14 before April 1, 2019.

2.15 Subd. 3. **Applications.** (a) An owner of agricultural land in Minnesota may apply to  
2.16 enroll agricultural land in the program under this section. The application shall be on a form  
2.17 prescribed by the commissioner and must include the following information: (1) the  
2.18 landowner's Social Security number and date of birth, or state or federal business tax  
2.19 identification number, (2) the landowner's address, (3) the landowner's signature, (4) the  
2.20 county parcel identification numbers for the tax parcels that completely contain the  
2.21 agricultural land on which a public waters buffer is required to be established and maintained,  
2.22 (5) the number of acres of tillable class 2a agricultural land converted to a public waters  
2.23 buffer during calendar years 2015 through 2018 to comply with section 103F.48, rounded  
2.24 to the nearest whole acre, (6) the signature of an employee of the soil and water conservation  
2.25 district where the land is located, certifying the accuracy of the parcel identification numbers  
2.26 and the converted acres figure included in the application, and (7) any other information  
2.27 the commissioner deems necessary.

2.28 (b) The commissioner shall review the application and determine if the property is  
2.29 eligible for enrollment in the program. The commissioner shall notify the claimant of the  
2.30 determination within 90 days of receipt of the completed application.

2.31 (c) Social Security numbers collected from individuals under this section are private  
2.32 data as provided in section 13.355. The federal business tax identification number and date  
2.33 of birth data collected under this section are private data on individuals or nonpublic data,

3.1 as defined in section 13.02, subdivisions 9 and 12, but may be shared with county treasurers  
3.2 for purposes of the revenue recapture under chapter 270A.

3.3 Subd. 4. **Annual certification.** On or before February 15, 2019, and each February 15  
3.4 thereafter, the commissioner shall send each claimant a certification form. The claimant  
3.5 must sign the certification, attesting that the requirements and conditions the commissioner  
3.6 deems necessary for continued enrollment in the program are currently being met, and must  
3.7 return the signed certification form to the commissioner by April 1 of the same year. If the  
3.8 claimant does not return the annual certification form by the due date, the commissioner  
3.9 must notify the claimant that the land will be terminated from the program if the certification  
3.10 is not received within 30 days.

3.11 Subd. 5. **Notification to commissioner of noncompliance.** On or before June 1, 2019,  
3.12 and each June 1 thereafter, the commissioner shall provide by electronic means to the board  
3.13 data sufficient for a county, watershed district, or the board to identify claimants enrolled  
3.14 in the program. The board shall notify the commissioner of any claimant that has been  
3.15 determined by a county, watershed district, or the board to be noncompliant with the  
3.16 requirements of section 103F.48 on or before August 1 of each year in which the certification  
3.17 under subdivision 4 is due.

3.18 Subd. 6. **Length of enrollment.** Land approved for enrollment under subdivision 3,  
3.19 paragraph (b), remains in the program for five years unless terminated under subdivision  
3.20 10.

3.21 Subd. 7. **Payment amount.** A claimant is eligible to receive an annual payment equal  
3.22 to \$40 per acre for each tillable acre converted to a public waters buffer.

3.23 Subd. 8. **Annual payment.** The commissioner shall make the payments required under  
3.24 subdivision 7 annually on or before October 1 based on applications or certifications received  
3.25 on or before April 1 of that year. No future payment shall be made to a claimant for property  
3.26 after it has been terminated from the program. Interest at the annual rate determined under  
3.27 section 270C.40 shall be included with any payment not paid by the later of October 1 of  
3.28 the year the application or certification was due, or 180 days after the completed application  
3.29 or certification was filed.

3.30 Subd. 9. **Multiple claimants.** No more than one claimant is entitled to a payment under  
3.31 this section with respect to any tract, parcel, or piece of land that has been assigned the same  
3.32 parcel identification number. When enrolled agricultural land is owned by two or more  
3.33 persons, the owners must determine which person is eligible to claim the payments. In the  
3.34 case of property sold or transferred, the former owner and the purchaser or grantee may

4.1 determine which person is eligible to claim the payments. If they cannot agree, the matter  
4.2 shall be referred to the commissioner, whose decision shall be final.

4.3 Subd. 10. **Reasons for termination.** (a) Agricultural land enrolled in the program may  
4.4 be terminated from the program for any of the following reasons:

4.5 (1) there are delinquent taxes on the land;

4.6 (2) the commissioner receives notification from the board of noncompliance under  
4.7 subdivision 5;

4.8 (3) the claimant does not timely submit a certification form after being notified by the  
4.9 commissioner that the annual certification was not received by April 1; or

4.10 (4) the claimant voluntarily withdraws from the program.

4.11 (b) The commissioner shall prepare a notice of termination for any land that is to be  
4.12 terminated from the program. The notice of termination must contain the parcel identification  
4.13 numbers, the reason for termination, and the effective date of termination. The commissioner  
4.14 shall mail the notice of the termination to the claimant at least 60 days before the effective  
4.15 date of termination.

4.16 Subd. 11. **Compliance audit.** The commissioner may examine any application or annual  
4.17 certification to ensure compliance with this section.

4.18 Subd. 12. **Penalty.** If the commissioner determines a claimant intentionally filed a false  
4.19 application or certification under this section, the commissioner shall notify the claimant  
4.20 of the determination and the penalty amount for which the claimant is liable. The penalty  
4.21 is equal to the total payments received while enrolled in the program, plus interest calculated  
4.22 from the date the payments were made at the annual rate determined under section 270C.40.  
4.23 The claimant has 90 days to satisfy the payment from the date on the notice of determination.  
4.24 If the penalty is not paid within the 90-day period, the commissioner shall certify the amount  
4.25 to the county auditor for collection as a part of the general ad valorem real property taxes  
4.26 on the land in the following taxes payable year.

4.27 Subd. 13. **Appeal to Tax Court.** Any person aggrieved by the commissioner's decision  
4.28 to deny an application for enrollment, to assess a penalty, to terminate land from the program,  
4.29 or to deny payment to a claimant may, within 60 days of the date on the notice of  
4.30 determination or notice of termination, or after 180 days of the submission of the application  
4.31 or annual certification if no determination is issued, appeal to the Tax Court under chapter  
4.32 271 as if the appeal is from an order of the commissioner.

5.1 Subd. 14. **Appropriation.** The amount necessary to make the payments under this section  
 5.2 is annually appropriated to the commissioner from the general fund.

5.3 **EFFECTIVE DATE.** This section is effective for payments made in 2018 and thereafter.

5.4 Sec. 2. Minnesota Statutes 2016, section 297H.04, subdivision 2, is amended to read:

5.5 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste  
 5.6 shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic  
 5.7 waste collection capacity purchased by the generator, based on the size of the container for  
 5.8 the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion  
 5.9 schedule in paragraph (c). However, the tax must be calculated by the waste management  
 5.10 service provider using the same method for calculating the waste management service fee  
 5.11 so that both are calculated according to container capacity, actual volume, or weight.

5.12 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed  
 5.13 municipal solid waste shall pay a solid waste management tax in the same manner as provided  
 5.14 in paragraph (a).

5.15 (c) The weight-to-volume conversion schedule for:

5.16 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals~~  
 5.17 ~~3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner of  
 5.18 revenue, after consultation with the commissioner of the Pollution Control Agency, shall  
 5.19 determine and may publish by notice a conversion schedule for construction debris;

5.20 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents  
 5.21 per cubic yard. The commissioner of revenue after consultation with the commissioner of  
 5.22 the Pollution Control Agency, shall determine, and may publish by notice, a conversion  
 5.23 schedule for various industrial wastes; and

5.24 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
 5.25 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60  
 5.26 cents per 150 pounds.

5.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 5.28 30, 2017.

5.29 Sec. 3. **[477A.21] RIPARIAN PROTECTION AID.**

5.30 Subdivision 1. **Definition.** (a) For purposes of this section, the following terms have the  
 5.31 meanings given.

6.1 (b) "Buffer protection map" means the buffer protection map as defined in section  
6.2 103F.48, subdivision 1.

6.3 (c) "Commissioner" means the commissioner of revenue.

6.4 Subd. 2. **Certification to commissioner.** (a) The Board of Water and Soil Resources  
6.5 must certify to the commissioner on or before July 1 each year, which counties and watershed  
6.6 districts have affirmed their jurisdiction under section 103F.48, and the proportion of the  
6.7 number of centerline miles of public watercourses, and the miles of public drainage system  
6.8 ditches on the buffer protection map, within each county and each watershed district within  
6.9 the county with affirmed jurisdiction.

6.10 (b) On or before July 1 of each year, the commissioner of natural resources shall certify  
6.11 to the commissioner the statewide and countywide number of centerline miles of public  
6.12 watercourses and the miles of public drainage system ditches on the buffer protection map.

6.13 Subd. 3. **Distribution.** (a) A county that is certified under subdivision 2, or that portion  
6.14 of a county containing a watershed district certified under subdivision 2, is eligible to receive  
6.15 aid under this section to enforce and implement the riparian protection and water quality  
6.16 practices under section 103F.48. The commissioner shall calculate a preliminary aid for all  
6.17 counties that shall equal the sum of (1) the total number of acres in the county classified as  
6.18 class 2a under section 273.13, subdivision 23; (2) the countywide number of centerline  
6.19 miles of public watercourses on the buffer protection map; and (3) the countywide number  
6.20 of miles of public drainage system on the buffer protection map; divided by the sum of (4)  
6.21 the statewide total number of acres classified as class 2a under section 273.13, subdivision  
6.22 23; (5) the statewide total number of centerline miles of public watercourses on the buffer  
6.23 protection map; and (6) the statewide total number of miles of public drainage system on  
6.24 the buffer protection map; multiplied by (7) \$10,000,000.

6.25 (b) Aid to a county shall not be greater than \$200,000 or less than \$50,000. If the sum  
6.26 of the preliminary aids payable to counties under paragraph (a) is greater or less than the  
6.27 appropriation under subdivision 5, the commissioner shall calculate the percentage adjustment  
6.28 necessary so that the total of the aid under paragraph (a) equals the total amount available  
6.29 for aid under subdivision 5.

6.30 (c) If only a portion of a county is certified as eligible to receive aid under subdivision  
6.31 2, the aid otherwise payable to that county under this section shall be multiplied by a fraction,  
6.32 the numerator of which is the area of the certified watershed districts contained within the  
6.33 county and the denominator of which is the total area of the county.

7.1 (d) Any aid that would otherwise be paid to a county or portion of a county that is not  
7.2 certified under subdivision 2 shall be paid to the Board of Water and Soil Resources for the  
7.3 purpose of enforcing and implementing the riparian protection and water quality practices  
7.4 under section 103F.48.

7.5 Subd. 4. **Payments.** The commissioner of revenue must compute the amount of riparian  
7.6 protection aid payable to each eligible county and to the Board of Water and Soil Resources  
7.7 under this section. On or before August 1 each year, the commissioner shall certify the  
7.8 amount to be paid to each county and the Board of Water and Soil Resources in the following  
7.9 year, except that the payments for 2017 must be certified on or before August 1, 2017. The  
7.10 commissioner shall pay riparian protection aid to counties and the Board of Water and Soil  
7.11 Resources in the same manner and at the same time as aid payments under section 477A.015,  
7.12 except that the first riparian protection aid installment for 2017 shall be paid on or before  
7.13 August 31, 2017.

7.14 Subd. 5. **Appropriation.** \$10,000,000 is annually appropriated from the general fund  
7.15 to the commissioner to make the payments required under this section.

7.16 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.

7.17 Sec. 4. **APPROPRIATION; RIPARIAN BUFFER COMPENSATION PROGRAM.**

7.18 \$11,000 in fiscal year 2018 and \$434,000 in fiscal year 2019 are appropriated from the  
7.19 general fund to the commissioner of revenue to administer section 1. \$286,000 shall be  
7.20 added to base appropriations to the Department of Revenue for fiscal years 2020 and 2021.