MACPZA 2021 Legislative Session Summary

GENERAL OVERVIEW

The 2021 Legislative Session felt more like an extension of 2020 than a markedly new beginning to a budget year, as monthly special sessions connecting regular sessions resulted in 18 months of continuous legislative activity. The session proved unpredictable as negative budget projections were turned on their heads in early March and the federal American Rescue Plan pumped more than \$7 billion into the state coffers. On the final day of the Regular Session, broad budget targets were agreed to, but more than a month more was needed to finalize the policy and spending language. The final agreement included a \$1.3 billion increase over the base biennial budget as well as a set aside of \$1.23 billion of ARP dollars for future legislative spending (the Legislature spent \$1.1 billion of ARP funds as part of the agreement along with allocating \$500 million to the governor).

Environment and Natural Resources legislation saw a lot of carryover in 2021 because no significant bills passed in 2020. With a strategy to leverage all policy and spending against each other, Environment chairs in the House and Senate passed very few standalone bills and instead loaded everything into large omnibus bills (HF1076/SF959). The way negotiations unfolded and the timing of finishing the special session meant that many things were dropped simply because there was not time to work out the details. This was a setback on some things and a benefit on others.

In addition to the work of the Environment and Natural Resources Committee, legislation in the Energy and Climate, Agriculture, Legacy, Housing, Commerce and Tax Committees was also tracked and more than 180 bills of interest to counties were flagged across all committees that related to issues under this subject area.

Funding for county programs and grants that support local investments was maintained this session. There were also increased investments to address issues such as Emerald Ash Borer (EAB), Chronic Wasting Disease (CWD), water resource protection, and per- and polyfluoroalkyl substances (PFAS) contamination. We will see net benefits in these environmental policies due to compromises that were made, and despite items that were left on the cutting room floor for this year. Here are links to the information for omnibus bills with significant environmental focus:

• Agriculture: <u>Spreadsheet</u> / <u>Language</u> / <u>Summary</u>

• Commerce and Energy: Spreadsheet / Language / Summary

• Environment: <u>Spreadsheet</u> / <u>Language</u> / <u>Summary</u>

• Legacy Finance: Spreadsheet / Language

2021 LEGISLATIVE PRIORITIES

Solar Decommissioning: MACPZA supports addressing solar panel end of life handling to ensure the financial burden does not fall onto local governments and local taxpayers who may or may not have benefitted from the solar energy generated.

MACPZA members and staff participated in stakeholder work that was led by the MPCA. MACPZA members
presented at a stakeholder meeting regarding county interests and concerns. No proposal was brought forward
during the 2021 legislative session, but MPCA is currently working on draft legislation to address this issue.

AIS Funding and Implementation: MACPZA supports state (DNR) assistance with implementation of regional executive boards to meet minimum standards developed by MAIRSC, MNDNR, MACPZA, and MLR.

• AIS funding was maintained in the budget. The state invasive species plan is being updated and legislators brought forward legislation to have climate impacts considered in the plan. As work on the updated state plan wraps-up, we should look to engage these partners in a discussion about AIS funding and local management efforts.

SSTS Compliance: MACPZA supports engaging industry professionals, the Minnesota Pollution Control Agency and MACPZA membership related to extending the life of SSTS Certificates of Compliance.

• This was presented and discussed at an SSTS Advisory Council meeting. Representatives also proposed this to MOWA. The feedback from these partner groups brought little interest in moving forward with this as an action item. MACPZA did not pursue this due to a lack of stakeholder support.

LAND USE PLANNING AND REGULATION (PASSED)

Rural Event Center Regulations (HF1015/SF524)

This legislation modifies the definition of "place of public accommodation" by lowering the occupancy from 200 or more people to 100 or more; and requires fire sprinklers to be installed in a place of public accommodation if, on or after August 1, 2008, the facility was constructed, added to, altered, or has an occupant load of 300 or more people. These changes were introduced to provide more leniency for sprinkler requirements at "wedding barns."

Status: Signed by the governor on June 30, 2021 - (Chapter 10) 2021 1st Special Session.

DNR Lands Bill (HF133/SF514, HF1250/SF1286)

Each year the DNR brings forward a lands bill that provides for the sale, transfer, lease, or other such ownership and designation changes of land that requires legislative approval. This year, two years of provisions were included because the 2020 session failed to pass the bill as part of the Omnibus Environment and Natural Resources legislation. Though separate bills were introduced for the 2020 and 2021 items, they were both included in the Omnibus Environment and Natural Resources Budget that passed in special session. These sections included changes to state parks and recreation areas in Dakota, St. Louis, Blue Earth, and Washington Counties; private sales of surplus land in Cass, Lake of the Woods, St. Louis, Wadena, Roseau and Sherburne Counties; private sale of tax-forfeited land in Aitkin, Itasca, St. Louis, and Beltrami Counties; land transfer in Goodhue County; and land lease in St. Louis County.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

Tax-Forfeited Property Underground Storage Tanks (<u>HF1031/SF972</u>)

This provision, included in the Department of Commerce's Policy bill, will allow for the use of the Petroleum Fund to deal with underground storage tanks on tax-forfeited property prior to a leak or contamination. When property is tax-forfeited, the state holds the land in trust, but the county is responsible to restore the property to its highest possible use. AMC has been working with the state for support to address costly environmental issues at property tax-forfeited sites. Access to this funding will support more tanks being removed before an environmental emergency occurs. The current process to access petroleum funds is a concern, but the Department of Commerce is working to mitigate the process for the purposes of this bill.

Status: Signed by the governor on June 24, 2021 - (Chapter 4) 2021 1st Special Session.

Natural Resources Block Grant (HF1076/SF959)

Both House and Senate budget proposals included the base appropriation for NRBG (\$3.423 million/year), which directs funding to counties from Wetland Conversation Act, Shoreland, SSTS, and Local Water Management work. These are mandatory programs, and this funding covers only a fraction of the total costs. The Senate proposed to use \$1 million of this appropriation for grants to low-income residents to address failing septic systems. While AMC supports funding for that purpose, we oppose taking funding from the NRBG programs which would be a further cost-shift to counties. The final budget bill maintained the base NRBG funding and added a one-time appropriation of \$1.4 million to be used for grants for septic system upgrades. These grants are for families at 300% of the federal poverty guidelines and can pay for \$5,000 or 35% of a total project.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

LAND USE PLANNING AND REGULATION (DID NOT PASS)

Ag Land Preservation Program (HF2638/SF2537)

AMC adopted a new platform plank last year that supported changes to the Ag Land Preservation Program. Specifically, we want more flexibility for landowners in the rural program. There are two programs one in the metro area and one that is operated in three rural counties. The basics of the program and the goals are essentially the same. However, the metro area program, which has greater development pressure, has more flexibility and greater compensation. This legislation would allow landowners to remove acres from the program three years after submitting the paperwork rather than the current eight-year timeline. The bill would also allow for small solar installations of 1MW or less on program acres. These bills were introduced late in the session, and we will look to continue this conversation with legislators next year.

Status: Did not pass.

Granny Pod Exemption (HF1840/SF915)

In 2016, Minnesota created statewide requirements for Temporary Family Health Care Structures, also known as "granny pods." AMC worked with the authors at that time to allow counties to have an opt-out from the statute and address these structures through local ordinances. Many counties have adopted the opt-out resolution and permit these structures at the local level. This bill would have deleted the opt-out, thus eliminating local control of these structures. AMC worked with the author who agreed not to advance this proposal.

Status: Did not pass.

Use of Proceeds from Sales of Tax-Forfeited Lands (HF2162/SF908)

When properties can be sold back into private ownership, the revenue is distributed according to the statute, which requires payment for some public investments and special assessments as well as several permissive allowances before finally distributing the remaining funds to local taxing districts. While all the local jurisdictions benefit from the sale proceeds and reestablishing the property as a taxable asset, not everyone contributes to the costs associated with doing so. This proposal would permit a county, by resolution, to create an account to use these revenues for cleanup and maintenance efforts on other tax forfeited properties. Mitigating some of the financial impact and benefiting the whole community.

Status: Did not pass.

Tax-Forfeited Property Clean-up Grant Program (HF2280/SF1796)

AMC has been working with other state and local entities to find solutions for dealing with tax-forfeited properties that require significant clean-up efforts and have costly price tags. It should not be the sole responsibility of the county to cover these costs which are often not able to be recouped. This legislation creates a pilot program to offer grants to counties to manage costly clean-up locations.

Status: Did not pass.

County Agriculture Inspectors Funding (HF2147)

The Minnesota County Agriculture Inspectors brought forward a proposal requesting base funding for their work. County Ag Inspectors perform duties as directed by and in collaboration with the State. This work has received limited support for the state programing and local efforts. This legislation requests \$1 million for distribution to each county office for the performance of their duties and sets some basic requirements for eligibility.

Status: Did not pass.

Micro Dwellings (HF1484/SF1145)

Housing has received a lot of attention in recent years and advocates are looking for creative ways to address homelessness around the state. A new proposal this session, referred to as *Sacred Settlements*, would have allowed micro unit dwellings to be established on church owned property. Although this drew some interest, there were many factors regarding general health and safety issues that had not been addressed in the proposal. Communities need the ability to work with organizations interested in these projects to make sure individual and community needs are addressed.

Status: Did not pass.

WATER RESOURCE MANAGEMENT (PASSED)

Ordinary High-Water Mark Designations (HF1755/SF1789)

Ordinary High-Water Levels (OHW) have impacts on local government infrastructure, water management and land use. This proposal does not impact the DNR's current process for OHW designations. It would require a notice to local governments of new OHWs and allow for additional evidence, important to setting an accurate OHW, to be submitted for consideration by the DNR.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

Bulk Water Transfers (HF1491/SF1110)

AMC supported this proposal to strengthen Minnesota statutes against potential exports of the state's water resources. A recent proposal to ship Minnesota groundwater resources to other parts of the country raised concerns about the strength of the current statute to provide for long-term protection of these resources. The DNR worked on this language with the Attorney General's office to comply with interstate commerce requirements. It will prohibit water transfers of 1 million gallons or more beyond 50 miles from the source, exceptions of certain public water supply purpose are made for transfers up to 100 miles from the source

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

County Stormwater (MS4) Permits (HF624/SF854)

Legislation passed by the Minnesota Association of Townships two years ago was intended to keep townships from having to obtain stormwater permits when only portions of the town are being impacted by development as cities expand. MPCA staff subsequently raised implementation concerns that the language would require permits for unorganized areas of counties outside urbanized areas, which was not intended. AMC worked with the MPCA on language to prevent new, unintended permit requirements for counties.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

Water Storage Program (HF932/SF1037)

The bill establishes a water storage program to provide financial assistance to local units of government to control water volume and flow rates and to mitigate climate change impacts. The statute defines these practices as those which sustain or improve water quality via surface water rate and volume and ecological management, including but not limited to: 1) Retention structures and basins; 2) Acquisition of flowage rights; 3) Soil and substrate infiltration; 4) Wetland restoration, creation, or enhancement; 5) Channel restoration or enhancements; and 6) Floodplain restoration or enhancement. The language also requires BWSR to give priority to projects in the Minnesota River Basin and Lower Mississippi River Basin. The budget bill appropriated \$2 million for the program.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

Ag BMP Loan Program (SF1571)

The Ag BMP Loan Program is a revolving loan program that is used to finance a wide array of water quality projects. The program has regularly received more requests and interest than there are funds available. In 2020 there was \$20.37 million available and \$41 million in requests. AMC advocated for additional funding for the base account. The governor's budget and this bill called for a \$2 million investment in the fund. This language was amended in the Senate to use the funding for grants to replace failing septic systems. The final budget bill included \$1.437 million each year of this biennium and \$1.425 million annually thereafter to the AgBMP loan program. It does require MDA to examine how up to one-third of the new money could be used for grants to rural landowners to replace septic systems that inadequately protect groundwater. The commissioner must report to the Legislature on this provision by February 2022.

Status: Signed by the governor on June 29, 2021 - (Chapter 3) 2021 1st Special Session.

404 Assumption (HF1219/SF1166)

The state needed a one-year extension to complete their report on the policy changes and funding necessary to assume Federal Clean Water Act Section 404 permitting. This work has been a joint effort of the EQB, BWSR, DNR, and MPCA with the EPA and ACOE. AMC supported this extension given delays caused by the COVID-19 pandemic.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

WATER RESOURCE MANAGEMENT (DID NOT PASS)

Public Waters Inventory - Local Authority (HF2252/SF2089)

The DNR has begun a process to add waters to the Public Water Inventory (PWI) that were never subject to the public process established in law and has identified more than 500 waters in more than 60 counties that may be subject to this activity. Minnesota Statute does allow the DNR to maintain the PWI and address reclassifications and revisions. The statute also provides for a notification to local governments, which have water planning and management responsibilities, of PWI reclassifications and give them the authority to object. The DNR states that adding these waters to the PWI is only a revision/error correction. If adding a watercourse to the PWI that has never been subjected to the review process established in law is a revision, revisions should be subject to the same local government notice and review authority that is provided for reclassifications. This language would provide for that review. It was included in the Senate Environment bill during the regular session but was not included in the special session compromise.

Status: Did not pass.

Public Waters Inventory - Pause on Changes (HF2251/SF2088)

The DNR has begun a process to add waters to the Public Water Inventory (PWI) that were never subject to the public process established in law (MN Laws 1979, Ch. 199) and has identified more than 500 waters in more than 60 counties that may be subject to this activity. The Legislature asked that this work be put on-hold and that the DNR have a thoughtful conversation with all stakeholders about the process for making these changes to the PWI.

Status: Did not pass.

DEED and Mortgage Fee - SWCD Funding (HF1733/SF2195)

This proposal would have placed a new \$25 fee on all mortgage and deed transactions to be collected and held by the county for distribution to the local SWCD. This funding would have replaced the current state support for SWCDS. These districts do work at a local level and are supported with a variety of funds including significant contributions from the counties. SWCDs perform numerous state mandated tasks and it is important that the state also provide them with some level of operational funding. AMC opposed the idea of additional local revenues to replace state financial support of the conservation districts.

Status: Did not pass.

Watershed District Project Funding (HF1820)

The Drainage Work Group has been discussing and asking questions about financing drainage projects and the impacts on county bond ratings when many projects amount to high debt totals. The DWG has not had formal discussion on ideas to address this issue. Some counties have been contemplating these finance issues and how to manage them as part of the larger county interests. The Minnesota Association of Watershed Districts proposed this bill, which unfortunately only addressed their interests in these situations. The bill proposed to strengthen statute requiring counties to finance watershed district projects and prohibit drainage system jurisdiction from being transferred back to a county from watershed.

Status: Did not pass.

Watershed District and Soil and Water Conservation District Mergers (HF1586/SF2214)

This legislation directed the Board of Water and Soil Resources to prepare, in consultation with soil and water conservation districts, watershed districts, and other local units of government, a feasibility study on voluntarily merging soil and water conservation districts and watershed districts that have a completed One Watershed, One Plan. Funding to do the study was included in the House Legacy Omnibus bill but was not included in the final budget bill.

Status: Did not pass.

Drainage Repair Permits (HF1320/SF1659)

As drainage authorities, counties are tasked with management of drainage infrastructure systems. In cases where this work would impact public waters, a permit is required, and the Department of Natural Resources (DNR) is involved in working with the drainage authority to move the project forward. The involvement of the DNR in drainage repair projects has significantly increased and has included cases where there is no direct impact to a public water body. AMC joined other entities in working with the agency to express our concerns and try to address the issues. This language had been drafted with the help of drainage authorities but was not introduced at our request. However, some entities that have continued to have a difficult working relationship with the DNR asked that this legislation be introduced to clarify the relationship between drainage repairs and public waters work permits.

Status: Did not pass.

Buffer Tax Credit (HF508/SF251)

Since passage of the 2015 state buffer law, there have been discussions about the financial implication of this requirement for landowners. AMC's platform supports financial or tax recognition for landowners as long as it does not create significant work or costs for county government. AMC has been working with the MN Corn Growers and legislators on a tax proposal that would have the state pay to exempt these acres from taxes. This proposal was not representative of the work we had been doing, but we have been engaged in conversations with the author and other stakeholders to modify the legislation. No language on this issue was included in the tax bill.

Status: Did not pass.

DEDICATED ENVIRONMENTAL FUNDING (PASSED)

Legacy Funding Bill (HF1079/SF971)

The Legacy bill makes the appropriations of the voter approved three-eighths of one percent sales tax, which is distributed as 33 percent to the Clean Water Fund; 33 percent to the Outdoor Heritage Fund; 19.75 percent to the arts and cultural heritage fund; and 14.25 percent to the Parks and Trails Fund. The appropriations from each fund for 2022 are \$127.8 million for the Outdoor Heritage Fund; \$126.7 million for the Clean Water Fund; \$73.1 million for the Arts and Cultural Heritage Fund; and \$54.8 million for the Parks and Trails Fund.

The **Clean Water Fund** appropriations includes council recommendations for a number of programs, including:

- 1 Watershed, 1 Plan implementation \$21.197 million/\$22.367 million
- SSTS: Enhanced County Inspections and Grant program \$2.912 million/year
- Critical Shoreland Easements \$1.234/year
- County Atlases \$900,000
- AgBMP Loan Program \$75,000/year

The biggest issue to be resolved and the most significant change from the council recommendations is the inclusion of \$24 million for Soil and Water Conservation District (SWCD) capacity grants. There is also \$5.6 million for the Conservation Reserve Enhancement Program (CREP) putting Minnesota less than \$10 million from the total required to secure the full federal funding.

The **Lessard-Sams Outdoor Heritage** Fund appropriations remain one which the Legislature closely adheres to the recommendations of the Outdoor Heritage Council:

- Prairies \$42,784 million
- Forests \$12.476 million
- Wetlands \$22,389 million
- Habitats \$48.664 million

In total this year's bill would restore, enhance and/or protect 96,871 acres of wildlife habitat and 81 miles of shoreline.

The **Parks and Trails Fund** continues to be distributed according to the 40-40-20 split with approximately \$21.7 million for the state system, \$21.7 million for the metro area, and \$10.857 million for greater Minnesota.

Status: Signed by the governor on June 26, 2021 - (Chapter 1) 2021 1st Special Session.

Environment and Natural Resources Trust Fund - LCCMR Bill (HF30/SF166, HF151/SF690)

The Environment and Natural Resources Trust Fund (ENRTF) is a combination of contributions and investment income, including 40 percent of the net proceeds from the Minnesota State Lottery. The Legislative Citizens Commission on Minnesota Resources (LCCMR) makes recommendations to the Legislature annually for appropriations. The Legislature was considering two sets for spending recommendations this year because the 2020 bill was not passed last session. The two bills were merged into the final Omnibus Environment and Natural Resources Budget bill. The 2020 package included 85 appropriations with \$61.387 million from FY21 and \$3.932 million recaptured from prior fiscal years. The 2021 package included 89 appropriations with \$70.881 million from FY22 and \$840,000 recaptured from prior fiscal years. Funded projects include:

- \$3.5 million to DNR for EAB including grants to communities.
- \$130,000 for DNR and Second Harvest to divert food waste from landfills.
- \$2 million (FY21) and \$3.092 million (FY22) to the University of Minnesota for County Geologic Atlases.
- \$2.4 million for grants to locals for parks, trails and natural areas.
- \$1.404 million MPCA to study PFAS in land applied biosolids.
- \$250,000 to Dem Con for experiment on technology for point source PFAS reduction.
- \$1.125 million (FY21) and \$1.875 million (FY22) DNR for County Groundwater Atlases.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

CLIMATE AND ENERGY (PASSED)

Evergreen Energy - Wood Waste Management (HF1255/SF1047)

Emerald Ash Borer (EAB) is moving into new areas of the state with each passing year and is heavily impacting communities in the metro area currently. Part of the challenge presented by EAB is how to manage the large amounts of wood waste being produced. Evergreen Energy Power operates District Energy in St. Paul that uses wood waste to produce energy and steam that helps to power, heat, and cool the downtown area. In 2020, wood waste sourced from 16 counties amounted to approximately 240,000 tons. The current purchase agreement with Xcel Energy is nearing its end and several factors contributed to concern about renewal. The companies reached an agreement that required legislative approval to extend the operation of this facility. Without this facility, communities would have a big gap in the management of this waste stream and face additional costs as they attempt to quickly develop alternatives.

Status: Signed by the governor on May 25, 2021 - (Chapter 23) 2021 Regular Session.

Solar on Closed Landfills (HF1879/SF1678)

The Legislature received a report this year that outlined the potential for solar installations at closed landfills. This legislation created a pilot project to put that report into action at a closed landfill in Anoka County.

Status: Signed by the governor on June 24, 2021 - (Chapter 4) 2021 1st Special Session.

Wind Turbine Lighting Systems (HF2110/SF2075)

Requires a wind energy generating system issued a site permit or site permit amendment after July 1, 2021, to install a light-mitigating technology that minimizes the duration or intensity of the lighting system and that meets Federal Aviation Administration requirements, unless doing so is technically infeasible, imposes a significant financial burden on the applicant, or the technology cannot be delivered by the vendor within a reasonable amount of time.

Status: Signed by the governor on June 24, 2021 - (Chapter 4) 2021 1st Special Session.

CLIMATE AND ENERGY (DID NOT PASS)

Electric Vehicle Charging Stations at County Facilities (HF2234/SF2416)

The House Energy Omnibus bill included funding and language to install Electric Vehicle (EV) charging stations at state parks. Before the bill was moved out of committee this language was added to fund EV charging stations at County Government Centers. AMC expressed interest but also asked several questions about counties' authority to decide whether to participate, at what locations, as well as the financial and installation considerations that the county should be a primary decision maker on.

Status: Did not pass.

Solar Permitting (HF2110/SF2075)

This provision modifies the solar permitting process. Combining site and gen-tie permit – Generation tie-lines connect the solar energy project an adjacent substation. Unlike wind, solar gen-tie lines are often very short, causing solar gen-tie lines to fall below the statutory definitions of gen-tie lines designed for the permitted of gen-tie infrastructure. If the gen-tie line does not meet the length and voltage threshold under the alternative review statue, the PUC has no authority over the line, which then falls to the jurisdiction of the local unit of government. The bill modifies the definition of solar energy generating systems to include "and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a solar energy generating system with a high voltage transmission line."

Status: Did not pass.

Prime Farmland Expedited Rulemaking (HF2110/SF2075)

This bill requires the PUC to enter into expedited rulemaking to amend 7850.440 to allow solar to be sited on prime farmland if the owner of the facility meets certain criteria. Those include improving ground water, establishing perennial vegetation that improves pollinator and other animal habitats, and co-agriculture benefits like having and grazing.

Status: Did not pass.

ANIMAL AGRICULTURE (PASSED)

Feedlot General Permit Manure Restrictions (HF1296/SF566)

The most recent updates to the feedlot general permit made by the Minnesota Pollution Control Agency (MPCA) included restrictions on February and March manure applications and additional requirements for September and October applications. This legislation would have prevented a state feedlot permit from including these new restrictions or requirements and would have required revisions to permits that already included these provisions. Counties were successful in amending the original bill language so that this would not impact local government authority—a change that was made with the support of the author and advocates. This proposal was advanced in the Senate but received no hearing in the House. Compromise language was included in the Special Session Omnibus bill that focused on disallowing certain conditions on applications in October. The effective date would prevent implementation of this language if the federal Environmental Protection Agency (EPA) disapproves of this language in the statute.

Status: Signed by the governor on June 29, 2021 - (Chapter 6) 2021 1st Special Session.

For more information, please contact Brian Martinson, AMC Environment & Natural Resources Policy Analyst at (651)-246-4156 or bmartinson@mncounties.org.