

HF1733 - 0 - Soil and Water Conservation District Fees

Chief Author: **Rick Hansen**
 Committee: **Environment And Natural Resources Finance And Policy**
 Date Completed: **3/24/2021 7:41:18 AM**
 Lead Agency: **Water and Soil Resources Board**
 Other Agencies:
 Revenue Dept

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
State Total						
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/24/2021 7:41:18 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

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Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/24/2021 7:41:06 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.leg.mn

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Biennial Total			-			-
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Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill allows counties with a Soil and Water Conservation District to impose an additional fee of \$25 per transaction in the recording or registration of a mortgage and an additional fee of \$25 on the recording or registration of a deed.

The \$25 fees must be deposited in a special soil and water conservation district account. The county treasurer must transfer money from the special soil and water conservation district account to existing Soil and Water Conservation Districts within the county. If there is more than one Soil and Water Conservation District in the county, the funds must be allocated equally among each district.

The bill adds a Clean Water Fund grant eligibility requirement for counties. In order to be eligible for a CWF grant, a county must either impose a soil and water conservation district fee or at least 75% of the county must be covered by a watershed district, watershed management organization, or other joint powers entity organized for water management with levy authority.

Assumptions

There are 87 counties in Minnesota:

- 85 counties have at least one SWCD (with a total of 88 SWCDs in these counties)
- 2 counties (Ramsey and Hennepin) operate soil and water conservation district duties (as part of the county, not a separate organization).

The Department of Revenue, using calendar year 2020 data, estimates 471,178 Mortgage and Deed transactions for the year. The Department of Revenue includes the caveat that the 2020 calendar year was a historically high year of real estate sale and mortgage activity. See the References/Sources section for additional details.

Under these assumptions, the Department of Revenue estimates the maximum revenue generated by an additional \$25 fee, should all counties choose to apply the fee, is an estimated \$11,800,000.

The \$25 mortgage and deed registration and recording fees are collected by each county choosing to apply the conservation fee and each county distributes funds from the soil and water conservation district account to the local SWCD.

BWSR assumes it does not play a role in the distribution of funds. Therefore BWSR does not have any significant expenditures or expenses related to the implementation of this bill as written.

BWSR estimates that 22 Counties (including the metro) are at least 75% covered by a WD, WMO, and joint powers entity.

Expenditure and/or Revenue Formula

BWSR will absorb expenditures related to implementation of the bill as written.

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

If the bill is implemented as written, counties may choose to collect an additional \$25 fee on mortgage and deed registrations and recordings. The revenue collected through this fee would be deposited in a special soil and water conservation district account. Each county is responsible for distributing funds in the account to the county soil and water conservation district.

BWSR does not know how many counties will choose to collect the new fee. The estimated amount per county will likely have a wide range of amounts, but cannot be determined at this time

References/Sources

Department of Revenue Estimates of Deed and Mortgage Transactions for calendar year 2020

(Note: this information is based on extrapolated numbers to a statewide total. The data should only be used as estimates for planning purposes and not considered as actual values if this bill becomes law)

# of Deed Transactions of sales over \$3000	125,000 est.
# of Deed Transactions for minimum tax deeds	25,000 est.
# of Mortgage Transactions	321,178 est.
<hr/>	
Total:	471,178 est. number of total transactions
	<hr/>
	x \$25 fee (from bill draft)

\$11,779,450 maximum estimated annual revenue if all counties choose to apply the fee for SWCD funding.

Agency Contact: Angie Becker Kudelka

Agency Fiscal Note Coordinator Signature: Jeremy Olson

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 Agency: **Revenue Dept**

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Expenditures		X
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Information Technology		X
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LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 3/23/2021 7:05:04 PM
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State Cost (Savings) Calculation Details

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	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

Section 1 of the bill allows counties to charge an additional \$25 fee on certain real estate transactions and dedicate revenues from the fee for soil and water conservation districts (SWCDs). Effective July 1, 2021.

Section 2 of the bill adds new restrictions on the eligibility of counties for grants funded with money from the clean water fund. Effective July 1, 2022.

Assumptions

This bill allows new fees that counties could impose. The Department of Revenue (DOR) is not impacted by this bill.

Expenditure and/or Revenue Formula

The bill will not impact state tax revenues.

Long-Term Fiscal Considerations

The bill does not have long-term fiscal impact for DOR.

Local Fiscal Impact

Counties with soil and water conservation districts (SWCD) will be able to charge an additional \$25 fee on mortgage and deed recording and registrations and requires the money to be deposited in a special SWCD account and transferred to SWCDs.

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact: Lisa Knops 651-556-6754

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