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March 25, 2021

The Honorable Representative Leon Lillie Chair, House Legacy Finance Committee

Re: HF 1079 DE 2 (Lillie) - Clean water, parks and trails, and arts and cultural heritage funds

Dear Chair Lillie and Legacy Finance Committee Members,

I appreciate the opportunity to provide input and express our concerns on the clean water fund appropriations and policy in the DE 2 amendment for House File 1079.

To start, though, I want to underscore a fundamental aspect of water quality work:

- State-level initiatives do not automatically trigger changes on the local landscape.
- The desired changes come about in large part through the efforts of SWCDs at the local level: resource professionals working one on one with private landowners to build trust, offer resource solutions, and ultimately work with them on the design and implementation of prioritized and targeted water quality solutions that have measurable results.

The appropriation language and amounts for grants to SWCDs on lines 58.17 through 59.31 are far too limiting and would have serious adverse impacts on SWCDs' conservation delivery system. The SWCD Capacity Grants program that has been in place the last six years has been in recognition that there are water quality and soil health issues across the entire **State**, and that the **State** benefits from the SWCDs' work in addressing those issues.

Over the past several years, we have advocated for SWCD Capacity Funding from the State to be an ongoing, general fund appropriation. But while it is not our preferred option, Clean Water Funds ARE an appropriate funding source for the work of SWCDs. We appreciate that Governor Walz saw fit to include SWCD Capacity Funding in the Clean Water Fund in his supplemental budget proposal, though we hope as budget discussions continue, that the funding level recommended by the Governor can be increased.

State investments into the SWCD system have resulted in enhanced SWCD staffing, training and credentialing, conservation equipment, and direct landowner assistance, all of which are absolutely necessary for increasing our pace of progress in implementing the programs and priorities of the Clean Water Fund and ultimately improving water quality. SWCDs have used Capacity Funding *ONLY* in ways that provide additionality and augment what

MASWCD represents the state's 88 soil and water conservation districts, including their 440 elected supervisors and their more than 460 employees. Soil and Water Conservation Districts are political subdivisions of the State established under Minnesota Statute Chapter 103C. Each SWCD is governed by a board of elected supervisors. And SWCD law is implemented across 100% of the state.

other funding sources have afforded us to do, and **ONLY** on projects, programs, and priorities that align with the objectives of the Clean Water Fund. SWCDs identify, track, and report to the Board of Water and Soil Resources the use of their Capacity Funds in four main resource categories:

- reducing and mitigating soil erosion,
- managing riparian zones,
- storage and treatment of water on the landscape, and
- efforts to reduce excess nutrients.

Our SWCD Capacity Grants have leveraged additional **county appropriations** to SWCDs at the local level, and our enhanced SWCD staffing has bolstered our readiness in **leveraging federal funding** into the state. We are not aware of any county that has decreased their contribution to their SWCD because of the state providing these resources.

I encourage you to take a look at the MASWCD capacity booklet (pdf) that we're providing to committee members, outlining examples of how SWCDs have used these critical state funds.

With regard to the deed tax provisions that are moving separately in HF 1733, while we appreciate the discussion around additional funding from **local** sources, such a local funding mechanism would not solve the issues around a stable, ongoing, **State** obligation to funding SWCDs. In many SWCDs, the funding produced from such a revenue source would be an amount that could perhaps be used to assist with one-time project costs, but could not be relied upon or sufficient for ongoing budget needs such as retaining qualified resource professionals. At a minimum, any new LOCAL option for funding our statewide SWCD conservation delivery system should not be looked to as a way for the STATE to back away from its funding obligations.

In closing, again, I appreciate the opportunity to offer input on this bill today, and SWCDs look forward to being part of discussions going forward. Thank you.

Sincerely,

Paul Krabbenhoft

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President

Minnesota Association of Soil and Water Conservation Districts