



May 3, 2021

The Honorable Bill Ingebrigtsen, Chair
Senate Env. & Natural Resources Finance Committee
Minnesota Senate
3207 Minnesota Senate Building
St. Paul, MN 55155

The Honorable Rick Hansen, Chair
House Env. & Natural Resources Finance & Policy
Committee
Minnesota House of Representatives
407 State Office Building
St. Paul, MN 55155

Dear Senator Ingebrigtsen, Representative Hansen, and Conferees:

Thank you for the opportunity to provide comments on Senate File 959 the Omnibus Environment and Natural Resources Finance Bill.

Minnesotans value their natural resources and care about clean water and productive use of their land and infrastructure. Minnesotans also expect a great deal from the state agencies charged with overseeing natural resources, and we take that responsibility seriously. Working in partnership with the local governments to transition to a watershed-based natural resource management approach and strategically implement a wide variety of on-the-ground conservation practices on the ground, we are making noticeable progress.

We appreciate the many important conversations this session, and as the conference committee moves towards collaboration and compromise, we focus these remarks on two areas: 1) those provisions that provide the greatest public benefit; helping Minnesotans implement their conservation choices on their land; and 2) those provisions that, if enacted, would result in serious and negative consequences to the state's progress towards clean water and productive soils.

Policy/Programs

The Board of Water and Soil Resources (BWSR) supports the following provisions included in the *House Omnibus bill*:

Soil Health program

Soil health practices are a critical element of conservation efforts that provide climate mitigation and resilience benefits as well as productivity enhancements on Minnesota's working lands. The included policy provisions and \$1 million in funding are a good start but believe the acceleration as proposed in the Governor's recommended \$5.5M of base funding for this work is what Minnesotans are ready for.

Water Storage and Treatment program

Another aspect of climate resiliency is managing the increasing volume and rate of water runoff caused by amplified rainfall intensity. We appreciate the inclusion of \$1 million and the policy provision that provides a mechanism for state support for projects at strategic locations as identified in local watershed management

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plans and encourage the conference committee to reach the Governor's recommended base funding for this effort at \$3M for the biennium.

Easement Stewardship Account Modification

The modifications to the Easement Stewardship and Mitigation accounts are budget neutral and will ensure prudent use of these dedicated funds to protect the state's investments in these public assets.

Lawns to Legumes program established

We support the enactment of this important effort to accelerate the work of local partners in establishing habitat patches beneficial to pollinators and vulnerable bees and butterflies.

Soil and Water Conservation District (SWCD) supervisor compensation.

We support the catch-up increase to assure elected local officials are adequately compensated for carrying out their public official duties.

The Board of Water and Soil Resources (BWSR) supports the following provisions included in the *Senate Omnibus bill*:

Clean Water Act Section 404 report extension.

As indicated in joint agency letter sent November 10, 2020, BWSR supports the Senate inclusion of the extension to allow additional time to complete this important assessment in coordination with the respective federal agencies.

Soil and Water Conservation District (SWCD) supervisor compensation.

We support the catch-up increase to assure elected local officials are adequately compensated for carrying out their public official duties.

Water Storage.

While we support the inclusion of provisions to accelerate water storage efforts as has been discussed extensively by the LCC Subcommittee on Minnesota Water Policy and supported broadly by organizations in the Minnesota River Basin and beyond, we have some concerns with parts of the language and the funding source. The water storage policy provision included in the omnibus bill is significantly different from the Governor's proposal in SF 1037 and a similar water storage bill (SF 81) introduced by Senator Weber. The current Senate language alters the scope, purpose, and eligible costs of SF 81 and SF 1037 and therefore we'd like to continue work on this topic with Senator Ingebrigtsen and other conferees to assure we get this important work set up and started well.

Summary: We encourage the Conference Committee to adopt all the above policy provisions as suggested and include funding at the levels recommend by the Governor.

On the Water Storage item, we suggest using the Governor's funding level of \$3M. The policy language that starts on page R58 in Article 2 has minor but meaningful differences between the House and Senate. We offer our support for a potential outcome via the attached document.

Budget

The House and Senate have significant fiscal differences. The agency and the Governor support the House approach which recognizes the importance of climate mitigation and resiliency investments that directly benefits citizens across the state. While the House includes climate provisions, it is at a reduced funding level. We appreciate the inclusion of the two climate provisions and encourage the conference committee to adopt

the Governor's recommendations. We stand firm in the belief that now is the time to start ongoing, long-term investments in climate mitigation and resiliency. The Governor's \$5.5M **Soil Health** and \$3M **Water Storage** packages are a small start – but impactful and practical parts of the state's base commitment to accelerate work in these areas.

The agency and the Governor support the House inclusion of **necessary operational adjustments**. This investment allows BWSR to continue meeting statutory requirements and the needs of local government partners while being good stewards of taxpayer dollars. It benefits state and local governments by maintaining the agency's capacity for financial services, budget management and analysis, and grants allocations while upholding the level of service our partners both deserve and expect.

The Senate bill contains a 5.1% reduction to BWSR's General Fund base. BWSR does not have the authority to generate fees to support our water and soil protection responsibilities so we are reliant on the General Fund to support locally led conservation work. The 5.1% reduction has direct impact on every county in the state. Furthermore:

- Elimination of funding to local governments for weed management cooperatives removes an important means to efficiently help private landowners curtail the harmful spread of terrestrial invasive and weed species.
- Reduction of funding for operational and program services the agency provides via statutory responsibilities without corresponding policy changes to specify the services that will be reduced is counter to the public interest.
- The language added on the Senate floor that earmarks a portion of Natural Resource Block Grants to Counties for Sub-Surface Sewage Treatment System assistance is not warranted or needed as there is already a program for this purpose funded via the Clean Water Fund in the Legacy bill.

As you know, **funding for the state's Soil and Water Conservation Districts (SWCDs)** is vitally important for conservation implementation. We appreciate the House recognition of their work in this bill and attempt to find a source of additional funding. In combination with partial funding streams contained in the Legacy Bill and potentially the Tax Bill, we are committed to working with members of this conference committee and others to secure full funding for SWCDs for this biennium and beyond. We look forward to working with conferees as you consider the best path forward to achieve sufficient and stable funding essential to assure all SWCDs can continue to be the "boots on the ground" conservation experts working with landowners statewide.

Summary: We encourage the Conference Committee to adopt the agency budget provisions at the funding levels recommend by the Governor. We also stand ready to work with you and members of the Legacy Conference Committee and others to develop a viable statewide option for SWCD capacity funding.

Environment and Natural Resources Trust Fund

As recommended by LCCMR, the FY21 projects included an appropriation to BWSR for a Pollinator and Beneficial Insect Strategic Habitat Program. This project builds upon existing public investment and enhances high-value pollinator habitat on existing conservation easements, Conservation Reserve Program lands, city and county parks, and protected natural areas. BWSR supports the LCCMR process and maintaining the integrity of the proposal vetting and allocation decisions made by the legislative-citizen body. Finally, BWSR supports both the House and Senate inclusion of the project extensions in the 2020 ENRTF rider language, and the inclusion of the 2021 LCCMR-recommended projects.

I will be available whenever needed during conference committee deliberations.

Sincerely,

A handwritten signature in black ink, appearing to read "John Jaschke", followed by a horizontal line.

John Jaschke, Executive Director

john.jaschke@state.mn.us

(612) 202-3815 mobile text/talk

Attch.

204.26 Sec. 3. **[103F.05] WATER VOLUME, QUALITY, AND STORAGE.**

204.27 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision

204.28 have the meanings given them.

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

204.30 (c) "Local units of government" has the meaning given under section 103B.305,

204.31 subdivision 5, and includes tribal governments.

205.1 Subd. 2. **Establishment.** The board must establish a program to protect, conserve,

205.2 preserve, and enhance the state's water quality and related natural resources benefits by

205.3 providing financial assistance or grants to local units of government to control water volume

205.4 and rates of flow, to reduce water quality impairment caused by flooding, and to construct

205.5 infrastructure and improvements to facilitate these goals.

205.6 Subd. 3. **Financial assistance or grants.** (a) The board may provide financial assistance

205.7 or grants to local units of government to cover the costs of water volume control projects,

205.8 water storage projects, and other water quality practices consistent with a plan approved

205.9 according to chapter 103B, 103C, or 103D. The board may acquire conservation easements

Support House establishment language

We believe the program establishment is best statewide, however one way to address the MN basin preference would be to direct appropriations there

Support House

223.27 (4) sustaining soil organic matter; and

223.28 (5) supporting soil life and pollinators.

223.29 (b) To achieve the objectives under paragraph (a), the state sets a goal of 30 percent of

223.30 Minnesota privately owned farmland using soil health practices including but not limited

224.1 to cover crops, perennial crops, no-till or reduced tillage, strip cropping, or managed

224.2 rotational grazing by 2030.

224.3 Sec. 6. **[103F.05] WATER QUALITY AND STORAGE PROGRAM.**

224.4 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision

224.5 have the meanings given them.

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

224.7 (c) "Local units of government" has the meaning given under section 103B.305,

224.8 subdivision 5.

224.9 (d) "Water quality and storage practices" are those practices that sustain or improve

224.10 water quality via surface water rate and volume and ecological management, including but

224.11 not limited to:

224.12 (1) retention structures and basins;

224.13 (2) acquisition of flowage rights;

224.14 (3) soil and substrate infiltration;

224.15 (4) wetland restoration, creation, or enhancement;

224.16 (5) channel restoration or enhancement; and

224.17 (6) floodplain restoration or enhancement.

224.18 Subd. 2. **Establishment.** (a) The board must establish a program to provide financial

224.19 assistance to local units of government to control water volume and rates to protect

224.20 infrastructure, improve water quality and related public benefits, and mitigate climate change

224.21 impacts.

224.22 (b) In establishing a water quality and storage program, the board must give priority to

224.23 the Minnesota River basin and the Lower Mississippi River basin in Minnesota.

224.24 Subd. 3. **Financial assistance.** (a) The board may provide financial assistance to local

224.25 units of government to cover the costs of water storage projects and other water quality

224.26 practices consistent with a plan approved according to chapter 103B, 103C, or 103D. Eligible

224.27 costs include costs for property and equipment acquisition, design, engineering, construction,

205.10 under sections 103F.501 to 103F.531 as necessary to implement a project or practice under
205.11 this section.

205.12 (b) The board must enter into agreements with local units of government receiving
205.13 financial assistance or grants under this section. The agreements must specify the terms of
205.14 state and local cooperation, including the financing arrangement for constructing any
205.15 structures and assuring maintenance of the structures after completion.

205.16 Subd. 4. **Water quality and storage practices.** "Water quality and storage practices"
205.17 are those practices which sustain or improve water quality via surface water rate and volume
205.18 and ecological management, including but not limited to:

205.19 (1) retention structures and basins;

205.20 (2) soil and substrate infiltration;

205.21 (3) wetland restoration or enhancement;

205.22 (4) channel restoration or enhancement;

205.23 (5) floodplain restoration or enhancement; and

205.24 (6) in-channel and overflow revegetation with native species.

205.25 Subd. 5. **Matching contribution and maximum awards.** (a) The board must require
205.26 a matching contribution when providing financial assistance under this section and may
205.27 adjust matching requirements if federal funds are available for the project.

205.28 (b) The board must establish maximum award amounts when providing financial
205.29 assistance or grants under this section.

205.30 Subd. 6. **Technical assistance.** (a) The board may employ or contract with an engineer
205.31 or hydrologist to work on the technical implementation of the program established under
205.32 this section.

206.1 (b) When implementing the program, the board must:

206.2 (1) assist local units of government in achieving the goals of the program;

206.3 (2) review and analyze projects and project sites; and

206.4 (3) evaluate the effectiveness of completed projects constructed under the program.

206.5 (c) The board must cooperate with the commissioner of natural resources, the **Support Senate addition of MPCA**
206.6 **commissioner of the Pollution Control Agency, the United States Department of Agriculture**
206.7 **Natural Resources Conservation Service, and other agencies as needed to analyze**
206.8 **hydrological and engineering information on proposed sites.**

206.9 Subd. 7. **Requirements.** (a) A local unit of government applying for financial assistance
206.10 or grants under this section must provide a copy of a resolution or other documentation of
206.11 the local unit of government's support for the project. The documentation must include

224.28 and management. The board may acquire conservation easements under sections 103F.501
224.29 to 103F.531 as necessary to implement a project or practice under this section.

224.30 (b) The board must enter into agreements with local units of government receiving
224.31 financial assistance under this section. The agreements must specify the terms of state and
225.1 local cooperation, including the financing arrangement for constructing any structures and
225.2 assuring maintenance of the structures after completion.

225.3 Subd. 4. **Matching contribution.** The board must require a matching contribution when
225.4 providing financial assistance under this section and may adjust matching requirements if
225.5 federal funds are available for the project.

225.6 Subd. 5. **Technical assistance.** (a) The board may employ or contract with an engineer
225.7 or hydrologist to work on the technical implementation of the program established under
225.8 this section.

225.9 (b) When implementing the program, the board must:

225.10 (1) assist local units of government in achieving the goals of the program;

225.11 (2) review and analyze projects and project sites; and

225.12 (3) evaluate the effectiveness of completed projects constructed under the program.

225.13 (c) The board must cooperate with the commissioner of natural resources, the United
225.14 States Department of Agriculture Natural Resources Conservation Service, and other agencies
225.15 as needed to analyze hydrological, climate, and engineering information on proposed sites.

225.16 Subd. 6. **Requirements.** (a) A local unit of government applying for financial assistance
225.17 under this section must provide a copy of a resolution or other documentation of the local
225.18 unit of government's support for the project. The documentation must include provisions

support Senate practices

Support House addition of climate

206.12 provisions for local funding and management, the proposed method of obtaining necessary
206.13 land rights for the proposed project, and an assignment of responsibility for maintaining
206.14 any structures or practices upon completion.

206.15 (b) A local unit of government, with the assistance of the board, must evaluate the public
206.16 benefits that are reasonably expected upon completing the proposed project, and must
206.17 specifically identify the way in which the proposed project will further enhance the protection,
206.18 conservation, preservation, and enhancement of the state's water quality. The evaluation
206.19 must be submitted to the board before the final design.

206.20 Subd. 8. **Interstate cooperation.** The board may enter into or approve working
206.21 agreements with neighboring states or their political subdivisions to accomplish projects
206.22 consistent with the program established under this section.

206.23 Subd. 9. **Federal aid availability.** The board must regularly analyze the availability of
206.24 federal funds and programs to supplement or complement state and local efforts consistent
206.25 with the purposes of this section.

225.19 for local funding and management, the proposed method of obtaining necessary land rights
225.20 for the proposed project, and an assignment of responsibility for maintaining any structures
225.21 or practices upon completion.

225.22 (b) A local unit of government, with the assistance of the board, must evaluate the public
225.23 benefits that are reasonably expected upon completing the proposed project. The evaluation
225.24 must be submitted to the board before the final design.

225.25 Subd. 7. **Interstate cooperation.** The board may enter into or approve working
225.26 agreements with neighboring states or their political subdivisions to accomplish projects
225.27 consistent with the program established under this section.

225.28 Subd. 8. **Federal aid availability.** The board must regularly analyze the availability of
225.29 federal funds and programs to supplement or complement state and local efforts consistent
225.30 with the purposes of this section.

226.1 Sec. 7. **[103F.06] SOIL HEALTH COST-SHARE PROGRAM.**

226.2 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision
226.3 have the meanings given them.

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

226.5 (c) "Local units of government" has the meaning given under section 103B.305,
226.6 subdivision 5.

226.7 (d) "Soil health" has the meaning given under section 103C.101, subdivision 10a.

226.8 (e) "Soil health practices" are those practices that sustain or improve soil health, including
226.9 but not limited to:

226.10 (1) no-till or strip-till;

226.11 (2) mulching;

226.12 (3) cover cropping;

226.13 (4) perennial cropping;

226.14 (5) stand diversification;

226.15 (6) contour, field edge, pollinator, wildlife, or buffer strips planted with perennials;

226.16 (7) agroforestry;

226.17 (8) managed rotational grazing; and

226.18 (9) management practices that minimize soil compaction or increase aeration.