

May 7, 2024

The Hon. Rep. Liz Olson
Chair, House Ways and Means Committee
75 Rev. Dr. Martin Luther King Jr. Blvd, Room 479
St. Paul, MN 55155

RE: HF5220 1st Engrossment (General Obligation Bonding Bill)
HF5162 1st Engrossment (General Fund Capital Investment Bill)

Dear Chair Olson:

On behalf of the Board of Water and Soil Resources, I appreciate the opportunity to provide comments and a concern to the 2024 capital investment omnibus bills which were previously shared with the Capital Investment Committee.

Minnesotans value their natural resources and care about clean water, climate impacts, and productive use of their land and infrastructure. We appreciate the support provided by Chair Lee and the Capital Investment Committee for Minnesota's environment and natural resources as evidenced by inclusion of the two Governor's recommendations for BWSR's capital investment efforts.

- **Support for Reinvest in Minnesota (RIM)** - BWSR appreciates the support for funding to establish conservation easements through the Reinvest in Minnesota (RIM) program. This voluntary program acquires conservation easements from landowners to preserve, restore, create, and enhance the land to protect soil and water quality, support fish and wildlife habitat, reduce flood damage, and provide other public benefits. And this funding is used to leverage additional federal dollars for similar multi-benefit purposes.
- **Support for the Local Government Roads Wetland Replacement Program** - The Minnesota Local Government Road Wetland Replacement program (LGRWRP) is a wetland and upland habitat restoration program that generates mitigation credits for local road authorities to satisfy their federal and state wetland regulatory permit requirements. Minnesota law, via M.S. § 103G.222, requires BWSR to replace wetlands, and wetland areas of public waters, that are drained or filled by public transportation projects on existing roads.

Our Concern:

While BWSR appreciates the inclusion of general obligation bond financing for this important program, we would like to note that it does not include \$10.558 million of general fund capital

investment funding found in the Governor’s most recent 2024 Capital Budget recommendations of March 2024.

At an estimated cost of \$55,000 per credit, the general obligation bond funding will provide for an estimated 70 credits. Average annual demand for wetland credits is 171 credits. Without the additional general fund capital investment appropriation, this on-going imbalance is expected to result in a shortage of credit availability in the coming years, including zero-credit balances in some areas of the state, reducing local governments’ ability to plan and pay for transportation infrastructure needs.

While we recognize the tremendous amount of work it takes to create these omnibus bills, we also look forward to working with Chair Lee to address concerns and impacts as you work through the steps ahead. Thank you for your commitment to Minnesota’s environment and natural resources.

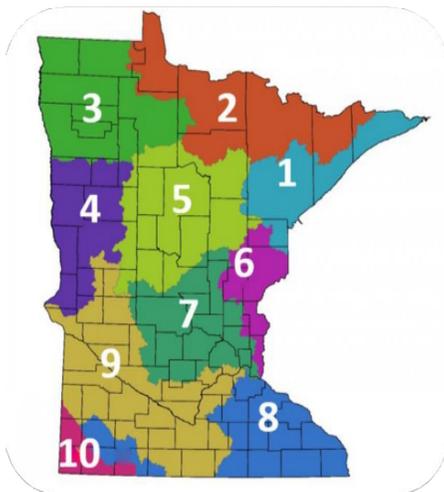
Sincerely,



John Jaschke
Executive Director, Board of Water and Soil Resources

Cc: Joe Birkholz, Policy Advisor to Gov. Tim Walz and Lt. Gov. Peggy Flanagan
Rep. Fue Lee, Chair, Capital Investment Committee
Rep. Dean Urdahl, Minority Lead, Capital Investment Committee

Wetland Bank Service Area Map and Credit Availability



Projected Credit Balances with Current Funding							
BSA	2024	2025	2026	2027	2028	2029	2030
1	15.9	7.9	0.0	0.0	0.0	0.0	0.0
2	117.9	119.8	86.5	66.4	37.3	1.9	0.0
3	40.5	70.1	87.2	104.2	115.6	82.2	0.0
4	10.2	27.3	43.3	39.2	47.1	0.0	0.0
5	43.4	18.1	0.0	0.0	0.0	0.0	-11.5
6	0.0	0.0	0.0	0.0	0.0	0.0	-9.0
7	57.2	60.0	66.1	23.2	0.0	0.0	-52.5
8	17.3	0.0	6.3	0.0	15.7	0.0	0.0
9	0.5	0.0	6.3	0.0	12.0	0.0	-15.4
10	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals:	302.8	303.2	295.7	233.0	227.6	84.1	-88.3