



March 18, 2021

RE: County Comments on HF1733

Chair Hansen and Committee Members:

The Association of Minnesota Counties (AMC) is a voluntary association representing all 87 counties in Minnesota. We appreciate the opportunity to share our thoughts on HF1733, which permits a new \$25 fee on mortgage and deed transactions and prevents access to clean water funds in 60% of the state if the fee is not imposed.

We are concerned that HF1733, though well-intentioned, fails to address the funding concerns of local conservation districts, likely creating greater disparity while also creating a potential roadblock for conservation work that is done at the local level.

For Soil and Water Conservation Districts (SWCDs), this proposal creates more uncertainty. A new fee directed to SWCDs that is permissive statewide but compels many counties to implement the fee in order to continue to provide the environmental benefits for their communities that come with access to the clean water fund grants. However, in more than one-third of the counties, this same pressure to institute the fee does not apply because of the presence of a watershed entity with levy authority in 75% of the area. However, none of those watershed levy dollars support SWCDs. Even when imposed, the new revenue is not the stable or reliable source of funding that the districts have been seeking.

In previous testimony, it has been explained that this bill is an effort to ensure local investment in conservation. Local governments do invest locally generated revenue in conservation and environmental work. Counties currently direct a growing amount of local property tax dollars to SWCDs general operations. Figures from 2017 show more than \$18 million in county allocations. \$11 million of which in the form of annual allocation - not program dollars. Counties also do much more than support the work of other local jurisdictions: Counties do water planning, wetland conservation act enforcement, floodplain and shoreland protection, and lands management, in addition to a variety of other environmental efforts.

AMC has supported the Minnesota Association of Soil and Water Conservation Districts (MASWCD) request for state support of district work. The state currently invests less than one percent of General Fund dollars to environmental efforts. An \$11 million annual appropriation for SWCDs would be approximately .047% of the State General Fund budget.

There are local revenues invested in environmental and conservation work, including SWCDs. Local access to clean water funds should not be leveraged to impose a new fee, especially when it applies arbitrarily to only some communities. This does not address SWCD funding needs. The fee proposed has been identified as operationally and economically problematic. For these reasons, we respectfully oppose proposal that is brought forward in HF1733 and has been included in HF639, sections 12 and 13 (first engrossment).

Again, thank you for the opportunity to comment on HF1733.

Sincerely,

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Association of Minnesota Counties