

House Research Act Summary

CHAPTER: 212

SESSION: 2010 Regular Session

Effective April

2, 2010

TOPIC: Allocation of Metropolitan Disposal System Costs

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Analyst: Deborah A. Dyson

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Metropolitan area wastewater collection and treatment is provided at the wholesale level to 105 local governments in the region. It is user financed. Current user charges cover operations, maintenance, and debt service costs. To cover costs of having built excess capacity in the system to accommodate growth but not place the entire burden of that excess capacity on current users, a portion of the current capital or debt service costs that is proportionate to the amount of reserved capacity is paid for with SAC -Sewer Availability Charge revenues. SAC is a charge for a new connection to the system or an increase in capacity within a local government's area. SAC goes into the wastewater reserve capacity fund, from which an amount is transferred to the operating fund to help pay current costs.

The Metropolitan Council asked for temporary authority to reduce the statutory SAC and fund wastewater reserve capacity capital costs partially through charges to current users in order to avoid significant SAC rate increases. According to the council, new development, and therefore SAC revenue, has declined. SAC revenue has declined by 70 percent since 2004. Raising SAC rates to make up the difference would discourage new development even more.

This law allows the council, until December 31, 2015, to reduce the amount transferred from the wastewater reserve capacity fund (SAC receipts) to the operating fund for reserved capacity costs. The difference in the amount transferred from the reserve capacity fund would be made up with higher charges to local governments' current users. The council estimates that the increase for a household in the metropolitan area would be up to \$1.20 per month for each year this shift is implemented. The law requires the council to increase the SAC charge in the next year after the shift. When the council has a two-year balance in the wastewater reserve capacity fund, the SAC transfer to the operating fund must be increased to make up for prior reductions. This means that user charges to local governments would be less than they otherwise would have been.

Amends Minn. Stat. § 473.517, subd. 3, effective April 2, 2010.