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## State of Minnesota

## HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1328

03/02/2015 Authored by McNamara

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy and Finance

04/13/2015 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act  
1.2 relating to natural resources; creating conservation easement stewardship  
1.3 accounts; appropriating money; proposing coding for new law in Minnesota  
1.4 Statutes, chapters 84; 103B; repealing Minnesota Statutes 2014, section 84.68.  
1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[84.69] NATURAL RESOURCES CONSERVATION EASEMENT**  
1.7 **STEWARDSHIP ACCOUNT.**

1.8 Subdivision 1. **Account established; sources.** The natural resources conservation  
1.9 easement stewardship account is created in the special revenue fund. The account consists  
1.10 of money credited to the account and interest and other earnings on money in the account.  
1.11 The State Board of Investment must manage the account to maximize long-term gain. The  
1.12 following revenue must be deposited in the natural resources conservation easement  
1.13 stewardship account:

1.14 (1) contributions to the account or specified for any purpose of the account;  
1.15 (2) contributions under subdivision 3; section 84.66, subdivision 11; or other  
1.16 applicable law;  
1.17 (3) money appropriated for any of the purposes described in subdivision 2;  
1.18 (4) money appropriated for monitoring and enforcement of easements and earnings  
1.19 on the money appropriated that revert to the state under section 97A.056, subdivision  
1.20 17, or other applicable law; and

1.21 (5) gifts under section 84.085 for conservation easement stewardship.

1.22 Subd. 2. **Appropriation; purposes of account.** Five percent of the balance on  
1.23 July 1 of each year in the natural resources conservation easement stewardship account  
1.24 is annually appropriated to the commissioner of natural resources and may be spent

only to cover the costs of managing conservation easements held by the Department of Natural Resources, including costs associated with monitoring, landowner contracts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with conservation easement management activities.

Subd. 3. **Financial contributions.** The commissioner shall seek a financial contribution to the natural resources conservation easement stewardship account for each conservation easement acquired by or assigned to the Department of Natural Resources. Unless otherwise provided by law, the commissioner shall determine the amount of the contribution, which must be an amount calculated to earn sufficient money to meet the costs of managing the conservation easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the commissioner shall consider:

(1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;

(2) the average hourly wages for the class or classes of employees expected to manage the conservation easement;

(3) the estimated annual travel expenses to manage the conservation easement;

(4) the estimated annual miscellaneous costs to manage the conservation easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized cost of legal services, including the cost to enforce the easement in the event of a violation; and

(6) the expected rate of return on investments in the account.

**EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation easements acquired with money appropriated on or after July 1, 2015, and for acquisitions of conservation easements by gift that are initiated on or after July 1, 2015.

**Sec. 2. [103B.103] EASEMENT STEWARDSHIP ACCOUNTS.**

Subdivision 1. **Accounts established; sources.** (a) The water and soil conservation easement stewardship account and the mitigation easement stewardship account are created in the special revenue fund. The accounts consist of money credited to the accounts and interest and other earnings on money in the accounts. The State Board of Investment must manage the accounts to maximize long-term gain.

(b) Revenue from contributions and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the water and soil conservation

easement stewardship account. Revenue from contributions, wetland banking fees designated for stewardship purposes by the board, easement stewardship payments authorized under subdivision 3, and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the mitigation easement stewardship account.

Subd. 2. **Appropriation; purposes of accounts.** Five percent of the balance on July 1 each year in the water and soil conservation easement stewardship account and five percent of the balance on July 1 each year in the mitigation easement stewardship account are annually appropriated to the board and may be spent only to cover the costs of managing easements held by the board, including costs associated with monitoring, landowner contracts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with easement management activities.

Subd. 3. **Financial contributions.** The board shall seek a financial contribution to the water and soil conservation easement stewardship account for each conservation easement acquired by the board. The board shall seek a financial contribution or assess an easement stewardship payment to the mitigation easement stewardship account for each wetland banking easement acquired by the board. Unless otherwise provided by law, the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the board shall consider:

(1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;

(2) the average hourly wages for the class or classes of state and local employees expected to manage the easement;

(3) the estimated annual travel expenses to manage the easement;

(4) the estimated annual miscellaneous costs to manage the easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized costs of legal services, including the cost to enforce the easement in the event of a violation; and

(6) the expected rate of return on investments in the account.

**EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation easements acquired with money appropriated on or after July 1, 2015, and for acquisitions

of conservation easements by gift or as a condition of approval for wetland mitigation as provided in Minnesota Rules, chapter 8420, that are initiated on or after July 1, 2015.

Sec. 3. **TRANSFERS.**

(a) On June 30, 2015, the commissioner of management and budget shall transfer to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, the remaining balance in the forests for the future conservation easement account under Minnesota Statutes, section 84.68.

(b) On June 30, 2015, the commissioner of management and budget shall transfer to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, the following amounts:

(1) \$114,840 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 3, paragraph (a);

(2) \$25,000 from Laws 2012, chapter 264, article 1, section 2, subdivision 5, paragraph (a); and

(3) \$14,000 from Laws 2013, chapter 137, article 1, section 2, subdivision 2, paragraph (c).

(c) The commissioner of management and budget shall transfer additional amounts from Laws 2013, chapter 137, article 1, section 2, subdivision 2, paragraph (c), to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, upon closing on conservation easements funded by the appropriation, provided that total transfers to the account shall not exceed \$42,000.

(d) The commissioner of management and budget shall transfer amounts from Laws 2014, chapter 256, article 1, section 2, subdivision 2, paragraph (e), to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, upon closing on conservation easements funded by the appropriation, provided that total transfers to the account shall not exceed \$112,000.

(e) On June 30, 2015, the commissioner of management and budget shall transfer to the water and soil conservation easement stewardship account, established in Minnesota Statutes, section 103B.103, the following amounts:

(1) \$191,667 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 2, paragraph (c);

(2) \$57,750 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 4, paragraph (a);

(3) \$15,750 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 4, paragraph (c);

(4) \$48,000 from Laws 2012, chapter 264, article 1, section 2, subdivision 2, paragraph (a);

(5) \$1,821 from Laws 2012, chapter 264, article 1, section 2, subdivision 3, paragraph (a);

(6) \$26,400 from Laws 2013, chapter 137, article 1, section 2, subdivision 3, paragraph (b);

(7) \$26,400 from Laws 2013, chapter 137, article 1, section 2, subdivision 2, paragraph (e);

(8) \$4,800 from Laws 2013, chapter 137, article 1, section 2, subdivision 4, paragraph (d); and

(9) \$4,500 from Laws 2014, chapter 256, article 1, section 2, subdivision 2, paragraph (f).

(f) The commissioner of management and budget shall continue to transfer money, appropriated to the Board of Water and Soil Resources on or before June 30, 2015, for conservation easement monitoring and enforcement funds to the water and soil conservation easement stewardship account, established in Minnesota Statutes, section 103B.103, upon closing on conservation easements, provided that total transfers to the account shall not exceed the amount specified in each appropriation.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. **REPEALER.**

Minnesota Statutes 2014, section 84.68, is repealed.

APPENDIX  
Repealed Minnesota Statutes: H1328-1

**84.68 FORESTS FOR THE FUTURE CONSERVATION EASEMENT ACCOUNT.**

Subdivision 1. **Account established; sources.** The forests for the future conservation easement account is created in the natural resources fund in the state treasury. The following revenue shall be deposited in the account:

- (1) contributions to the account or specified for any purposes of the account;
- (2) financial contributions required under section 84.66, subdivision 11, or other applicable law; and
- (3) money appropriated or transferred for the purposes described in subdivision 2.

Interest earned on money in the account accrues to the account.

Subd. 2. **Appropriation; purposes of account.** Four percent of the balance on July 1 in the forests for the future conservation easement account is annually appropriated to the commissioner of natural resources and may be spent only to cover the costs of managing forests for the future conservation easements held by the Department of Natural Resources, including costs incurred from monitoring, landowner contracts, record keeping, processing landowner notices, requests for approval or amendments, and enforcement.