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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2109

02/25/2014 Authored by Fischer

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

03/24/2014 Adoption of Report: Amended and re-referred to the Committee on Environment, Natural Resources and Agriculture Finance

1.1 A bill for an act
1.2 relating to water; modifying water use permit provisions; creating pilot program
1.3 to encourage water conservation; appropriating money; amending Minnesota
1.4 Statutes 2012, section 103G.271, subdivision 6.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 103G.271, subdivision 6, is amended to
1.7 read:

1.8 Subd. 6. **Water use permit processing fee.** (a) Except as described in paragraphs
1.9 (b) to ~~(f)~~ (g), a water use permit processing fee must be prescribed by the commissioner in
1.10 accordance with the schedule of fees in this subdivision for each water use permit in force
1.11 at any time during the year. Fees collected under this paragraph are credited to the water
1.12 management account in the natural resources fund. The schedule is as follows, with the
1.13 stated fee in each clause applied to the total amount appropriated:

1.14 (1) \$140 for amounts not exceeding 50,000,000 gallons per year;

1.15 (2) \$3.50 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less
1.16 than 100,000,000 gallons per year;

1.17 (3) \$4 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less
1.18 than 150,000,000 gallons per year;

1.19 (4) \$4.50 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but
1.20 less than 200,000,000 gallons per year;

1.21 (5) \$5 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less
1.22 than 250,000,000 gallons per year;

1.23 (6) \$5.50 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but
1.24 less than 300,000,000 gallons per year;

2.1 (7) \$6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less
2.2 than 350,000,000 gallons per year;

2.3 (8) \$6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but
2.4 less than 400,000,000 gallons per year;

2.5 (9) \$7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less
2.6 than 450,000,000 gallons per year;

2.7 (10) \$7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but
2.8 less than 500,000,000 gallons per year; and

2.9 (11) \$8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

2.10 (b) For once-through cooling systems, a water use processing fee must be prescribed
2.11 by the commissioner in accordance with the following schedule of fees for each water use
2.12 permit in force at any time during the year:

2.13 (1) for nonprofit corporations and school districts, \$200 per 1,000,000 gallons; and

2.14 (2) for all other users, \$420 per 1,000,000 gallons.

2.15 (c) The fee is payable based on the amount of water appropriated during the year
2.16 and, except as provided in paragraph (f), the minimum fee is \$100.

2.17 (d) For water use processing fees other than once-through cooling systems:

2.18 (1) the fee for a city of the first class may not exceed \$250,000 per year;

2.19 (2) the fee for other entities for any permitted use may not exceed:

2.20 (i) \$60,000 per year for an entity holding three or fewer permits;

2.21 (ii) \$90,000 per year for an entity holding four or five permits; or

2.22 (iii) \$300,000 per year for an entity holding more than five permits;

2.23 (3) the fee for agricultural irrigation may not exceed \$750 per year;

2.24 (4) the fee for a municipality that furnishes electric service and cogenerates steam
2.25 for home heating may not exceed \$10,000 for its permit for water use related to the
2.26 cogeneration of electricity and steam; and

2.27 (5) no fee is required for a project involving the appropriation of surface water to
2.28 prevent flood damage or to remove flood waters during a period of flooding, as determined
2.29 by the commissioner.

2.30 (e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of
2.31 \$150 per month or two percent per month, whichever is greater, calculated from the
2.32 original due date must be imposed on the unpaid balance of fees remaining 30 days after
2.33 the sending of a second notice of fees due. A fee may not be imposed on an agency,
2.34 as defined in section 16B.01, subdivision 2, or federal governmental agency holding a
2.35 water appropriation permit.

3.1 (f) The minimum water use processing fee for a permit issued for irrigation of
 3.2 agricultural land is \$20 for years in which:

3.3 (1) there is no appropriation of water under the permit; or

3.4 (2) the permit is suspended for more than seven consecutive days between May 1
 3.5 and October 1.

3.6 (g) The commissioner shall waive the water use permit processing fee for installations
 3.7 that use stormwater runoff from impervious services unless the commissioner determines
 3.8 that the proposed use adversely affects surface water or groundwater to a significant extent.

3.9 ~~(g)~~ (h) A surcharge of \$30 per million gallons in addition to the fee prescribed in
 3.10 paragraph (a) shall be applied to the volume of water used in each of the months of June,
 3.11 July, and August that exceeds the volume of water used in January for municipal water
 3.12 use, irrigation of golf courses, and landscape irrigation. The surcharge for municipalities
 3.13 with more than one permit shall be determined based on the total appropriations from all
 3.14 permits that supply a common distribution system.

3.15 Sec. 2. **NORTH AND EAST METRO GROUNDWATER MANAGEMENT**
 3.16 **AREA PILOT PROGRAM.**

3.17 Subdivision 1. Alternative water use fees. Notwithstanding Minnesota Statutes,
 3.18 section 103G.271, subdivision 6, the commissioner of natural resources, in consultation
 3.19 with public water suppliers and other permitted water users within the north and east
 3.20 metro groundwater management area, may establish alternative water use permit fees that
 3.21 encourage water conservation in the area. Alternative water use fees may include:

3.22 (1) discounted rates for public water suppliers that demonstrate lower per capita
 3.23 domestic water use;

3.24 (2) discounted rates for permitted users that demonstrate the use of conservation
 3.25 measures that have lowered water use; and

3.26 (3) credits for permitted users that have utilized methods to reuse or allow others to
 3.27 reuse water that replaces the use of groundwater.

3.28 The commissioner shall ensure that alternative water use fees implemented under this
 3.29 section do not raise significantly more or less revenue than the fees that would otherwise
 3.30 be collected under Minnesota Statutes, section 103G.271, subdivision 6.

3.31 Subd. 2. Surcharge. Upon the request of the North and East Metro Groundwater
 3.32 Management Area Project Advisory Team, the commissioner of natural resources may
 3.33 establish a surcharge not to exceed \$..... per 1,000,000 gallons to be added to water use
 3.34 fees collected under Minnesota Statutes, section 103G.271, subdivision 6, or alternative
 3.35 water use fees under subdivision 1. The surcharge may be structured similar to conservation

4.1 rates to promote conservation. Revenues raised by a surcharge established under this
4.2 subdivision shall be deposited in the water management account in the natural resources
4.3 fund and are appropriated to the Public Facilities Authority for purposes of subdivision 3.

4.4 Subd. 3. **Grants.** The Public Facilities Authority, in consultation with the
4.5 commissioner of natural resources, may award grants to governmental units for projects
4.6 within the north and east metro groundwater management area that will reduce the use of
4.7 groundwater in the area, including transitioning water use from groundwater to surface
4.8 and aquifer augmentation. Grants awarded under this subdivision may supplement grants
4.9 or loans awarded under Minnesota Statutes, chapter 446A.

4.10 Subd. 4. **Revenue bonds.** For the purposes of making grants under subdivision
4.11 3, the Public Facilities Authority may sell and issue revenue bonds payable from the
4.12 surcharge imposed under subdivision 2. The commissioner of natural resources and the
4.13 authority must enter into an agreement for transfer of surcharge revenues to a debt service
4.14 reserve fund established by the authority for repayment of the bonds. The revenue bonds
4.15 must be sold and issued following the procedures in Minnesota Statutes, chapter 446A.
4.16 The principal amount of bonds issued and outstanding under this subdivision may not
4.17 exceed \$....., excluding bonds for which refunding bonds or crossover refunding bonds
4.18 have been issued. The authority to issue revenue bonds in this subdivision is in addition to
4.19 the authority in Minnesota Statutes, section 446A.12, subdivision 1.