04/09/14 REVISOR CKM/JC 14-5166

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## State of Minnesota

## HOUSE OF REPRESENTATIVES

A bill for an act

EIGHTY-EIGHTH SESSION

H. F. No.

3345

04/09/2014 Authored by Hansen

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

1.2	relating to natural resources; modifying Wetlands Conservation Act; amending
1.3	Minnesota Statutes 2012, sections 103G.005, subdivision 10e, by adding a
1.4	subdivision; 103G.222, subdivision 1; 103G.2241, subdivisions 2, 6, 9, 10, 11;
1.5 1.6	103G.2242, subdivision 1, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 103G.
1.7	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.8	Section 1. Minnesota Statutes 2012, section 103G.005, subdivision 10e, is amended to
1.9	read:
1.10	Subd. 10e. Local government unit. "Local government unit" means:
1.11	(1) outside of the seven-county metropolitan area, a city council, county board of
1.12	commissioners, or a soil and water conservation district or their delegate;
1.13	(2) in the seven-county metropolitan area, a city council, a town board under section
1.14	368.01, a watershed management organization under section 103B.211, or a soil and
1.15	water conservation district or their delegate;
1.16	(3) on state land, the agency with administrative responsibility for the land; and
1.17	(4) for wetland banking projects established solely for replacing wetland impacts
1.18	under a permit to mine under section 93.481, the eommissioner of natural resources board.
1.19	Sec. 2. Minnesota Statutes 2012, section 103G.005, is amended by adding a
1.20	subdivision to read:
1.21	Subd. 10g. In-lieu fee program. "In-lieu fee program" means a program involving
1.22	the restoration, establishment, enhancement, or preservation of aquatic resources through
1.23	funds paid to a governmental or nonprofit natural resources management entity to satisfy
1.24	wetland mitigation requirements.

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Sec. 3. Minnesota Statutes 2012, section 103G.222, subdivision 1, is amended to read:

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Subdivision 1. Requirements. (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by restoring or creating wetland areas of at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine replacement plan approved by the board. For project-specific wetland replacement completed prior to wetland impacts authorized or eonducted under a permit to mine within the Great Lakes and Rainy River watershed basins, those basins shall be considered a single watershed for purposes of determining wetland replacement ratios. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

- (b) Replacement must be guided by the following principles in descending order of priority:
- (1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;
- (2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;
- (3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;
- (4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;
  - (5) compensating for the impact by restoring a wetland; and
- 2.30 (6) compensating for the impact by replacing or providing substitute wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

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(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that the altered wetland is not converted to a nonagricultural use for at least ten years.

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- (d) If a wetland is replaced under paragraph (c), or drained under section 103G.2241, subdivision 2, paragraph (b) or (e), the local government unit may require a deed restriction that prohibits nonagricultural use for at least ten years. The local government unit may require the deed restriction if it determines the wetland area drained is at risk of conversion to a nonagricultural use within ten years based on the zoning classification, proximity to a municipality or full service road, or other criteria as determined by the local government unit.
- (e) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected and ponds that are created primarily to fulfill storm water management, and water quality treatment requirements may not be used to satisfy replacement requirements under this chapter unless the design includes pretreatment of runoff and the pond is functioning as a wetland.
- (f) Except as provided in paragraph (g), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.
- (g) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.
- (h) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.
- (i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used in a statewide banking program established in rules adopted under section 103G.2242, subdivision 1. Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for enrollment in a statewide wetlands bank.
- (j) The Technical Evaluation Panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the Technical Evaluation Panel has reason

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to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

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- (k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.
- (1) For projects involving draining or filling of wetlands associated with a new public transportation project, and for projects expanded solely for additional traffic capacity, public transportation authorities may purchase credits from the board at the cost to the board to establish credits. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of this paragraph. For the purposes of this paragraph, "transportation project" does not include an airport project.
- (m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:
- (1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on site;
- (2) except as provided in clause (3), submit project-specific reports to the board, the Technical Evaluation Panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands to be filled or drained by the project or, alternatively, convene an annual meeting of the parties required to receive notice to review projects to be commenced during the upcoming year; and
- (3) for minor and emergency maintenance work impacting less than 10,000 square feet, submit project-specific reports, within 30 days of commencing the activity, to the board that indicate the location, amount, and type of wetlands that have been filled or drained.

Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9. The Technical Evaluation Panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the Technical Evaluation Panel.

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Except for state public transportation projects, for which the state Department of Transportation is responsible, the board must replace the wetlands, and wetland areas of public waters if authorized by the commissioner or a delegated authority, drained or filled by public transportation projects on existing roads.

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Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland filling or draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

- (n) If a landowner seeks approval of a replacement plan after the proposed project has already affected the wetland, the local government unit may require the landowner to replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise required.
- (o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.
- (p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (o) or provide a reason why the petition is denied.
  - Sec. 4. Minnesota Statutes 2012, section 103G.2241, subdivision 2, is amended to read:
- Subd. 2. **Drainage.** (a) For the purposes of this subdivision, "public drainage system" means a drainage system as defined in section 103E.005, subdivision 12, and any ditch or tile lawfully connected to the drainage system.
- (b) A replacement plan is not required for draining of type 1 wetlands, or up to five acres of type 2 or 6 wetlands, up to 10,000 square feet of type 1, 2, or 6 wetlands

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in an unincorporated area on land that has been assessed drainage benefits for a public drainage system, provided that:

- (1) during the 20-year period that ended January 1, 1992:
- (i) there was an expenditure made from the drainage system account for the public drainage system;
- (ii) the public drainage system was repaired or maintained as approved by the drainage authority; or
- (iii) no repair or maintenance of the public drainage system was required under section 103E.705, subdivision 1, as determined by the public drainage authority; and
  - (2) the wetlands are not drained for conversion to:
  - (i) platted lots;

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- (ii) planned unit, commercial, or industrial developments; or
- (iii) any development with more than one residential unit per 40 acres, except for parcels subject to local zoning standards that allow for family members to establish an additional residence on the same 40 acres.
  - If wetlands drained under this paragraph are converted to uses prohibited under clause (2) during the ten-year period following drainage, the wetlands must be replaced under section 103G.222.
  - (c) A replacement plan is not required for draining or filling of wetlands, except for draining types 3, 4, and 5 wetlands that have been in existence for more than 25 15 years, resulting from maintenance and repair of existing public drainage systems.
  - (d) A replacement plan is not required for draining or filling of wetlands, except for draining wetlands that have been in existence for more than 25 15 years, resulting from maintenance and repair of existing drainage systems other than public drainage systems.
  - (e) A replacement plan is not required for draining agricultural land that: (1) was planted with annually seeded crops before July 5, except for crops that are normally planted after that date, in eight out of the ten most recent years prior to the impact; (2) was in a crop rotation seeding of pasture grass, cover crop, or legumes, or was fallow for a crop production purpose, in eight out of the ten most recent years prior to the impact; or (3) was enrolled in a state or federal land conservation program and met the requirements of clause (1) or (2) before enrollment.
  - (f) The public drainage authority may, as part of the repair, install control structures, realign the ditch, construct dikes along the ditch, or make other modifications as necessary to prevent drainage of the wetland.
  - (g) Wetlands of all types that would be drained as a part of a public drainage repair project are eligible for the permanent wetlands preserve under section 103F.516. The

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board shall give priority to acquisition of easements on types 3, 4, and 5 wetlands that have been in existence for more than 25 years on public drainage systems and other wetlands that have the greatest risk of drainage from a public drainage repair project.

Sec. 5. Minnesota Statutes 2012, section 103G.2241, subdivision 6, is amended to read: 7.4

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- Subd. 6. Utilities; public works. (a) A replacement plan for wetlands is not required for:
- (1) new placement or maintenance, repair, enhancement, or replacement of existing utility or utility-type service, including pipelines, if:
- (i) the direct and indirect impacts of the proposed project have been avoided and minimized to the extent possible; and
- (ii) the proposed project significantly modifies or alters less than one-half aere of wetlands 10,000 square feet in bank service area 1, 2, 5, or 6; 2,000 square feet in bank service area 3, 4, 7, 8, 9, or 10; or 1,000 square feet in the 11-county metropolitan area as defined in subdivision 9, paragraph (d). Replacement requirements for projects that cross bank service areas are calculated on a service area by service area basis;
- (2) activities associated with operation, routine maintenance, or emergency repair of existing utilities and public work structures, including pipelines, provided the activities do not result in additional wetland intrusion or additional draining or filling of a wetland either wholly or partially; or
- (3) repair and updating of existing subsurface sewage treatment systems necessary to comply with local, state, and federal regulations.
- (b) For maintenance, repair, and replacement, the local government unit may issue a seasonal or annual exemption certification or the utility may proceed without local government unit certification if the utility is carrying out the work according to approved best management practices. Work of an emergency nature may proceed as necessary and any drain or fill activities shall be addressed with the local government unit after the emergency work has been completed.
- Sec. 6. Minnesota Statutes 2012, section 103G.2241, subdivision 9, is amended to read: Subd. 9. **De minimis.** (a) Except as provided in paragraphs (d), (e), (f), (g), (h), and (i) to (j), a replacement plan for wetlands is not required for draining or filling the following
- 7.30 amounts of wetlands as part of a project outside of the shoreland wetland protection zone: 7.31
- (1) 10,000 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, in a greater than 80 percent area; 7.33

Sec. 6. 7

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(2) 5,000 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, in a 50 to 80 percent area, except within the 11-county metropolitan area; (3) 2,000 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, in a less than 50 percent area, except within the 11-county metropolitan area; or (4) 100 square feet of type 3, 4, 5, or 8 wetland or white cedar and tamarack wetland. (b) Except as provided in paragraphs (e), (f), (g), (h), and (i) to (j), a replacement plan for wetlands is not required for draining or filling the following amounts of wetlands as part of a project within the shoreland wetland protection zone beyond the shoreland building setback zone: (1) 400 square feet of type 1, 2, 6, or 7 wetland; or (2) 100 square feet of type 3, 4, 5, or 8 wetland or white cedar and tamarack wetland. In a greater than 80 percent area, the de minimis amount allowed under clause (1) may be increased up to 1,000 square feet if the wetland is isolated and is determined to have no direct surficial connection to the public water or if permanent water runoff retention or infiltration measures are established in proximity as approved by the shoreland management authority. (c) Except as provided in paragraphs (e), (f), (g), (h), and (i) to (j), a replacement plan for wetlands is not required for draining or filling up to 20 square feet of wetland as part of a project within the shoreland building setback zone, as defined in the local shoreland management ordinance. The amount in this paragraph may be increased to 100 square feet if permanent water runoff retention or infiltration measures are established in proximity as approved by the shoreland management authority. (d) Except as provided in paragraphs (b), (e), (e), (f), (g), (h), and (i) to (j), a replacement plan is not required for draining or filling amounts of wetlands as part of a project: (1) 2,500 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, outside of the shoreland wetland protection zone in a 50 to 80 percent area within the 11-county metropolitan area; or (2) 1,000 square feet of type 1, 2, or 6 wetland, outside of the shoreland wetland protection zone in a less than 50 percent area within the 11-county metropolitan area. For purposes of this subdivision, the 11-county metropolitan area consists of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne,

(e) The amounts listed in paragraphs (a), (b), and (c) may not be combined on

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Washington, and Wright.

a project.

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9.1	(f) This exemption no longer applies to a landowner's portion of a wetland when
9.2	the cumulative area drained or filled of the landowner's portion since January 1, 1992, is
9.3	the greatest of:
9.4	(1) the applicable area listed in paragraph (a), (b), or (c), if the landowner owns
9.5	the entire wetland;
9.6	(2) five percent of the landowner's portion of the wetland; or
9.7	(3) 400 square feet.
9.8	(g) This exemption may not be combined with another exemption in this section on
9.9	a project.
9.10	(h) Property may not be divided to increase the amounts listed in paragraph (a).
9.11	(i) If a local ordinance or similar local control is more restrictive than this
9.12	subdivision, the local standard applies.
9.13	(j) There is no de minimis and a replacement plan is required for impacts to rare
9.14	wetland types such as rich fens, cedar and tamarack swamps, wetlands located within
9.15	state-designated areas of biodiversity significance, and other rare wetland communities as
9.16	designated by the local government unit.
9.17	Sec. 7. Minnesota Statutes 2012, section 103G.2241, subdivision 10, is amended to
9.18	read:
9.19	Subd. 10. Wildlife habitat. A replacement plan for wetlands is not required for:
9.20	(1) deposition of spoil resulting from excavation within a wetland for a wildlife
9.21	habitat improvement project, if:
9.22	(i) the total area of deposition and excavation within wetlands does not exceed five
9.23	percent of the wetland area or one-half acre of wetlands, whichever is less, and the spoil is
9.24	stabilized and permanently seeded to prevent erosion. Ponds must be constructed with
9.25	irregular shorelines and shallow side slopes of eight feet horizontal to one foot vertical or
9.26	flatter and be dominated by water depths of four feet or less. All excess excavated material
9.27	must be placed at an upland location and no temporary stockpiling of excavated material
9.28	is allowed in wetlands outside the footprint of the pond site;
9.29	(ii) the project does not have an adverse impact on any species designated as
9.30	endangered or threatened under state or federal law; and
9.31	(iii) the project will provide wildlife habitat improvement as certified by the soil
9.32	and water conservation district; or
9.33	(2) duck blinds.
9.34	Sec. 8. Minnesota Statutes 2012, section 103G.2241, subdivision 11, is amended to read:

Sec. 8. 9

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Subd. 11. **Exemption conditions.** (a) A person conducting an activity in a wetland under an exemption in subdivisions 1 to 10 shall ensure that:

- (1) appropriate erosion control measures are taken to prevent sedimentation of the water;
  - (2) the activity does not block fish passage in a watercourse; and
- (3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H.
- (b) An activity is exempt if it qualifies for any one of the exemptions, even though it may be indicated as not exempt under another exemption.
  - (c) Persons proposing to conduct an exempt activity:

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- (1) must provide preconstruction written or electronic notice to the local government unit or local government unit's designee at least ten days in advance of the activity, describing the purpose of the proposed activity, the location of the activity, and the quantity and extent of impacts to wetlands and explaining how the activity qualifies for an exemption; and
- (2) are encouraged to contact the local government unit or the local government unit's designee for advice on minimizing wetland impacts.
- (d) The board shall develop rules that address the application and implementation of exemptions and that provide for estimates and reporting of exempt wetland impacts, including those in section 103G.2241, subdivisions 2, 6, and 9.

Sec. 9. Minnesota Statutes 2012, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public waters work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values; and may address the state establishment and administration of a wetland banking program for public and private projects, which may include provisions allowing monetary payment to the wetland banking program for alteration of wetlands on agricultural land; the establishment and administration of an in-lieu fee program according to subdivision 16; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon balance described in the report required by Laws 1990, chapter 587, and include the planting of trees or shrubs.

Sec. 9. 10

04/09/14 REVISOR CKM/JC 14-5166 (b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243. (c) If the local government unit fails to apply the rules, or fails to implement a local comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board. Sec. 10. Minnesota Statutes 2012, section 103G.2242, is amended by adding a subdivision to read: Subd. 8a. Notice when permit to mine required. For projects requiring a permit to mine, the board shall provide notice of a replacement plan application or an application to amend a replacement plan to all affected cities, counties, and soil and water conservation districts. The board shall give affected cities, counties, and soil and water conservation districts 30 days to comment on the proposed replacement plan or amendment and the opportunity to participate in the Technical Evaluation Panel. The board must respond to any comments received under this subdivision. Sec. 11. Minnesota Statutes 2012, section 103G.2242, is amended by adding a subdivision to read: Subd. 16. In-lieu fee program. The board may adopt rules to establish and administer an in-lieu fee program. The program must: (1) meet the requirements of an in-lieu fee program as defined under Code of Federal Regulations, title 33, section 332.2, and adopt, to the extent practicable, the review procedures and requirements under Code of Federal Regulations, title 33, section 332.8;

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- 11.24 (2) meet the wetlands replacement requirements of sections 103G.221 to 103G.2242, including using a watershed approach, priorities, and sequencing; 11.25
  - (3) ensure and document that all funds collected will fully offset the public value of the wetlands lost as a result of an impact;
  - (4) require that all in-lieu fee program project sites be constructed, seeded, and planted within two growing seasons of the first collection of funds;
  - (5) require that funds collected fully cover the project site acquisition, construction, labor, plants, seeds, management, and monitoring;
- (6) require financial assurance to cover project construction, labor, planting and 11.32 11.33 seeding, monitoring, and long-term management of the site; and
- (7) require permanent conservation easements. 11.34

Sec. 11. 11

04/09/14	REVISOR	CKM/JC	14-5166

12.1	Sec. 12. [103G.2376] WETLAND REPLACEMENT TRACKING SYSTEM.
12.2	(a) The board and the commissioner of natural resources shall jointly develop an
12.3	online wetland replacement tracking system, to be in full operation by January 1, 2015.
12.4	Use of an existing state or federal online tracking system with an online viewer fulfills
12.5	this requirement.
12.6	(b) All approved wetland replacement sites, including private and local road
12.7	replacement wetland banks, must be consolidated and their geographic extent must be
12.8	displayed on the tracking system.
12.9	(c) Wetland replacement approved between 1991 and 2008 must be collected and
12.10	displayed on the tracking system no later than January 31, 2016. Wetland replacement
12.11	approved after 2008 must be collected and displayed no later than January 31, 2015.
12.12	(d) State-generated data showing known restorable wetlands or locations of possible
12.13	wetland replacement opportunities must be collected and displayed no later than January
12.14	<u>31, 2015.</u>
12.15	(e) Data on the tracking system must be updated every two months.
12.16	(f) The landowner, responsible party, types of wetlands restored, and status of a site's
12.17	approval must be displayed on the tracking system.
12.18	(g) Geographic data on the tracking system must be available for public use and
12.19	to download.
12.20	(h) Starting June 30, 2014, local government units must report to the board all
12.21	wetland replacement sites approved within the previous month. The report must contain
12.22	the information identified in paragraph (f). Reports must be sent to the board no later
12.23	than the last day of each month.

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

Sec. 12. 12

12.24