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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **1747**

02/27/2017 Authored by Wagenius, Drazkowski and Albright
The bill was read for the first time and referred to the Committee on Transportation and Regional Governance Policy
03/07/2017 Adoption of Report: Amended and re-referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to the Metropolitan Council; modifying the sewer availability charge;
1.3 requiring a report; amending Minnesota Statutes 2016, section 473.517, subdivision
1.4 3.

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

1.6 Section 1. Minnesota Statutes 2016, section 473.517, subdivision 3, is amended to read:

1.7 Subd. 3. **Allocation of treatment, interceptor costs; reserved capacity.** (a) In preparing
1.8 each budget the council shall estimate the current costs of acquisition, betterment, and debt
1.9 service, only, of the treatment works in the metropolitan disposal system which will not be
1.10 used to total capacity during the budget year, and the percentage of such capacity which
1.11 will not be used, and shall deduct the same percentage of such treatment works costs from
1.12 the current costs allocated under subdivision 1. The council shall also estimate the current
1.13 costs of acquisition, betterment, and debt service, only, of the interceptors in the metropolitan
1.14 disposal system that will not be used to total capacity during the budget year, shall estimate
1.15 the percentage of the total capacity that will not be used, and shall deduct the same percentage
1.16 of interceptor costs from the current costs allocated under subdivision 1. The total amount
1.17 so deducted with respect to all treatment works and interceptors in the system shall be
1.18 allocated among and paid by the respective local government units in the metropolitan area
1.19 through a metropolitan sewer availability charge for each new connection or increase in
1.20 capacity demand to the metropolitan disposal system within each local government unit.
1.21 Amounts collected through the metropolitan sewer availability charge (SAC) must be
1.22 deposited in the council's wastewater reserve capacity fund. Each fiscal year an amount
1.23 from the wastewater reserve capacity fund shall be transferred to the wastewater operating
1.24 fund for the reserved capacity costs described in this paragraph. For the purposes of this

2.1 subdivision, the amount transferred from the wastewater reserve capacity fund to the
2.2 wastewater operating fund shall be referred to as the "SAC transfer amount."

2.3 (b) If, after appropriate study and a public hearing, the council determines for the next
2.4 fiscal year that a reduction of the SAC transfer amount is necessary or desirable to ensure
2.5 adequate funds remain in the wastewater reserve capacity fund, based on a goal of
2.6 maintaining at least the next year's estimated SAC transfer amount in the wastewater reserve
2.7 capacity fund, the council may reduce the SAC transfer amount for that fiscal year. If the
2.8 council reduces the SAC transfer amount for the next fiscal year, the council must then
2.9 increase the metropolitan sewer availability charge not less than the greater of six percent
2.10 or the annual percentage change in the Consumer Price Index for the metropolitan region
2.11 for the previous year plus three percentage points. For the purposes of this subdivision, any
2.12 reduction in the SAC transfer amount shall be referred to as the "SAC transfer deficit." The
2.13 provisions of this paragraph expire at the end of calendar year 2015.

2.14 (c) The council will record on a cumulative basis the total SAC transfer deficit. In any
2.15 year that the wastewater reserve capacity fund has a year-end balance of at least two years'
2.16 estimated SAC transfer amount, the council shall increase the subsequent annual SAC
2.17 transfer amount in excess of the amount required by paragraph (a) with the goal of eliminating
2.18 the cumulative total SAC transfer deficit. The annual amount by which the council increases
2.19 the SAC transfer amount shall be determined by the council after appropriate study and a
2.20 public hearing.

2.21 (d) The council must not impose the SAC on a local government unit for an existing
2.22 eating or drinking establishment due to an addition or expansion of outdoor seating unless
2.23 the establishment also increases the number of fixtures discharging into the sanitary sewer
2.24 system or increases the capacity of its sanitary sewer pipes connected to the system. If the
2.25 establishment increases the number of fixtures or capacity of its pipes, the charge must be
2.26 proportionate to the increase in demand on the sanitary sewer system. "Eating or drinking
2.27 establishments" include coffee shops, bars, restaurants, and similar businesses that serve
2.28 food or beverages to customers on site.

2.29 **EFFECTIVE DATE; APPLICATION.** This section is effective for sewer availability
2.30 charges imposed on or after August 1, 2017, and applies in the counties of Anoka, Carver,
2.31 Dakota, Hennepin, Ramsey, Scott, and Washington.

2.32 **Sec. 2. REPORT ON IMPACT OF SAC ON SMALL BUSINESS DEVELOPMENT.**

2.33 The Metropolitan Council shall report to the legislative committees with jurisdiction
2.34 over the council, and as provided in Minnesota Statutes, section 3.195, by January 15, 2018,

3.1 on the impact of the council's sewer availability charges (SAC) on the ability of a variety
3.2 of small businesses in various locations in the metropolitan area to develop or expand. The
3.3 council shall consult with the commissioner of employment and economic development in
3.4 developing the study, determining what data available to the commissioner would be useful,
3.5 and how to collect any other data necessary or useful to the analysis. At a minimum, the
3.6 council must solicit from cities, business associations, and individual businesses data that
3.7 shows what percentage of initial costs a small business incurs is due to SAC imposed by
3.8 the council. "Initial costs" includes those costs incurred, whether paid or not, during the one
3.9 to two year period before opening. The report must also include how many businesses asked
3.10 for reduced SAC or deferment of payments and at what point in the process of developing
3.11 or expanding the business, how many received reductions, and in what amounts. The report
3.12 must identify specific changes to SAC that will reduce the burden on small businesses and
3.13 encourage their development and expansion, and how each option will affect other rate
3.14 payers. The report may include specific case studies of small business experience with SAC.
3.15 "Small business" has the meaning given in Minnesota Statutes, section 645.445.

3.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.17 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.