



March 24, 2021

RE: County Comments on HF1733

Chair Marquart, Rep. Hansen and Committee Members:

The Association of Minnesota Counties (AMC) is a voluntary association representing all 87 counties in Minnesota. We appreciate the opportunity to share our thoughts on HF1733, which permits counties to impose a new \$25 fee on mortgage and deed transactions and at the same time prevents some of them from accessing clean water funds if the fee is not imposed.

HF1733 fails to address the funding concerns of local soil and water conservation districts (SWCDs), is likely to create greater disparity among districts, and establishes a new roadblock for conservation work that is done at the local level.

For Soil and Water Conservation Districts (SWCDs), this proposal creates more uncertainty. The new fee directed to SWCDs is permissive statewide. The proposal does compel many counties to implement the fee or lose access to clean water fund grants, which provide the environmental benefits for their communities. However, section 2, part (b) exempts one-third of the counties from this potential loss of clean water funding, not because they are anything related to SWCD funding, but because of a watershed levy. Watershed levy dollars are not tied to SWCD funding. Even when imposed, the new revenue is not the stable or reliable source of funding that the districts have been seeking.

There is local investment in conservation and environmental work. Counties' allocations of local property tax dollars to SWCDs operations have been growing. In the four years prior to the first state investment county allocations \$13.25M annually. In the four years since the state started contributing and incentivizing additional county allocations, they have grown from \$15.07M(2015) to \$19.47M(2018). A breakdown of 2017 funding shows that \$11 million of county allocations was in the form of annual funding - not program dollars. Counties also do much more than support the work of other jurisdictions: Counties do water planning, wetland conservation act enforcement, floodplain and shoreland protection, feedlot and septic compliance, and lands management, in addition to other environmental, clean water efforts.

AMC has supported the Minnesota Association of Soil and Water Conservation Districts (MASWCD) request for state support of district work. The state currently invests less than one percent of General Fund dollars to environmental efforts. An \$11 million annual appropriation for SWCDs would be less than .047% of the State General Fund budget.

There are local revenues invested in environmental and conservation work, including SWCDs. Local access to clean water funds should not be leveraged to impose a new fee, especially when it applies arbitrarily to only some communities. This bill does not address SWCD funding needs. The fee proposed has been identified as operationally and economically problematic. For these reasons, we respectfully oppose proposal that is brought forward in HF1733 and has been included in HF639, sections 12 and 13 (first engrossment).

Again, thank you for the opportunity to comment on HF1733.

Sincerely,

Brian Martinson
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Association of Minnesota Counties