MEMORANDUM
Comfort Lake-Forest Lake Watershed District

To: Board of Managers
From: Mike Kinney
Subject: MAWD Summer Tour

Date: April 24, 2017

Background/Discussion

The 2017 MAWD Summer Tour will be held in Bemidji from June 21st – 23rd. Board members interested in attending are asked to put this on their calendars.

Unlike most MAWD Summer Tours, the MAWD Board has scheduled a board meeting so as to consider changes to the by-laws. Ray Bohn is officially retiring on December 31st of this year and the transition plan calls for some changes that require a change in the by-laws among other things. A majority of the WDs must present in order for a vote to occur.

As required by the current by-laws, a CLFLWD delegate and alternate will need to be appointed at the May board meeting. More information on the specific day and time of the MAWD Board meeting will be known by then in the event you are only able to attend the MAWD Board meeting and not the entire Summer Tour. The MAWD Board meeting is being planned for later in the day on Wednesday, June 21st per the included flyer.

Additionally, it should be noted that there is a regular board meeting scheduled for the Thursday during the week of the summer tour – June 22nd. The board may choose to keep this meeting date, or change the date so it does not conflict with the tour. Staff suggests that either that Tuesday, June 20th or the following Thursday, June 29th be considered for a rescheduled meeting date.

Attached: 2017 MAWD Summer Tour Agenda, MAWD Legislative Update
Summer Tour 2017
Join us on June 21 - 23 for a tour of the Leech Lake area!

Schedule of Events:

Wednesday, June 21
10am – 1pm ADA Meeting at Country Inn & Suites
2pm – 5pm MAWD BOD Meeting at Country Inn & Suites
6pm-9pm Registration / Bylaws Meeting / Reception at the Sanford Center—Lakeview Room

Thursday, June 22
7am-9am Breakfast at Country Inn & Suites
7:30am-8:30am Registration
9am-4pm Bus Tour - Departing from hotel lobby

Friday, June 23
7am-9am Breakfast at Country Inn & Suites
9:30am – 11:00am Speaker at the Sanford Center - Club Level

Bus Tour Agenda:

Chippewa National Forest
Federal Dam Leech Lake Reservoir
Walker DNR Fisheries
Tribal site or National Forest Headquarters
MAWD Legislative Update

By Ray Bohn
March 27, 2017
(2nd Policy Committee Deadline)

MAWD Legislative Update

The finance spending targets were release last week. The House reduced environmental and natural resources spending by $112 million, while the Senate reduced its environmental and natural resources spending by $40 million. This sets the stage for the end of session battles.

Activity at the capitol continues at hyper speed. With the shortest committee deadlines in memory, we are almost a full month ahead of a typical legislative session. We are now past all policy committee deadlines and all finance deadlines are on March 31. All the finance omnibus bills need to be either on the floor or in the full Finance or Ways and Means committees in the Senate or House. There is no deadline for the Tax committees, but the House Committee has already acted on its Tax Bill. The Senate tax bill will be out on Wed., March 28 for review & committee action. So, not only are the finance bills moving quickly, so are the tax bills. Almost seems like both bodies want to get bills to the governor as soon as possible so he can veto them and get them back to the bodies to revamp. Maybe even a couple vetos??

Capital Investment (Bonding) Bill

The House Capital Investment Committee has started meeting again so it looks like we may see some action on the bonding bill once we get the other finance and tax bills out of the way.

The Senate Capital Investment Committee has passed its bonding bill out of committee to the Transportation Finance committee and onto the Senate Finance Committee where it has stalled. The House Capital Investment Committee has started hearing bill again, so it looks like they are starting to gear up for the end of session action. Still looks like the bonding bill will again be used to maximum leverage.

HFXXXX; SF210, Sen. Senjem, Omnibus Capital Investment bill. $1.64 billion -- $976 million bonds, $335 million net general fund, $197 million trunk Hwy bonds/cash, misc $118 million. Also includes $11.55 million for Flood Hazard Mitigation, $4.2 million ear- marked for Cedar River WD ($1.7 M), Browns Valley ($750 M), and Ortonville ($1.8 M). The remainder is not ear-marked. $10 M is included for RIM and $5 M for local road replacement. This is priority legislation for MAWD.

Tax Bill

Our hope that the buffer enforcement funding of $10 million per year was going to come through local aids in the tax bill has been bashed by actions in both bodies. The House did not include the funding in its tax bill, but did take $2 million per year from the clean water fund, for a total of $4 million. Unfortunately, in addition to these funds coming out of the CWF instead of the general fund, the SWCD's are again going to get $11 million per year for their operational activities out of the CWF. Last year we were assured by the legislators involved in the buffers legislation that the $22 million from the CWF was a onetime deal, and would not happen again. Well, it just did.
There is no funding in the Senate CWF bill for the buffer enforcement provision, but included the $22 million from the CWF. The Senate tax bill does not include any aid for enforcement.

We have repeatedly indicated to legislators and the agencies that if we didn’t get the funding for the buffer enforcement, they should not expect us to sign up for the enforcement work. While legislators insist they want local government doing the buffer enforcement, their actions so far certainly do not indicate such. Guess that the state/BWSR will have to do the work.

Other Bills of Interest

HF1994 Torkelson/SF1693 Weber; Buffer Bill Modifications: this recently introduced legislation removes APO authority for counties and watershed districts, changes definitions of public waters for buffers to eliminate the 50 ft provision and replacing it with 16.5 ft for those non-shore land public waters. This provision is designed to minimize the impact on those non-shore land public waters that may show up on the public waters map (private ditches, etc.). A final provision in this bill mandates that counties or watershed districts can’t enforce the buffer provisions unless federal or state assistance is available to the landowner to pay 100% of the cost to establish buffers or other water resource protection measures approved by BWSR.

Several of these provisions (shore land definitions, landowner assistance) will not meet with the governor’s approval so we can be sure there will need to be some compromise on this legislation.

These provisions have moved to finance bills in the House and Senate and are putting those bills in danger of being vetoed by the Governor. The Governor indicated last weekend that he will not accept any changes in the buffer law at this point. The Governor has express support for our enforcement funding and did recommend the $10 million level for both years of the biennium.

HF 1731 Torkelson/SF 1734 Webber: Clean Water Council funding; this legislation represents the recommendations from the Clean Water Council. The bills have been wrapped into the overall Legacy Finance Bills in both bodies. Because the House is taking $22 million for the SWCDs funding and $4 million for the buffer enforcement, this bill is changing quickly. These changes in funding impact many of our program and projects contained and paid for thru the CWF. It ends up being a lose – lose for us …… they are simply robbing Peter to pay Paul …… And our overall benefit actually drops. Not a good situation at this point.

HF1863 Dettmer/SF1458 Chamberlain; Modifying wetland replacement requirements; allows replacement of wetlands within either the bank service area or the major watershed of the impact. Heard in both the House and Senate and held over for possible inclusion in the Omnibus Policy bill in both bodies. This legislation was sponsored by the Rice Creek WD and they were instrumental in assisting MA WD with adoption of this language by the environment committees.

With the release of both finance bills last week this legislation was contained in the policy sections of each bill. This is priority legislation for MAWD and BWSR is very supportive of our efforts on this legislation.

HF2028 Fischer/SF1731 Rudd; exempting certain storm water-use permit requirements; Clarifies exempted constructed management facilities, which water appropriation is exempted,
and cancels existing permits covered by this exemption. This legislation is strongly supported by Metro WDs and was included in the House and Senate omnibus finance bills.

**HF1498 Loonan/SF1131 Hall; provides for goals and strategies for the MN River basin and its 13 major watersheds appropriates funds;** Mandates comprehensive watershed plans under the I Watershed/Plan provisions and appropriates funding of $2,250,000 in FY18 and FY19 from the Clean Water Fund. Heard in the Senate Environment Finance Committee and passed to the Senate ENR Policy & Legacy committee. No final action on these bills yet.

**HF821 Loonan/ SF701 Hall; appropriating money for a grant to operate and maintain sites for the MN River dredge spoil.** $480,000 in each fiscal year 18-19 to BWSR for a grant to the Lower MN River WD to defray the cost of dredging the Lower MN River. Heard in the Senate ENR Finance committee, held over for possible inclusion in the Omnibus Senate Finance Bill. Appropriation from the general fund.

The Senate authorized $240,000 each year for this purpose in their Omnibus Environment bill.

**HF2456 Baker; SF XXXX Lang; Relating to taxes; Update WD project tax levy to include all state grant or loan programs.** Will be introduced by mid-week. This is MAWD and Middle Fork Crow River WD legislation and is priority legislation for MAWD.

**HF2187 Drazkowski; SF XXXX None; Post certification adjustment for lobbying expenses;** Deducts lobbying expenses of local government from state aid. Sent to property tax and local government committee in the House. Rep. Drazkowski is chair of this committee. Not in House or Senate tax bills.

**HF1291 Fabian; SF1087 Ingebrigtsen; Permitting requirements modified, expedited environmental-review billing options provided, reclamation appeal provisions modified, and Environmental Quality Board eliminated and duties reassigned.** Both bills have made policy deadline and looks like they will be sent to the floor in each body. This legislation streamlines the MPCA permitting process but also eliminates the EQB and sends their functions to other agencies. Expect both of these bills to end up in both bodies Environment Finance Committee Omnibus bills. Don’t expect the EQB provision to make it by the Governor’s veto pen, so I think we can expect it to be traded for something in the environment finance conference committee.

Parts of this legislation made it into both finance bills in the policy sections and will definitely be opposed by the governor and agencies.

**HF1796 Johnson, C; SF1417 Ruud; providing for improving water quality.** This is the governor’s 20 % improvement in water quality by 2025 Program. This bill basically formalizes authority the agencies already have. Looks like this bill is dead ... failed to make committee deadlines.
MAWD Legislative Talking Points
2017 Session

- Watershed districts need the $10 million per year in riparian aid funding if you want Watershed Districts to assume jurisdiction on buffer enforcement. Without the funding we will not have the funds to necessary to do the job. Right now only $4 million is allocated thru the Clean Water Fund (CWF).

- Watershed districts oppose funding the buffer program thru the CWF. This will effectively reduce our potential project and program funding at the local level by $24 million --- ($4 million for enforcement and $22 million to the SWCDs for non-buffer work. These buffer funds should come out of the general fund. We support the Clean Water Council recommendations.

- Watershed Districts think it is time to move on and begin implementation of the buffer program. If any changes are needed after the implementation begins, they can be addressed in future legislative sessions.

- Watershed districts need a bonding bill to be passed this session. We need funds to work on our Flood Hazard Mitigation projects ($20 M), CREP, RIM ($10) and local wetland road replacement ($5).

- Updating the WCA wetland mitigation banking statutes to reflect watershed based management is one of our major goals this year (HF1863/SF1458). This updated language has been placed in both of the Omnibus Environment and Natural Resources Bills for consideration.
Stakeholders – Hope you are all well. Just wanted to keep you updated on a few legislative items.

1. Legislative Water Commission – John Barten and Pam Blixt will present the Clean Water Council’s **Policy Recommendations** at a meeting of the Legislative Water Commission this **Monday, March 27, 2017 around 7:20 p.m.** in the State Office Building (Basement Hearing Room). See full agenda.

2. Attached is a comparison of HF0707DE1 (basically this is the House Legacy Omnibus bill (includes Clean Water Fund, Outdoor Heritage Fund, Parks & Trails Fund, and Arts & Cultural Heritage Fund) - it is really a delete-all amendment but will serve as the base bill for other amendments) compared with the Clean Water Council’s recommendations and the Governor’s recommendations (see pages 3-4) that will be heard at a House Legacy Funding Finance Committee **hearing this Monday, March 20, 2017 at 1 p.m.** (Room 10 State Office Building). Note that the bill also includes language on supplanting/substitution (page 59) and a 5% reserve (page 59). See summary below if that is helpful (same information as attached in a different format).

**What’s NEW**
- $22M to BWSR for Soil and Water Conservation District (SWCD) Grants for Buffer Requirements *(for grants to SWCDs to implement riparian protection requirements under MN Statutes, section 103F.48)*
- $4M to the Department of Revenue for Riparian Protection Aid Payments *(for riparian protection aid payments under MN Statutes, section 477A.21)*
*Note there is additional appropriation language about this buffer funding in the bill on pages 60-61*

**What’s GONE** *(compared with Council recommendations)*
- $(3.5M) to BWSR for Targeted Wellhead/Drinking Water Protection
- $(3M) for BWSR for Conservation Reserve Enhancement Program (CREP)
- $(2M) to MPCA for Voyageur’s National Park Water Quality Protection Program
- $(2M) for BWSR Water Legacy Grants Program
- $(2M) to DNR for Aquatic Management Areas
- $(1.5M) to DNR for Forests for the Future

**What Programs have REDUCED funding** *(compared to Council recommendations)*
- $(5M) less for BWSR Surface and Drinking Water Protection/Restoration Grants
- $(2M) less for MDA MN Ag. Water Quality Certification Program
- $(1.002M) less for MPCA Watershed Restoration and Protection Strategies
- $(950K) less for MDA/UMN Forever Green Ag. Initiative
- $(850K) less for PFA Point Source Implementation Grants
- $(550K) less for BWSR One Watershed One Plan Implementation
- $(400K) less for BWSR Accelerated Implementation
- $(362K) less for MPCA Enhanced County Inspections/SSTS Corrective Actions
- $(280K) less for MDH Source Water Protection
- $(210K) less for BWSR One Watershed One Plan Planning
- $(198K) less for MPCA Enhanced County Inspections/SSTS Corrective Actions
- $(100K) less for DNR Nonpoint Source Restoration and Protection Activities
- $(100K) less for Met Council Metropolitan Area Water Supply Sustainability Support

**Acronyms**
- BWSR – Board of Water and Soil Resources
- DNR – Department of Natural Resources
- MDA – MN Department of Agriculture
- MDH – MN Department of Health
- Met Council – Metropolitan Council
- MPCA – MN Pollution Control Agency
- PFA – Public Facilities Authority
- UMN – University of Minnesota

*Reminder if you want to know more about any of the programs mentioned above, please see the “Program Information Forms” at https://www.pca.state.mn.us/clean-water-council/recommendations-plans.*
The Senate transportation target is $400M above the FY 2018-19 base and $500M above the FY 2020-21 base, however, it is assumed to be a revenue reduction target. Therefore it is scored against the revenues in column E. In column H it is scored in the transportation budget area. The Senate tax target has two components, an aids and credits target of $40M and a revenue target of $860M in FY 2018-19. The numbers are separated in column F and are combined in columns H and I.

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<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
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<td>3,734.4</td>
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The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy and Finance

HF1863/SF1458

A bill for an act relating to waters; modifying wetland replacement requirements; amending Minnesota Statutes 2016, sections 103G.005, subdivisions 10b, 10h; 103G.222, subdivision 3.

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

Section 1. Minnesota Statutes 2016, section 103G.005, subdivision 10b, is amended to read:

Subd. 10b. Greater than 80 percent area. "Greater than 80 percent area" means a county or, watershed, or, for purposes of wetland replacement, bank service area where 80 percent or more of the presettlement wetland acreage is intact and:

1. ten percent or more of the current total land area is wetland; or
2. 50 percent or more of the current total land area is state or federal land.

Sec. 2. Minnesota Statutes 2016, section 103G.005, subdivision 10h, is amended to read:

Subd. 10h. Less than 50 percent area. "Less than 50 percent area" means a county or, watershed, or, for purposes of wetland replacement, bank service area with less than 50 percent of the presettlement wetland acreage intact or any county or, watershed, or bank service area not defined as a "greater than 80 percent area" or "50 to 80 percent area."

Sec. 3. Minnesota Statutes 2016, section 103G.222, subdivision 3, is amended to read:

Subd. 3. Wetland replacement siting. (a) Impacted wetlands in a 50 to greater than 80 percent area or in a less than 50 percent area. Impacted wetlands in a
less than 50 percent area must be replaced in a less than 50 percent area. All wetland replacement must follow this priority order:

1. on-site or in the same minor watershed as the impacted wetland;
2. in the same watershed as the impacted wetland;
3. in the same county or wetland bank service area as the impacted wetland; and
4. in another wetland bank service area.

(b) Notwithstanding paragraph (a), wetland banking credits approved according to a complete wetland banking application submitted to a local government unit by April 1, 1996, may be used to replace wetland impacts resulting from public transportation projects statewide.

(c) Notwithstanding paragraph (a), clauses (1) and (2), the priority order for replacement by wetland banking begins at paragraph (a), clause (3), according to rules adopted under section 103G.2242, subdivision 1.

(d) When reasonable, practicable, and environmentally beneficial replacement opportunities are not available in siting priorities listed in paragraph (a), the applicant may seek opportunities at the next level.

(e) For the purposes of this section, "reasonable, practicable, and environmentally beneficial replacement opportunities" are defined as opportunities that:

1. take advantage of naturally occurring hydrogeomorphological conditions and require minimal landscape alteration;
2. have a high likelihood of becoming a functional wetland that will continue in perpetuity;
3. do not adversely affect other habitat types or ecological communities that are important in maintaining the overall biological diversity of the area; and
4. are available and capable of being done after taking into consideration cost, existing technology, and logistics consistent with overall project purposes.

(f) Regulatory agencies, local government units, and other entities involved in wetland restoration shall collaborate to identify potential replacement opportunities within their jurisdictional areas.

(g) The board must establish wetland replacement ratios and wetland bank service area priorities to implement the siting and targeting of wetland replacement and encourage the use of high priority areas for wetland replacement.
A bill for an act
relating to taxation; modifying levy authority of watershed districts; amending

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

Section 1. Minnesota Statutes 2016, section 103D.905, subdivision 9, is amended to read:

Subd. 9. Project tax levy. In addition to other tax levies provided in this section or in
any other law, a watershed district may levy a tax:

(1) to pay the costs of projects undertaken by the watershed district which are to be
funded, in whole or in part, with the proceeds of money appropriated by law for grants or
construction or implementation loans under sections 103F.701 to 103F.755 to the district;

(2) to pay the principal of, or premium or administrative surcharge, if any, and interest
on, the bonds and notes issued by the watershed district pursuant to section 103F.725; or

(3) to repay the construction or implementation loans under sections 103F.701 to
103F.755.

Taxes levied with respect to payment of bonds and notes shall comply with section
475.61.

Section 1.