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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **2536**

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Authored by Lanning, Hansen, Ozment, Eken and McNamara

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

A bill for an act

relating to environment; authorizing establishment of watershed basin management districts with taxing authority; appropriating money; amending Minnesota Statutes 2006, sections 103B.151, subdivision 1; 275.066; proposing coding for new law in Minnesota Statutes, chapter 103B.

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

Section 1. Minnesota Statutes 2006, section 103B.151, subdivision 1, is amended to read:

Subdivision 1. **Water planning.** The Environmental Quality Board shall:

(1) coordinate public water resource management and regulation activities among the state agencies having jurisdiction in the area, identifying opportunities to accelerate the protection, preservation, enhancement, and restoration of Minnesota's water and related land resources by the adoption of river basin approaches to state activities;

(2) initiate, coordinate, and continue to develop comprehensive long-range water resources planning in furtherance of ~~the plan prepared by the Environmental Quality Board's Water Resources Committee entitled "Minnesota Water Plan," published in January 1991, by September 15, 2000~~ sustainable approaches to water management in the state by adopting a revised state water plan by September 15, 2010, and each ten-year interval afterwards, addressing the issues of statewide concern raised by the local water management entities and basin boards in their plans;

(3) coordinate water planning activities of local, regional, and federal bodies with state water planning and integrate these plans with state strategies;

(4) coordinate development of state water policy recommendations and priorities, and a recommended program for funding identified needs, including priorities for

2.1 implementing the state water plan, state water resources monitoring plan, and basin  
 2.2 management plans;

2.3 (5) administer federal water resources planning with multiagency interests;

2.4 (6) ensure that groundwater quality monitoring and related data is provided and  
 2.5 integrated into the Minnesota land management information system according to  
 2.6 published data compatibility guidelines. Costs of integrating the data in accordance with  
 2.7 data compatibility standards must be borne by the agency generating the data;

2.8 (7) coordinate the development and evaluation of water information and education  
 2.9 materials and resources; and

2.10 (8) coordinate the dissemination of water information and education through  
 2.11 existing delivery systems.

2.12 **Sec. 2. [103B.175] WATERSHED BASIN MANAGEMENT POLICY.**

2.13 The quality of life of every Minnesotan depends on water. Minnesota's rivers, lakes,  
 2.14 streams, wetlands, and groundwater provide a foundation for the state's recreational,  
 2.15 municipal, commercial, industrial, agricultural, environmental, aesthetic, and economic  
 2.16 well being. The legislature finds that it is in the public interest to manage water resources  
 2.17 from the perspective of watersheds and river basins to achieve protection, preservation,  
 2.18 enhancement, and restoration of the state's valuable water resources. State agencies and  
 2.19 local governments having authority and responsibility for the protection, preservation,  
 2.20 enhancement, and restoration of Minnesota's water and related land resources shall adopt  
 2.21 a watershed or river basin approach for water management planning and implementation.

2.22 **Sec. 3. [103B.176] DEFINITIONS.**

2.23 (a) For the purposes of sections 103B.175 to 103B.179, the following terms have  
 2.24 the meanings given.

2.25 (b) "Local water management entities" means watershed districts, soil and water  
 2.26 conservation districts, metropolitan water management organizations, lake improvement  
 2.27 districts, lake conservation districts, and counties under chapters 103B, 103C, 103D,  
 2.28 and 114.

2.29 (c) "Watershed management organization" means a watershed district under chapter  
 2.30 103D; a watershed management organization under section 103B.211; or a formally  
 2.31 organized joint powers organization of counties and soil and water conservation districts  
 2.32 located outside the seven-county metropolitan area as defined under section 473.121,  
 2.33 subdivision 4, encompassing one or more of the state's major watersheds and created by

3.1 special law or agreement. Lake improvement districts are not watershed management  
3.2 organizations.

3.3 (d) "Board" means the Board of Water and Soil Resources.

3.4 **Sec. 4. [103B.177] BASIN WATERSHED MANAGEMENT.**

3.5 Subdivision 1. Basin management purpose. The purposes of basin watershed  
3.6 management are to:

3.7 (1) protect, preserve, and use natural surface and groundwater storage and retention  
3.8 systems;

3.9 (2) maximize benefits of public capital expenditures needed to correct flooding and  
3.10 water quality problems;

3.11 (3) identify and plan for means to effectively protect and improve surface and  
3.12 groundwater quality;

3.13 (4) establish more uniform policies and official controls for surface and groundwater  
3.14 management;

3.15 (5) prevent erosion of soil and associated pollutants into surface water systems;

3.16 (6) promote groundwater recharge;

3.17 (7) protect and enhance fish and wildlife habitat;

3.18 (8) secure other benefits associated with the sustainable use and management of  
3.19 surface and groundwater resources;

3.20 (9) promote coordination and cooperation among basin water management  
3.21 organizations; and

3.22 (10) facilitate resolution of water resources conflicts.

3.23 Subd. 2. Basin boards. (a) A basin board is established in each of the state's  
3.24 major river basins. A board's purpose is to coordinate basin water management  
3.25 activities, implement projects and programs of common benefit to the basin, and monitor  
3.26 performance of local water management entities. The major river basins are:

3.27 (1) Rainy River Basin;

3.28 (2) Lake Superior Basin;

3.29 (3) St. Croix River Basin;

3.30 (4) Middle Mississippi River Basin;

3.31 (5) Lower Mississippi-Cedar Rivers Basin;

3.32 (6) Missouri-Des Moines Rivers Basin;

3.33 (7) Upper Mississippi River Basin;

3.34 (8) Minnesota River Basin; and

3.35 (9) Red River of the North Basin.

4.1 The Red River Watershed Management Board, established under Laws 1976,  
4.2 chapter 162, section 1, as amended, for the Red River of the North Basin; the Minnesota  
4.3 River Basin Joint Powers Board, established under sections 103F.378 and 471.59, for the  
4.4 Minnesota River Basin; and the Mississippi Headwaters Board, established under sections  
4.5 103F.367 and 471.59, for the Upper Mississippi River Basin, have the same powers and  
4.6 duties of a basin board under this section.

4.7 (b) Membership of the basin boards in paragraph (a), clauses (1) to (6), consists of  
4.8 two members from each of the existing watershed management organizations or from each  
4.9 of the major watershed units where there is no formally organized watershed management  
4.10 organization within the basin. The governing body for each watershed management  
4.11 organization shall appoint two members. If no watershed management organization exists,  
4.12 the counties and soil and water conservation districts wholly or partially within each major  
4.13 watershed unit shall jointly appoint one county commissioner and one soil and water  
4.14 conservation district supervisor that resides in the major watershed unit.

4.15 (c) Each basin board shall annually elect from among its members a chair, vice-chair,  
4.16 and secretary-treasurer who shall serve for concurrent three-year terms. The chair shall  
4.17 preside over all meetings of the basin board and may call special meetings at reasonable  
4.18 times and with adequate notice, when necessary. The vice-chair shall preside over the  
4.19 meetings of the basin board in the absence of the chair. The secretary-treasurer or the  
4.20 designee of the secretary-treasurer shall keep a record of all proceedings of the basin board.  
4.21 The secretary-treasurer shall provide for the proper receipt and disbursement of funds.

4.22 (d) On or before January 1, 2010, each basin board shall adopt a basin management  
4.23 plan that builds on local water plans, establishes goals and measurable outcomes, and  
4.24 implements actions addressing the water quality, flood protection, land conservation,  
4.25 and related ecosystem needs of the basin. Effective January 1, 2010, all watershed  
4.26 management organization plans and local water plans developed under sections 103B.231,  
4.27 103B.235, 103B.255, 103B.311, 103B.501, 103B.601, 103B.651, 103C.331, subdivision  
4.28 11, and 103D.401 shall be submitted for review and comment by the appropriate basin  
4.29 board on the consistency of the proposed plan with the basin management plan.

4.30 (e) A basin board may hire or contract for resources to carry out its responsibilities  
4.31 under this section.

4.32 (f) A basin board has the authority to and must participate in interstate and  
4.33 international river basin organizations that are geographically and hydrologically  
4.34 connected with the river basin.

4.35 (g) Staff of local units of government that are members of the watershed management  
4.36 organization are not eligible to be appointed to the respective basin boards.

5.1        **Sec. 5. [103B.178] WATERSHED MANAGEMENT ORGANIZATIONS.**

5.2            Subdivision 1. **Authority.** (a) A party to a joint powers agreement under section  
5.3 471.59 to jointly or cooperatively manage or plan for the management of surface water  
5.4 and groundwater in a watershed under this section has, in addition to other authorities  
5.5 granted under section 471.59:

5.6            (1) the authority to prepare, adopt, and implement a plan for the watershed meeting  
5.7 the requirements of section 103B.231;

5.8            (2) the authority of a watershed district under chapter 103D to regulate the use and  
5.9 development of land in the watershed when one or more of the following conditions exists:

5.10           (i) the local government unit exercising planning and zoning authority over the land  
5.11 under sections 366.10 to 366.19; 394.21 to 394.37; or 462.351 to 462.364, does not have  
5.12 a local water management plan approved and adopted according to section 103B.201,  
5.13 103B.301, or 103D.401;

5.14           (ii) an application to the local government unit for a permit for the use and  
5.15 development of land requires an amendment to or variance from the adopted local water  
5.16 management plan or implementation program of the local unit; or

5.17           (iii) the local government unit has authorized the organization to require permits for  
5.18 the use and development of land;

5.19           (3) the authority of a watershed district under section 103D.911 to adopt a budget  
5.20 and decide on the total amount necessary up to the maximum allowed from ad valorem tax  
5.21 levies to meet the budget;

5.22           (4) the authority of a watershed district under section 103D.915 to certify its levy to  
5.23 the home county auditor of a county that has territory within the joint powers watershed  
5.24 management organization; and

5.25           (5) other powers necessary to exercise the authority under clauses (1) to (4),  
5.26 including the power to enter into contracts with governmental units or persons.

5.27           (b) Decisions by a joint powers board may not require more than a majority vote,  
5.28 except a decision on a capital improvement project, which may require no more than a  
5.29 two-thirds vote.

5.30           (c) For purposes of paragraph (a), clause (4), "home county auditor" means the  
5.31 county auditor of the county containing the highest taxable market value within the  
5.32 watershed management organization boundary in the assessment year in which it is  
5.33 established.

5.34           Subd. 2. **Review of watershed boundaries.** Before commencing planning, a  
5.35 watershed management organization established under this section and section 471.59,

6.1 must submit a map delineating the boundaries of the watershed management organization  
6.2 to the board for review and comment. The board has 60 days to comment.

6.3 Subd. 3. **Taxing authority by watershed basin.** (a) Each watershed management  
6.4 organization located within one of the established basin boards under section 103B.177  
6.5 may levy an ad valorem tax not to exceed 0.048 percent of the taxable market value of all  
6.6 property within the watershed basin, or \$....., whichever is less. The levy is in addition  
6.7 to any other levy authorized by statute. One-half of the levy shall be credited to the  
6.8 watershed management fund of the watershed management organization for development,  
6.9 construction, maintenance, implementation, and operation of projects and programs of  
6.10 benefit to the watershed for the restoration, enhancement, preservation, and protection  
6.11 of water and related land resources. The remaining one-half of the levy shall be credited  
6.12 to the general fund of the basin board and shall be used for water resource projects and  
6.13 programs of benefit to the basin. The basin board must adopt criteria for application and  
6.14 allocation of these funds by the basin board.

6.15 (b) For purposes of this section, a joint powers watershed management organization  
6.16 shall be considered a special taxes district under section 275.066.

6.17 **Sec. 6. ~~[103B.179]~~ ACCOUNTABILITY AND OVERSIGHT.**

6.18 Subdivision 1. **Standards.** The board shall establish performance and operational  
6.19 standards for basins, water management organizations, and local water management  
6.20 entities that provide for annual performance review of progress in achieving the goals  
6.21 and objectives of each organization's respective management plan. Each basin board  
6.22 may adopt additional performance and operational standards for its member watershed.  
6.23 Water management organizations or local water management entities are not eligible for  
6.24 Clean Water Legacy restoration and protection implementation grants or loans unless they  
6.25 are formally organized and there is cooperation, coordination, and implementation on  
6.26 a watershed basis.

6.27 Subd. 2. **Annual reporting.** Annually on or before April 15, each watershed  
6.28 basin, water management organization, and local water management entity shall file with  
6.29 the basin board and the board an annual report on a form developed by the board that  
6.30 summarizes its activities and outcomes including: plan development and implementation;  
6.31 financial management; water quality assessment, monitoring, and management; flood  
6.32 control and water level management; natural area protection and restoration; ditch and  
6.33 stormwater facility management and maintenance; capital projects; scientific and technical  
6.34 studies; and grants and cost-sharing activities.

7.1 Subd. 3. Peer review and evaluation. A basin board shall evaluate the  
 7.2 performance, financial management, and activity information of each watershed  
 7.3 management organization in the basin. Not less than once every five years, the basin board  
 7.4 shall establish a peer review panel to evaluate the performance of each water management  
 7.5 organization and its member local water management entities in accomplishing its adopted  
 7.6 plan. A peer review panel shall have at least five members, including two members  
 7.7 of the basin board, technical professionals representing two of the water management  
 7.8 organizations within the basin, and a representative from the board. Members of the  
 7.9 peer review panel must not be from the watershed management organization or local  
 7.10 water management entity under evaluation. The peer review panel shall file a report  
 7.11 with the basin board and the board. The board shall maintain a summary of watershed  
 7.12 management organization performance and peer review panel reports on its Web site and  
 7.13 provide an analysis to the chairs of the house and senate committees having jurisdiction  
 7.14 over environment and natural resources by February 1 of each odd-numbered year.

7.15 Subd. 4. Corrective actions. (a) In addition to other authorities, the board and the  
 7.16 board's member agencies may, based on the peer review panel evaluation in subdivision  
 7.17 3, reduce, withhold, or redirect grants and other funding and withdraw other delegated  
 7.18 water-related authorities if the watershed management organization has not taken steps  
 7.19 prescribed to correct deficiencies as identified by the board within one year from the  
 7.20 date of the notice.

7.21 (b) The board shall provide technical and administrative assistance in helping the  
 7.22 water management organization correct deficiencies identified in the notice.

7.23 (c) In addition to any other powers granted to the board, the board has the authority  
 7.24 to intervene for the purpose of resolving disputes between basin organizations and its  
 7.25 member watershed management organizations.

7.26 (d) If the deficiencies are not corrected within two years, the basin board or the  
 7.27 board may, after public notice and hearing, declare a watershed management organization  
 7.28 nonimplementing and initiate proceedings for establishment of a watershed district.

7.29 Sec. 7. Minnesota Statutes 2006, section 275.066, is amended to read:

7.30 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

7.31 For the purposes of property taxation and property tax state aids, the term "special  
 7.32 taxing districts" includes the following entities:

- 7.33 (1) watershed districts under chapter 103D;  
 7.34 (2) sanitary districts under sections 115.18 to 115.37;  
 7.35 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

- 8.1 (4) regional public library districts under section 134.201;
- 8.2 (5) park districts under chapter 398;
- 8.3 (6) regional railroad authorities under chapter 398A;
- 8.4 (7) hospital districts under sections 447.31 to 447.38;
- 8.5 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- 8.6 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 8.7 (10) regional development commissions under sections 462.381 to 462.398;
- 8.8 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 8.9 (12) port authorities under sections 469.048 to 469.068;
- 8.10 (13) economic development authorities under sections 469.090 to 469.1081;
- 8.11 (14) Metropolitan Council under sections 473.123 to 473.549;
- 8.12 (15) Metropolitan Airports Commission under sections 473.601 to 473.680;
- 8.13 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 8.14 (17) Morrison County Rural Development Financing Authority under Laws 1982,
- 8.15 chapter 437, section 1;
- 8.16 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section
- 8.17 6;
- 8.18 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211,
- 8.19 sections 1 to 6;
- 8.20 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article
- 8.21 5, section 39;
- 8.22 (21) Middle Mississippi River Watershed Management Organization under sections
- 8.23 103B.211 and 103B.241;
- 8.24 (22) emergency medical services special taxing districts under section 144F.01;
- 8.25 (23) a county levying under the authority of section 103B.241, 103B.245, or
- 8.26 103B.251;
- 8.27 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
- 8.28 under Laws 2003, First Special Session chapter 21, article 4, section 12; ~~and~~
- 8.29 (25) watershed management organizations under section 103B.178; and
- 8.30 (26) any other political subdivision of the state of Minnesota, excluding counties,
- 8.31 school districts, cities, and towns, that has the power to adopt and certify a property tax
- 8.32 levy to the county auditor, as determined by the commissioner of revenue.

8.33 **Sec. 8. RULEMAKING.**

8.34 The Board of Water and Soil Resources shall adopt rules prescribing minimum

8.35 requirements for the implementation of sections 2 to 6.

9.1        **Sec. 9. APPROPRIATION.**

9.2            \$..... is appropriated in fiscal year .... as a onetime appropriation for grants to  
9.3 the basin boards to assist in development of the basin plan goals, objectives, priorities,  
9.4 and outcomes.

9.5            \$..... is appropriated in fiscal year .... and \$..... is appropriated in fiscal year .... to  
9.6 the Board of Water and Soil Resources for increased staffing and capacity to support the  
9.7 watershed management effort of this act.

9.8            \$..... is appropriated to the Environmental Quality Board in fiscal year .... and  
9.9 \$..... is appropriated in fiscal year .... to implement this act.