



Back from the Brink

Citizen Support for Minnesota's Conservation Budgets
in the 2017 Legislative Session and Summary of the
Governor's 2018 Bonding Recommendations



Photo: Paul Raymaker

Back from the Brink:

Citizen Support for Minnesota's Conservation Budgets in the
2017 Legislative Session
and
Summary of the Governor's 2018 Bonding Recommendations

February 2018

CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION	4
SUMMARY OF 2017 LEGISLATIVE SESSION	4
A. OPERATING BUDGET	4
B. CAPITAL BUDGET (BONDING)	11
SUMMARY OF GOVERNOR'S 2018 BONDING PROPOSALS	15
WHAT'S NEXT?	18

FIGURES AND ATTACHMENTS

Figure 1	Conservation & Environment as % of General Fund Spending, FY1990-2018	10
Figure 2	General Funds for DNR Division of Fish and Wildlife, 2002-2017	11
Figure 3	Comparison of Habitat Acquisition Bonding and OHF Appropriations by Legislative Years, 2005-2017	14
Table 1	2016-17 Bonding Proposals	13
Table 2	2018 Governor's Bonding Recommendations	17
Attachment A:	MN Session Laws 1995-2017: Environment & Natural Resource Funding, Dedicated Funding, and Bonding	19
Attachment B:	Bonding History: DNR, BWSR, Metro Parks, 1997-2017	21
Attachment C:	Bonding History for Conservation & Environment, 1998-2017	22
Attachment D:	Bonding History for Water Infrastructure	23

EXECUTIVE SUMMARY

From a legislative perspective, 2017 should have been a really good year for Minnesota. The session started with a \$1.6 billion state budget surplus, and there was cautious optimism among policy makers that progress would resume following the legislative gridlock of 2016.

But that optimism did not last long.

Initial legislative budget proposals called for \$30 million in cuts to conservation budgets and additional raids of dedicated pools of money (despite the budget surplus.) Added to this, finance bills were littered with anti-public land language and policy proposals that sought to roll back or delay important environmental protections.

Citizens across the state took notice of this unnecessary attack on the state's natural resources, and there was a groundswell of opposition to the rollbacks and budget cuts. The outpouring of citizen concern helped move outdoor issues back from the brink towards a place more consistent with the value Minnesotans place on protecting our lakes, rivers, prairies, and forests. By the end of the legislative session in May, most (but not all) of the cuts, raids, anti-public lands provisions, and rollbacks had been removed, and the Legislature even passed fee increases needed to balance certain wildlife and parks accounts which were strongly supported by outdoors groups.

The Legislature also finally passed the bonding bill that should have been passed in 2016. This bill included \$250 million for conservation, including critical investments in water infrastructure, the St. Louis River clean up, and conservation easements that improve water quality by filtering agricultural run-off.

For the 2018 session, a primary focus will be enacting the state's regular even-year bonding bill. The Governor has proposed \$1.6 billion in bonding for 2018 - far less than the \$3.5 billion permitted under the state's established debt capacity guidelines. This year, the Legislature should act quickly (and transparently) to draft a bonding bill that includes the amounts necessary to protect Minnesota's water, wildlife, and great outdoors. Specifically, the bonding bill should address the ongoing need to repair or replace aging water infrastructure, fully fund the Conservation Reserve Enhancement Program which protects water quality, remedy the growing problems caused by leaking landfill sites, support an expansion of organics recycling through a grant program for local governments, and seek ways to further protect habitat by supporting wildlife and aquatic management areas.

We will learn how the state budget has fared when the annual forecast is released in late February. Estimates suggest that the state will see a surplus of between \$600 million and a billion dollars. Given a likely surplus, the Legislature should prioritize fixing two previous raids on dedicated funds by 1) paying back the \$22 million from the Clean Water Fund that was improperly raided to cover administrative costs for Soil and Water Conservation Districts, and 2) recapturing the portion of the Solid Waste Tax that has been diverted to the general fund and use it to fund local recycling programs as intended.

The Legislature should also rededicate themselves to respecting the work and advice of citizen councils when it comes to allocating Legacy and lottery funds and should approve the annual allocation of funds recommended by these councils.

INTRODUCTION

The Minnesota Legislature began the 2017 session with important unfinished business. In 2016, the Legislature had failed to come to agreement on the state's regular bonding bill, leaving over \$300 million in critical water treatment and other environmental investments unfunded. The failure to agree on a 2016 bonding package left local governments in limbo and put the state at risk of losing federal matching funds needed to address water treatment upgrades around the state, clean up the St. Louis River harbor, and fund farmland programs to promote wildlife habitat and reduce water pollution.

In addition, the 2016 session failed to provide ongoing operating funds for other needs including the Governor's riparian buffer proposal and persistent shortfalls for state park operations and the DNR's game and fish programs.

Normally, the 2017 Legislative session would have been focused on passing the state's regular two-year operating budget. But, due to the unfinished business from 2016, the 2017 Legislature was also tasked with addressing the bonding needs left unmet in 2016.

This report is divided into two main sections. The first section, subdivided into part a) and part b), discusses the 2017 legislative session and examines: a) the Legislature's actions on the two-year operating budget, including general fund proposals, the allocation of dedicated funds from the Environment and Natural Resources Trust Fund (lottery funds), and funds from Minnesota's Clean Water, Land, & Legacy Amendment (Legacy Funds), and b) the bonding bill which was finally passed at the end of the 2017 session.

The second section looks to the upcoming 2018 session. Under the state's regular budget cycle, major bonding bills are passed in even numbered legislative years, so 2018 is expected to be a bonding year. The Governor released his proposed bonding package in January 2018, and we summarize the Governor's proposals as they impact conservation and the environment.

SUMMARY OF 2017 LEGISLATIVE SESSION

A. OPERATING BUDGET

State budget shows projected surplus

Early in the 2017 Legislative session, the state released its regular economic forecast which showed a \$1.651 billion surplus for upcoming two-year budget cycle (FY 2018-19) (of this, \$744 million was a projected balance carried forward from the end of the FY 2016-17 biennium).

The Governor proposed a two-year operating budget which allocated \$280 million of this surplus to revenue reduction (tax relief), and the remainder to various state programs including early childhood education, health and human services, and other administration priorities.

Governor proposes increases for conservation and environment

For conservation and environment agencies,¹ the Governor's budget proposal included:

- general funds needed to implement his stream buffer program, including both compensation for farmers and county aid payments for implementation,
- general fund increases for parks, forestry, DNR enforcement, agency compensation increases, and landfill issues, and
- fee increases to help balance a number of specialized accounts, including park fees, hunting and fishing fees, and snowmobile and ATV programs.

Legislature cuts conservation programs despite budget surplus

The budget proposals put forward by the House and Senate differed sharply from the Governor's budget - - both bodies proposed allocating the bulk of the surplus towards tax relief. The Legislature also included increases for schools and roads. To pay for both the tax cuts and proposed increased spending, the Legislative package included \$187 million in reductions to government agencies, economic development funds, and environmental programs.²

The resulting legislative budget targets included a \$30 million reduction from base general funds in the environment and natural resources budget category, despite the \$1.6 billion state surplus. To accomplish this \$30 million cut, the omnibus environment and natural resources finance bill (or "omnibus environment finance bill") proposed by the Legislature (HF888):

- cut \$22 M in general fund base operating funds for Soil and Water Conservation Districts (SWCDs),
- cut MPCA funding needed to address groundwater contamination at demolition landfills,
- cut funding for the Environmental Quality Board and shifted it to a dedicated fund needed for other purposes,
- failed to include any operating fund increases needed for conservation and environment agencies,
- included fee increases for state parks, but failed to include the hunting, fishing, and recreational vehicle license adjustments needed to keep those programs from going in the red.

Finance bill also includes adverse policy language

As it worked its way through the legislative process, the omnibus environment finance bill also became the vehicle for negative policy provisions that would delay or roll-back environmental protections, including provisions that would:

- delay implementation of the Governor's stream buffer initiative,
- allow counties to impose anti public land "no net gain" restrictions,
- limit the jurisdiction of the Environmental Quality Board (EQB),

¹ The five primary conservation and environment agencies covered in this report are the Department of Natural Resources (DNR), the Board of Water and Soil Resources (BWSR), the Minn. Pollution Control Agency (MPCA), the Minn. Department of Agriculture (MDA), and Metropolitan Parks. The Public Facilities Authority (PFA) also delivers critical water infrastructure financing, but receives funding primarily from bonding and is discussed later in this report.

² Minnesota House, *Session Daily*, April 28, 2017.

- delay listing of impaired waters by allowing for contested case hearings,
- preempt local government authority on solid waste by prohibiting plastic bag bans,
- slow environmental permits by creating new obstacles for agencies,
- limit the DNR's ability to regulate lead shot,
- allow feedlots to increase from 1,000 to 2,000 animal units without environmental review, and
- restrict the DNR's authority to protect calcareous fens and manage groundwater supplies.

Legislature raids Legacy Amendment funds

To compensate for cuts to environmental programs in the omnibus environment finance bill, the Legislature attempted to shift these programmatic costs to funds created by the Clean Water, Land & Legacy Amendment (the Legacy Amendment.) The Legacy Amendment, overwhelmingly approved by voters in 2008, creates three dedicated environment and natural resources related funds: the Clean Water Fund, the Outdoor Heritage Fund, and the Parks and Trails Fund. Recommendations for allocating these funds are made by councils consisting of citizens and stakeholders:

- The Clean Water Council recommends allocation of the Clean Water Fund,
- The Lessard-Sams Outdoor Heritage Council recommends allocation of the Outdoor Heritage Fund, and
- The Parks & Trails Fund is allocated by formula between the three major park systems: State Parks and Trails, administered by the DNR (40%), Metropolitan Parks administered by the Met Council (40%), and Greater MN Regional Parks & Trails Commission (20%). General oversight for parks Legacy funds is provided by the Parks & Trails Legacy Advisory Committee.

The initial Legacy bill proposed by the House (HF707) dramatically changed the recommendations of the Clean Water Council and the Outdoor Heritage Council. The bill:

- Eliminated a number of drinking water programs and other clean water projects approved by the Clean Water Council in order to shift \$22 million in SWCD operating funds to the Clean Water Fund. The conservation community strongly opposed this shift because it eliminated important projects approved through the normal council process and because Legacy Funds were not intended to fund administrative budgets.
- Reduced a number of projects recommended by the Outdoor Heritage Council, and used Legacy funds to fund the Governor's buffer program. Again, the conservation community strongly opposed the changes to the council recommendations and the use of Legacy funds to fill holes created by other budget shifts.

Anti-public lands policy language included in Legacy and Tax bills

In addition to the budget raids on Legacy Funds, the Legacy bill proposed in the House (HF707) included two anti-public land policy provisions:

- "no net gain" of state lands which would have restricted the use of Legacy Funds for acquisition of habitat, and
- a requirement that would restrict the Outdoor Heritage Council's ability to recommend habitat acquisition projects and instead require a focus on restoration only (essentially another anti-public land provision.)

The Tax Bill proposed by the House (HF 4) also included raids on Legacy funds. The tax bill required that Legacy Funds be used to pay taxes in perpetuity on land acquired with Legacy funds, in essence

substituting for Payments in Lieu of Taxes (PILT). PILT payments are a form of local government aid historically funded by general funds. A similar provision was included in the Environment and Natural Resources Trust Fund bill (HF1265) requiring taxes to be prepaid in perpetuity on land acquired with lottery funds.³ The outdoors community strongly opposed this use of dedicated funds.

Legislative attacks on conservation leads to unprecedented public outcry

The combination of legislative cuts to conservation spending, rollbacks of environmental protections, raids on Legacy Funds, the failure to enact fee increases need for game and fish programs, and anti- public land policy provisions led to an unprecedented outcry by citizens and the outdoors community. Citizens from all parts of the state raised strong objections to anti-conservation proposals and demonstrated the widespread support for funding environment and natural resource programs, protecting the Legacy Amendment, and promoting public lands. See Sidebar.

On April 19, 2017, over one thousand citizens rallied at the State Capitol to show support for clean water at Water Action Day.⁴

Governor vetoes environment finance bill

The groundswell of public opposition to anti-conservation provisions led to some improvements in the omnibus environment finance bill (HF888) as it moved through the legislative process, and some negative provisions were removed (e.g. increasing feedlot size.) However, the bill still delayed the buffer initiative, included dramatic funding cuts, failed to include operational increases for agencies, failed to balance game and fish fee budgets, and included rollbacks of environmental protections.

The Governor vetoed the bill on May 12.⁵

2017 Citizen Support for Conservation Selected letters/articles

Dahl, Richard, "Minnesota cares about clean water, environmental protections," *Winona Post*, April 26, 2017; Arendt, Britta, "Heritage Fund is about access," *Grand Rapids Herald Review*, April 22, 2017; "Editorial: Despite amendment, Legislature attacks environment," *St. Cloud Times*, April 22, 2017; Tom Dennis, "Don't let lawmakers gut Minnesota's Legacy Amendment," *Grand Forks Herald*, April 26, 2017; "Letter: Attack on Public Recreation Land, *Park Rapids Enterprise*, March 10, 2017; "Letter: Amendment undermined", *Fairmont Sentinel*, April 26, 2017; "Letter: State should spend on natural resources as voters intended," *Faribault Daily News*, April 26, 2017; "Letter: Why limit Legacy acquisitions for public lands?" *Rochester Post Bulletin*, April 28, 2017; Dokken, B., "Public land an asset, not a liability," *Brainerd Dispatch* April 30, 2017; Albert, J., "Sportsmen and sportswomen: Time to start paying attention at state capitol," *Outdoor News*, April 19, 2017; Herfindahl, "Politics make acquiring land for public use harder," *Albert Lea Tribune*, April 30, 2017, Sam Cook, "Legislature showing little inclination to increase outdoors funding," *Duluth News Tribune*, April 30 2017; "Letter: House shunning conservation community," *Worthington Globe*, April 30, 2017; Arnold, Julie, "Is the Minnesota Legislature serious about clean water?" *Star Tribune*, May 2, 2017; "Opinion: Support the outdoors," *Brainerd Dispatch*, May 3, 2017; "Legislature 'brutal' toward Minnesota Environment," *Marshall Independent*, May 11, 2017; "Opinion: Preserve outdoor opportunities," *Brainerd Dispatch* May 6, 2017; "Our View: Bill would violate spirit, goals of Legacy Fund," *Rochester Post Bulletin* May 4, 2017; Anderson, D. "Political assault on state's natural resources demands a united response," *Star Tribune*, May 20, 2017; "Commissioner: Minnesotans speak up for outdoors, help Agency secure funding from Legislature," *Outdoor News*, June 2, 2017.

³ Lottery funds are allocated by the Legislative Citizen Commission on Minnesota Resources (LCCMR.) Legislative action on other elements of the LCCMR recommendations is discussed in more detail on page 9 below.

⁴ "On water action day, a flood of citizens washes through the capitol," *MinnPost*, April 20, 2017.

⁵ Governor Mark Dayton, Letter to the Honorable Kurt Daudt, May 12, 2017.

Legislature improves Environment Omnibus and Legacy bills

Following the citizen outcry and Governor's veto of the omnibus environment bill, the Legislature went back to work and, just before the end of session, passed both a Legacy bill (HF707) and a new omnibus environment bill (HF844) that eliminated many, though not all, of the negative policy provisions.

The final Legacy bill restored the recommendations of the Outdoor Heritage Council and eliminated the anti-public lands policy language. However, the Legacy bill still included the shift of SWCD administrative costs into the Clean Water Fund.

The final omnibus environment bill removed the delay of the stream buffer program, included the game and fish fee increases, included general fund operational increases for conservation agencies, and removed or modified much of the negative policy language. Some rollbacks were still included, however, including weakened protections for calcareous fens, limits on regulating lead shot, and restrictions on the ability of local governments to ban plastic bags.

On May 30, the Governor signed the second omnibus environment bill (HF844) and the Legacy bill (HF707). The Governor noted that many of the negative provisions had been eliminated and that the inclusion of game and fish fee increases and general funds for operations would allow agencies to continue their work to protect Minnesota's air, water and wildlife.⁶ However, the Governor expressed disappointment with the use of Clean Water Funds to pay SWCD administrative costs, stating the bill "leaves future work for the Legislature to address stable funding for SWCDs."⁷

The Governor also noted that he supported a provision in the tax bill stating that if there is a positive general fund balance in the state's budget at the end of the biennium, the \$22 million SWCD raid will be automatically paid back to the Clean Water Fund.⁸

Tax bill removes raid on Legacy Funds; includes forestry incentive changes

The final tax bill dropped the proposals to require Legacy and LCCMR acquisitions to prepay property taxes in perpetuity. The strong concerns of the conservation community over these provisions were finally recognized – as well as the value that PILT payments have in making local governments whole when public land is acquired by the state.

The tax bill included three other provisions of note:

- The bill makes substantial changes to Minnesota's Sustainable Forest Incentive Programs (SFIA). These reforms increase the payments received by forest owners in the program, require oversight by the DNR, and include other changes suggested by the Legislative Auditor. These reforms were largely supported by the conservation community. The SFIA language also includes a provision allowing UPM/Blandin to receive retroactive SFIA payments (totaling

⁶ The bill does not delay implementation of the Governor's buffer program but does include some modifications including authorizing SWCDs to approve alternative practices, adjustments to seed mixes that can be used in buffers, and a requirement that SWCDs grant waivers to landowners under certain conditions.

⁷ Governor Mark Dayton to the Honorable Michelle L. Fischbach, May 30, 2017.

⁸ This provision is found in HF 1 (1st Spec. Session, 2017) lines 230.26-230.27.

roughly \$4 M) on a large forest easement funded by Legacy Funds - provided a settlement is reached with the affected counties regarding a property tax valuation dispute.

- The bill includes \$6 million in FY2018 and \$8 million if FY2019 and thereafter for county aide for buffer enforcement. The omnibus environment bill signed into law also included \$2 million per year for buffer enforcement, giving local governments a total of \$10 million per year beginning FY 2019.
- The bill reduced sales tax revenues by \$257.4 M compared to forecast for 18-19, in part by changing the deposit of several transportation-related sales taxes from the general fund to the Highway User Tax distribution fund. This change also has an impact on Legacy Funds, which receive a portion of the sales tax. To hold the Legacy funds harmless in the current year, the bill transferred \$2.8 million from the GF to reimburse the Legacy funds – but this is a one-time transfer.

Governor signs Lottery Bill despite substantial changes to LCCMR recommendations

The Legislative Citizen Council on Minnesota Resources (LCCMR) allocates funding from the Environment and Natural Resources Trust Fund (lottery funds). The original House LCCMR bill had cut or reduced 21 LCCMR recommended projects. The final bill passed by the Legislature (SF 550) reduced or eliminated 11 projects recommended by the LCCMR and redirected the funds to provide an additional \$13.5 million for the Conservation Reserve Enhancement Program (CREP). CREP is strongly supported by the administration and the outdoors community, but the Governor had proposed the use of bonding for the program, not lottery funds. (CREP is discussed in more detail in the bonding section below).

The Governor signed the bill despite the cuts to LCCMR recommendations, but stated that the bill:

...undermines the integrity of a process that includes citizens who volunteer hundreds of hours each year reviewing and recommending projects for the funding. It is very concerning to me that the projects deleted from the recommendations appear to be more focused on making a political statement on climate change, renewable energy, and equity, rather than reflecting a thoughtful reallocation of funds by the Legislature.⁹

The bill also included language recommending that the LCCMR allocate funding in FY 2018 and 2019 for more CREP, and directs the LCCMR to consider allocating funds for wastewater treatment plants. This provision has raised concerns because lottery funds were not intended to be used for wastewater treatment upgrades, which could eat up virtually all annual revenue. On a good note, the final LCCMR bill did remove another “no net gain” anti-public lands provision that had been inserted by the House.

Governor’s stream buffer initiative modified

A major focus of the legislative session included attempts to repeal or roll back the Governor’s stream buffer law, a signature water quality initiative of his administration. In the end, only a few changes were enacted which:

- Keep the original deadlines intact – November 1, 2017 for public waters, and November 1, 2018 for public drainage ditches, but added language allowing for an eight-month extension for implementation if needed. The new language provides that, “A landowner or authorized agent

⁹ Governor Mark Dayton to the Honorable Michelle L. Fischbach, May 30, 2017.

that has filed a parcel-specific riparian protection compliance plan with the soil and water conservation district by November 1, 2017, shall be granted a conditional compliance waiver until July 1, 2018.”

- Authorize use of alternative practices so landowners and local governments can tailor site-specific options like structural, vegetative and management practices that achieve water quality improvements comparable to the required buffer.

The tax bill provides county aid for buffer enforcement of \$6 million in FY 2018 and \$8 million per year thereafter. The omnibus environment bill provided a general fund appropriation of \$ 2 million per year for buffer enforcement aid, giving local governments a total of \$10 million per year beginning in FY 2019.

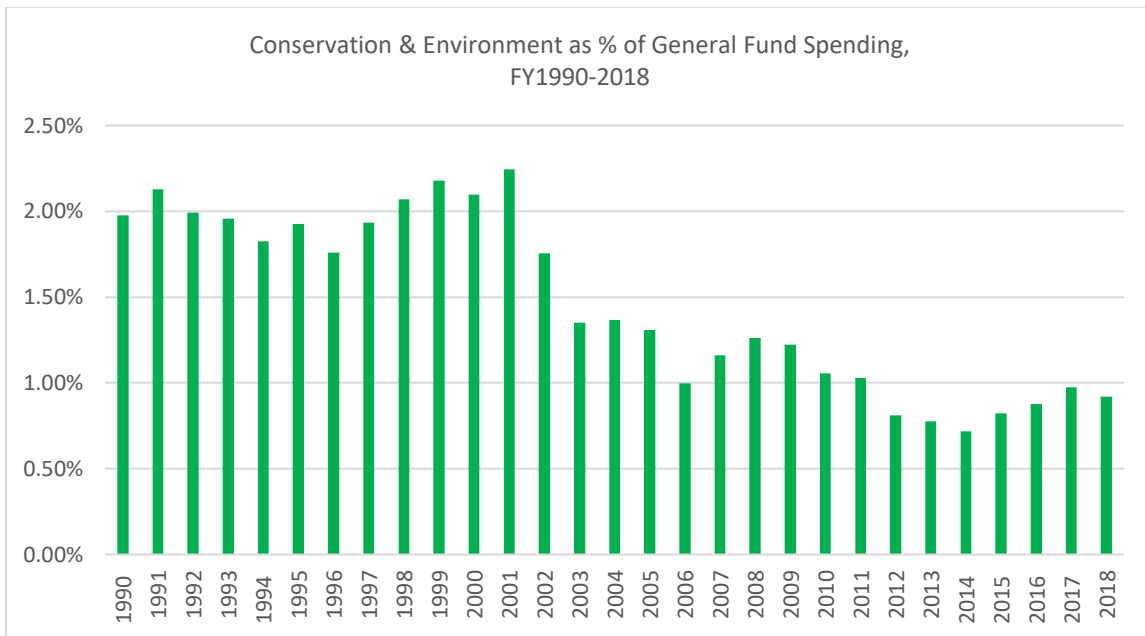
In addition, the Legacy bill included \$5 million in Clean Water Funds for buffer implementation, with half going to counties that do not receive CREP.

General fund spending on conservation still below historic levels

From 1990 to 2000, the state spent an average of 2% of general funds on conservation and environment. This percentage has now shrunk to less than 1%. See Figure 1.

For FY2018, the percentage of general fund for conservation is 0.92%. The share of general funds allocated to conservation is still less than one cent for every dollar spent from the general fund.

Figure 1



Source: Minnesota Management and Budget, Fund Statements. Includes GF spending on 5 primary conservation agencies; county AIS spending.

Erosion of general funds raises substitution concerns

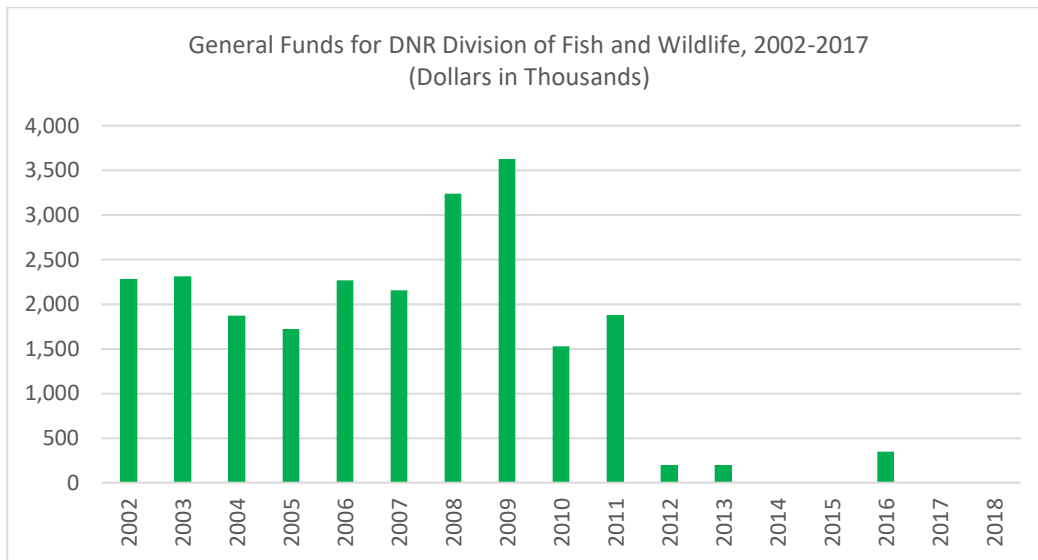
When the Legacy Amendment was passed in 2008, one of the key concerns was that the newly dedicated funds would be used to simply substitute for existing funds rather than increase the state’s investment in protecting our natural resources. To prevent this type of substitution, the constitutional language approved by voters stated:

*The dedicated money under this section must supplement traditional sources of funding for these purposes and may not be used as a substitute.*¹⁰

The erosion of general funds since passage of the Legacy Amendment has raised concern that specific programs and divisions have seen their general fund support slip away and replaced with Legacy Funds.

One example is the DNR’s Division of Fish & Wildlife, which has seen its general funds disappear as Legacy Funds became available. Figure 2. This trend raises questions as to whether Legacy funds are truly supplementing existing funding as intended by voters.

Figure 2



Source: DNR. 2016 funds were one time funds related to the avian flu outbreak.

B. CAPITAL BUDGET (BONDING)

The state’s regular capital investment budget (typically referred to as the bonding bill) is normally enacted in even numbered years. However, in 2016, the Legislature failed to pass a bonding bill. A bill that had been hastily assembled in the final hours of the 2016 session (HF 622) failed to pass both bodies, leaving serious infrastructure needs across the state unmet.

¹⁰ Minnesota Constitution, Art. XI, Sec. 15.

In January 2017, the Governor renewed his call for a strong bonding bill, recommending a package of bonding projects totaling \$1.5 billion. This proposal was well within the \$3.475 billion debt capacity established by state guidelines.¹¹

The Governor's proposal included \$356 million for conservation and environment. Within this amount, the Governor:

- renewed his proposal for \$167 million to help communities repair and upgrade aging water infrastructure,
- provided \$30 million in state funding to maximize the federal match for the Conservation Reserve Enhancement Program (CREP), a voluntary program for conservation easements to improve water quality,
- provided the \$25 million in state matching funds needed to receive \$47 million in federal funds to clean up contamination in the St. Louis River (an increase from 2017 due to the need for full funding to receive the full federal matching funds in time), and
- provided needed funding for wildlife habitat, park rehabilitation, and waste management.

Legislative leaders objected to governor's bonding proposal, arguing for a smaller bill, despite:

- the fact that the Governor's proposal was well within the state's debt capacity,
- the state has a strong AAA bond rating giving the state access to favorable interest rates, and
- the state had serious unmet needs left by the failure of the 2016 bonding bill.

The Senate Capital Investment committee put forward a \$972 million bonding package in mid-session, but this package was not approved by the full Senate. There was virtually no action on a bonding bill in the House until mid-May. On May 17, days before the end of session, an \$800 million bonding proposal (a delete all amendment to HF 575) failed to pass the House.¹²

A final bonding bill was not approved until the final day of an exhausting four-day special session, in which virtually all negotiations around the bonding bill were held behind closed doors. The final bill totaled \$988 million in general fund supported bonding, and included \$250.1 million for conservation, a reduction from the \$350 million for conservation in the Governor's proposed capital budget.

A comparison of the final bonding package for conservation and environment with previous proposals by the Governor and Legislature is contained in Table 1 below.

Most notably, the dollars for badly needed water infrastructure spending slipped and were less in the final package than in either the Governor's proposal or the failed 2016 bill.

¹¹ Minnesota Management and Budget, Debt Capacity Report, February 28, 2017, https://mn.gov/mmb/assets/DCF%20February%202017_tcm1059-281970.pdf

¹² A comparison of the 2017 bonding proposals as of mid May 2017 can be found at http://www.senate.mn/departments/fiscalpol/tracking/2017/CapInv_GovHouseSenate.pdf

Table 1

Environment & Natural Resources Bonding Proposals					
2016 and 2017 Legislative Sessions, Dollars in Thousands					
AGENCY	Governor 2016	Senate 5/2016 (not enacted)	House 5/2016 (HF622 as Intended) (not enacted)	Governor 2017	2017 Enacted
DNR					
Asset Preservation	33,000	33,000	25,866	34,000	15,000
Building and Facilities	2,000	2,000	0	2,000	0
Flood Mitigation	3,500	20,000	11,555	6,500	11,555
Mille Lacs Fisheries	3,500	3,500	0	3,500	0
Dam Repair and Removal	7,000	10,000	9,000	7,000	15,400
Reforestation	2,000	2,300	1,000	2,000	1,000
Native Prairie Bank	2,000	0	0	2,000	0
Itasca Park Renovations	3,000	6,900	0	3,000	0
WMA/AMA	9,500	0	0	9,500	0
State Park Campground	1,000	1,000	0	1,000	0
State Parks and Trails	2,000	19,740	11,490	2,000	18,048
Fish Hatcheries	1,000	1,000	0	1,000	0
Scientific and Natural Areas	1,000	0	0	1,000	0
RIM Critical Habitat Match	2,000	1,500	0	2,000	0
West Leaf Lake Dam	0	50	0	0	0
Austin Waterways	0	600	0	0	0
Champlin Mill Pond	0	3,300	3,300	0	3,300
Dakota Co Bylesby Dam	0	6,000	0	0	0
Dakota MN River Regional Trail	0	2,500	0	0	0
Golden Valley Flood Damage	0	8,400	0	0	0
Itasca Co. Popple River Bridge	0	385	0	0	0
Lake Co. Prospectors ATV Trail	0	1,000	1,000	1,000	1,000
Rochester Chester Woods Trail	0	1,000	0	0	0
Morrison County Soo Line Bridge					400
Mesabi Trail	0	1,697	0	0	0
City of St. Paul Reforestation					1,500
Two Harbors Small Craft Facility	0	763	0	763	0
St Paul Great River Passage	0	0	0	3,000	0
<i>Subtotal</i>	<i>72,500</i>	<i>126,635</i>	<i>63,211</i>	<i>81,263</i>	<i>67,203</i>
MPCA					
Cap Assistance (incl. Polk County)	0	11,750	9,250	20,250	9,250
St. Louis River Area of Concern	12,705	12,705	12,705	25,400	25,410
WDE Landfill	12,000	0	650	11,350	11,350
Polk County -					
Lake Redwood	0	6,900	7,800	0	0
<i>Subtotal</i>	<i>24,705</i>	<i>31,355</i>	<i>30,405</i>	<i>57,000</i>	<i>46,010</i>
BWSR					
RIM Reserve (CREP)	30,000	1,500	10,000	30,000	10,000
Local Road Wetland Replacement	5,000	3,000	5,000	10,000	5,000
<i>Subtotal</i>	<i>35,000</i>	<i>4,500</i>	<i>15,000</i>	<i>40,000</i>	<i>15,000</i>
Metro Parks	10,000	10,000	5,000	10,000	5,000
PFA					
EPA Drinking/Wastewater Matching Funds	25,000	25,000	17,000	25,000	17,000
WIF/Drinking Water Infrastructure	80,000	80,000	70,000	80,000	55,000
Point Source Implementation Grants	62,000	62,000	46,500	62,000	33,737
Big Lake Sewer			1,200		1,200
Clear Lake & Clear Water Sewer District					300
Clearbrook - Water Plant					850
Dennison Lift station and Sewer			726	726	726
East Grand Forks Sewer Interconnect			5,300		5,300
Kooshiching Co Island View Sewer			2,000		2,000
Oronoco Study - GF			500		500
Lilydale Stormwater - GF			140	140	275
<i>Subtotal PFA</i>	<i>167,000</i>	<i>167,000</i>	<i>143,366</i>	<i>167,866</i>	<i>116,888</i>
<i>Total</i>	<i>309,205</i>	<i>339,490</i>	<i>256,982</i>	<i>356,129</i>	<i>250,101</i>
<i>Source: Legislative Tracking Sheets</i>					

Final bonding bill includes reductions to key programs

The most significant changes in the final bill, when compared to the Governor's recommendations, included:

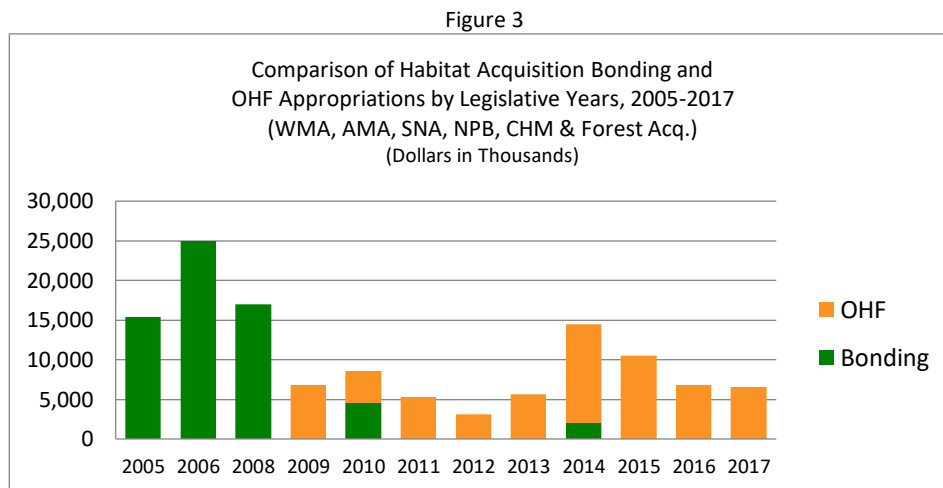
- The Governor's \$167 million proposal for wastewater and drinking water infrastructure was trimmed back to \$116.8 million.
- The Conservation Reserve Enhancement Program (CREP) received \$10 million instead of the \$30 million requested by the Governor.
- The DNR's bonding package was cut from \$76 million to \$67 million. All habitat programs at the DNR were zeroed out, and flood mitigation, dam repair, and trail projects received larger amounts than had been proposed by the Governor.¹³

Lack of habitat bonding raises concerns

The final bonding bill zeroed out all the Governor's requests for DNR habitat protection programs:

- The Wildlife Management Area (WMA) and Aquatic Management Area (AMA) programs were cut from \$9.5 million to zero.
- The Native Prairie Bank program was cut from \$2 million to zero.
- Scientific and Natural Areas were cut from \$1 million to zero.
- The Critical Habitat Match Program was cut from \$2 million to zero.

Since 2008, bonding for the DNR's core habitat programs has virtually dried up, and the Outdoor Heritage Fund has become the primary source of funding for these programs. See Figure 3 (below) and Attachment B.



Source: Governor's Capital Investment Budgets, Legislative Tracking Sheets.

CREP fails to receive full funding

The Conservation Reserve Enhancement Program (CREP) leverages significant federal funds to place conservation easements on marginal agricultural land. In the past, the state match for CREP programs

¹³ Note that a drafting error in the bill resulted in an appropriation for trails that was \$650,000 larger than the riders – so there is an unallocated portion in the DNR's total.

has been obtained entirely with state bonding.

For the current Minnesota CREP, there are \$350 million in federal funds available which require a state match of \$150 million. The Legislature had previously appropriated \$54 million in Legacy Funds for CREP.

The Governor recommended that the balance required for CREP be achieved with a mix of Outdoor Heritage Funds, Clean Water Funds and \$30 million in bonding. The final bonding bill included only \$10 million for CREP. As discussed above, the LCCMR bill was substantially altered to provide an additional \$13.5 million for CREP (the LCCMR had recommended \$6 million, so the total LCCMR contribution is now nearly \$20 million). The Legacy bill included additional current year funding of \$32 million. Therefore, CREP received \$62 million in the 2017 session.

To date, the state's current CREP has been almost entirely funded with dedicated funds (of \$116 million allocated, only \$10 million is from bonding). This has raised concerns that Legacy and lottery funds are simply substituting for an allocation that was previously paid 100% by bonding.

St. Louis River restoration receives support

One of the major wins in the bonding bill was full funding for the St. Louis River estuary clean up. The final bonding bill provided the full \$25 million needed to fully leverage federal funds available to remediate contaminated sediment and restore habitat in the estuary.

Overall level of bonding for conservation is strong

Despite the lack of habitat bonding and the reduced funding for some key conservation programs, the overall level of bonding in the 2017 bill was strong. Prior to passage of the Legacy Amendment, conservation and environment represented 22.1 % of general fund supported bonding. For 2017, this percentage was 25%, partly due to the strong bonding for the St. Louis River and important water infrastructure, and partly due to the fact that the size of the overall bill was lower than the Governor had recommended. See Attachment C.

SUMMARY OF GOVERNOR'S 2018 BONDING PROPOSALS

On January 16, 2018, Governor Dayton released the final bonding proposal of his administration. The Governor recommended projects totaling \$1.540 billion in general fund supported bonding. The Governor also released a list of \$800 million in local projects which were not included in his proposal but which he indicated he would support in addition to his recommended projects.

The Governor's proposal, even including the local projects, is well within the state's debt capacity guidelines. The debt capacity report, released in December 2017, found that the state can currently support up to \$3.5 billion in bonding.¹⁴

¹⁴ MMB, *Debt Capacity Report*, Dec. 5, 2017 at <https://mn.gov/mmb-stat/debt-management/bonding/debt-capacity-reports/2017/dcf-november-2017.pdf>

Governor's bonding proposal for conservation agencies is \$436.7 million

The Governor's proposal for conservation agencies is higher than usual due to two factors:

1. **\$58.8 M for two contaminated landfills.** Two problem landfills require over \$58 million in bonding to clean up contamination threatening ground water and public health. The WDE landfill in Andover was used in the 1970s to dispose of 6,000 barrels of hazardous waste. The state has already allocated \$11.35 million to clean up this site, but another \$6 million is needed. The Freeway Landfill in Burnsville has been on the state Superfund list since the 1980s and now jeopardizes the Minnesota River and drinking water sources for the cities of Burnsville and Savage. The state has already allocated \$3 million for this site, and requests \$52.763 in the current bill. The clean-up will require another \$34 million in 2020. Combined, the clean-up and ongoing costs associated with these two landfills will cost taxpayers in excess of \$100 million.
2. **\$130 M for DNR deferred maintenance.** One of the major themes of the Governor's 2018 bonding package is addressing deferred maintenance needs across the state. The bill therefore includes \$130 million in asset preservation and deferred maintenance on DNR buildings and other assets. The DNR's 2015 10-Year Capital Asset Needs Report identified \$400 million in deferred maintenance for buildings, roads, bridges and other physical assets. Since 2011, the DNR has received only \$35 million for asset preservation.

Without these two components, the Governor's proposal for conservation and environment is \$248 million, or roughly 16.5 percent of the total bonding request. See Table 2 below.

Governor proposes \$167 million for water infrastructure projects

The Governor again recommends \$167 million in bonding for PFA-financed wastewater and drinking water repairs and upgrades. The state has an estimated \$11 billion backlog in water infrastructure needs. While the \$116 million in 2017 bond funding was strong, the current project priority lists require an investment of at least \$167 million. The conservation community strongly supports this request.

Water infrastructure is a long-term investment and bonding helps spread the cost of these improvements over many years, rather than requiring the cost to be born solely by today's taxpayers. Since 1986, the state has consistently used bond funds as the source of these financing needs. See Attachment D.

Governor proposes \$30 M for CREP

As discussed above, the Conservation Reserve Enhancement Program (CREP) is a critical program for improving water quality by reducing agricultural runoff. The program leverages federal funds to purchase conservation easements from interested landowners (the program is 100% voluntary). The Governor proposes \$30 million in bonding for CREP. The conservation community is strongly supportive of this program.

Governor fails to request bonding for habitat programs

The bulk of the 2018 Governor's bonding request is taken up with the landfill clean up needs, deferred maintenance, water infrastructure and CREP. Many other agency requests were not included, most

notably – zero funding for the DNR’s habitat programs. As noted above (page 14), the decline of bonding for habitat is a serious concern.

Table 2

2018 Environment & Natural Resources Bonding Projects		
Agency Requests and Governor's Recommendations, January 2018 (Dollars in Thousands)		
Agency	Agency Request	Governor
DNR		
Asset Preservation	130,000	130,000
Building and Facilities	20,000	10,000
Acquisition and Betterment of State Land (included \$30 M for acquisition; \$30 M for reforestation, restoration; \$80 M for School Trust Fund lands)	145,000	0
State Park and Recreation Area accessibility	20,000	10,000
Lake Vermillion/Sudan Mine State Park	13,000	0
Flood Hazard Mitigation	20,000	20,000
Dam Repair and Removal	2,000	1,000
Parks and Trails Local and Regional Grants	2,000	0
<i>Subtotal DNR</i>	<i>352,000</i>	<i>171,000</i>
MPCA		
WDE Landfill	6,000	6,000
Freeway Landfill	52,763	52,763
Organics Composting Capital Assistance	5,000	5,000
Other CAP and Superfund Projects	18,578	0
<i>Subtotal MPCA</i>	<i>82,341</i>	<i>63,763</i>
BWSR		
RIM Reserve (CREP)	30,000	30,000
Local Road Wetland Replacement	16,380	5,000
Asset Preservation	2,000	0
Water Retention Program	7,500	0
<i>Subtotal BWSR</i>	<i>55,880</i>	<i>35,000</i>
Met Council		
Metro Parks	15,000	0
PFA		
EPA Drinking/Wastewater Matching Funds	25,000	25,000
WIF/Drinking Water Infrastructure	80,000	80,000
Point Source Implementation Grants	62,000	62,000
<i>Subtotal PFA</i>	<i>167,000</i>	<i>167,000</i>
<i>Total</i>	<i>672,221</i>	<i>436,763</i>
Source: MMB, Capital Budget, 2018 Governor's Budget		

WHAT'S NEXT?

The 2018 legislative session is scheduled to begin on February 20, and the state's next budget forecast is due on February 27. This forecast is expected to show a surplus for the current budget cycle, so it is likely the Legislature will address a supplemental budget in addition to passing the bonding bill.

The Outdoor Heritage Council and LCCMR make recommendations on an annual basis and therefore have issued their 2018 recommendations for allocating Outdoor Heritage Funds and lottery funds, respectively. The Legislature must approve these recommendations and may also address controversial proposals to use lottery funds for wastewater treatment funding.

Because the legislative session is scheduled to last only three months, the Legislature is expected to move quickly, although recent years have seen a consistent inability to move bonding proposals early in legislative sessions.

Recommendations

For the 2018 Legislative session, we recommend that the Legislature:

Bonding

- Ensure that bonding proposals are heard in committee and the bonding process is open, transparent, and considers citizen input.
- Provide \$167 million in bonding to repair and upgrade aging water infrastructure as recommended by the Governor,
- Provide \$30 million in bonding for CREP to achieve the full available federal match without the risk of "substitution,"
- Provide all funds necessary to address contaminated landfill sites,
- Include \$5 million for organics recycling capital assistance in the bonding bill,
- Ask for details on the DNR's request for habitat bonding that was not funded by the Governor, and include habitat in a final bonding package.

Dedicated Funds

- Respect the recommendations of citizen councils allocating Legacy and lottery funds to specific projects,
- Ensure that the Clean Water Fund is reimbursed for the \$22 million shift of SWCD administrative costs, and provide base general funds for SWCDs,
- Use Environmental Trust Funds as intended and not for wastewater treatment grants.

Supplemental Budget/Other

- Restore the 30% of the Solid Waste Tax revenues that has been diverted to the General Fund and use for county recycling programs (SCORE grants) as intended,
- As noted, provide base general funds for SWCD administrative needs,
- Consider options for permanently dedicating financial assurance funds required for mining projects so that funds cannot be raided by future legislatures, are guaranteed to be adequate, and taxpayers are not left with the bill for future clean ups.

Attachment A

**MN Session Laws: Environment & Natural Resource Funding,
Dedicated Funding, and Bonding**

Legislative Sessions 1995-2017

Environment & Natural Resources Appropriations and Dedicated Funding		
Legislative Year	Session	Chapter
2017	Regular	Ch. 91 (Legacy) Ch. 93 (Omnibus Env. Budget) Ch. 96 (LCCMR)
2016	Regular	Ch. 186 (LCCMR) Ch. 189 (Supp. Budget) Ch. 172 (Legacy)
2015	Regular 1 st Special Session	Ch. 76 (LCCMR) Ch. 3 (Legacy) Ch. 4 (Env. Finance)
2014	Regular	Ch. 312 Ch. 256 (Legacy) Ch. 226 (LCCMR) Ch. 150 (Tax Bill 1) Ch. 308(Tax Bill 2)
2013	Regular	Ch. 52 (LLCMR) Ch. 137 (Legacy) Ch. 114 (Env. Fin.)
2012	Regular Session 1 st Spec. Session	Ch. 264 (Legacy) Ch. 1 (Flood Disaster Relief)
2011	1 st Special Session	Ch. 2 (Env. Finance, LCCMR) Ch. 6 (Legacy)
2010	Regular 1 st Special Session	Ch. 215 (GF Budget Balancing) Ch. 361 (Legacy, Supp. Funding) Ch. 362 (LCCMR) Ch. 1 (2 nd Budget Balancing Bill)
2009	Regular	Ch. 37 (Env. Finance) Ch. 172 (Legacy Funds) Ch. 143 (LCCMR)
2008	Regular	Ch. 363
2007	Special	Ch. 2
2007	Regular	Ch. 57
2006	Regular	Ch. 282
2005	Special	Ch. 1 (S.F. 69)
2004	----	No Appropriation bill
2003	Regular	Ch. 128
2002	Regular	Ch. 220, Art. 8

		Ch. 374, Art. 6
2001	Special	Ch. 2
2000	Regular	Ch. 488
1999	Regular	Ch. 231
1998	Regular	Ch. 401
1997	Regular	Ch. 216
1996	Regular	Ch. 407
1995	Regular	Ch. 220

Capital Investment (Bonding) Appropriations		
Legislative Year	Session	Chapter
2017	1 st Spec. Special	Ch. 8 (HF 5)
2016	Regular	No bonding bill passed (HF 622 was proposed)
2015	1 st Spec. Session	Ch. 5
2014	Regular	Ch. 294 Ch. 295 (Cash)
2013	Regular	Ch. 136
2012	Regular 1 st Spec. Session	Ch. 293 Ch. 1 (Flood Disaster Relief)
2011	1 st Special Session	Ch. 12
2010	Regular 2 nd Special Session	Ch. 189 Ch. 1 (Disaster Relief)
2009	Regular	Ch. 93
2008	Regular	Ch. 152 (veto overridden)(transportation funding), 179 (partial veto), 365
2007	Special	Ch. 2
2007	Regular	HF 886 (Vetoed)
2006	Regular	Ch. 258
2005	Regular	Ch. 20 (H.F. 3)
2004	-----	No bonding bill
2003	Special	Ch. 20
2002	Regular	Ch. 393
2001	Special	Ch. 12
2000	Regular	Ch. 492, Ch. 463 (game & fish fee increase)
1999	Regular	Ch. 240
1998	Regular	Ch. 404
1997	Regular	Ch. 246
1996	Regular	Ch. 463
1995	Special	Ch. 2

Attachment B

Bonding History: DNR, BWSR, Metro Parks
1997-2017

Bonding History: DNR, BWSR, Metro Parks, 1997-2017 (Dollars in Thousands)																			
Legislative Session	1997	1998, Ch. 404	1999, Ch. 240	2000, Ch. 492	2001, 1st Sp. Sess. Ch. 492	2001, 1st Sp. Sess. Ch. 393	2002, Sp. Sess. Ch. 20	2003, Ch. 288	2003, 2nd Sp. Sess. Ch. 365	2004, Ch. 93 (Post Vote)	2004, Ch. 199 (Post Vote)	2005, Ch. 12	2005, 1st Sp. Sess. Ch. 2	2006, Ch. 294 & 295	2006, 1st Sp. Sess. Ch. 5	2007, HF 5, 1st Sp. Sess. Ch. 5			
DNR Total	4,000	130,251	18,968	73,027	2,000	69,450	13,795	72,145	100,704	6,700	123,805	54,800	112,581	103,450	67,424	20,000	78,480	28,704	67,203
Asset Preservation	0	0	0	2,000	0	2,600	0	2,000	2,000	0	1,000	1,000	1,000	17,000	0	0	10,000	0	15,000
Building/Office Rehab/ADA, etc.	0	7,391	0	5,250	0	3,000	0	300	0	0	0	2,500	9,250	0	0	0	2,000	0	0
Flood Hazard Mitigation/Ring Dikes/Flood Damage	4,000	30,000	18,968	14,300	2,000	30,000	4,405	27,000	25,000	6,700	33,900	53,800	74,000	50,000	48,855	20,000	12,000	28,704	11,555
Dam Repair/Removal	0	1,300	0	1,200	0	650	1,050	2,000	2,250	0	2,000	0	5,000	16,000	3,000	0	6,500	0	15,400
Forest Roads and Bridges	0	2,000	0	1,000	0	1,200	0	300	1,000	0	0	0	1,000	4,800	2,000	0	0	0	0
Well Sealing/Groundwater Monitoring	0	0	0	0	0	600	0	0	0	0	500	0	0	600	0	0	0	0	0
Fisheries/Fishing Piers/Hatcheries	0	3,000	0	0	0	0	0	4,750	6,000	0	2,150	0	0	0	0	0	2,000	0	0
Reforestation	0	0	0	0	0	0	0	3,000	4,000	0	3,000	0	3,000	0	4,569	0	2,963	0	1,000
All other (nature centers, zoos, local projects)	0	18,475	0	24,610	0	0	3,325	2,300	8,000	0	2,903	0	3,000	0	3,000	0	8,000	0	6,200
Other Subtotal	4,000	62,166	18,968	48,360	2,000	38,050	8,780	41,650	48,250	6,700	45,453	54,800	89,500	97,650	61,424	20,000	43,463	28,704	49,155
State Parks and Rec Areas	0	17,035	0	6,917	0	23,500	1,000	4,300	9,000	0	42,687	0	10,609	5,800	6,000	0	14,750	0	3500
Trails	0	15,250	0	6,900	0	900	475	8,795	13,954	0	16,173	0	7,972	0	0	0	17,767	0	14548
Metro Parks	0	9,000	0	5,600	0	6,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Greater MN Parks	0	0	0	500	0	0	0	0	0	0	1,492	0	0	0	0	0	500	0	0
Parks Subtotal	0	41,285	0	19,917	0	30,400	1,475	13,095	22,954	0	60,352	0	18,581	5,800	6,000	0	33,017	0	18,048
Forest Land Acq. (incl. easements)	0	800	0	0	0	500	0	1,500	8,000	0	3,000	0	500	0	0	0	0	0	0
Stream Protection and Restoration	0	1,000	0	0	0	0	0	500	2,000	0	1,000	0	0	0	0	0	0	0	0
WMA/AMA Acquisition	0	3,000	0	1,000	0	500	0	10,600	14,000	0	6,000	0	1,000	0	0	0	0	0	0
SNA/Prairie Bank Acquisition	0	3,000	0	1,500	0	3,500	3,000	1,300	3,000	0	5,000	0	4,500	0	0	0	0	0	0
RIM Critical Habitat Match	0	7,000	0	750	0	1,000	0	2,000	0	0	3,000	0	3,000	0	0	0	2,000	0	0
Local Grants/Metro Greenways	0	12,000	0	1,500	0	0	0	1,500	2,500	0	0	0	0	0	0	0	0	0	0
Habitat Subtotal	0	26,800	0	4,750	0	5,500	3,500	17,400	29,500	0	18,000	0	9,000	0	0	0	2,000	0	0
(Total Check DNR Bonding)	4,000	130,251	18,968	73,027	2,000	73,950	13,795	72,145	100,704	6,700	123,805	54,800	117,081	103,450	67,424	20,000	78,480	28,704	67,203
Biennial Totals (2005 bonding included in 03-04)	134,251	91,995	2,375	23,800	53,487	75,950	85,900	100,704	130,505	171,881	170,874	98,480	95,907	170,874	24,500	8,000	16,300	15,000	15,000
BWSR	0	19,800	2,375	23,800	53,487	0	6,400	27,862	7,900	4,000	30,475	2,500	15,500	22,614	24,500	0	8,000	6,000	4,700
RIM Reserve/CREP	0	15,000	0	21,500	51,487	2,000	1,000	27,362	0	0	25,000	500	10,000	20,000	7,500	0	6,000	4,700	10,000
Local Roads Wetland Bank	0	2,750	0	2,300	2,000	0	2,700	0	4,200	0	0	0	2,500	0	6,000	0	2,000	0	5,000
Cost Share Grants	0	2,050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (incl. flood mitigation/damage)	0	0	2,375	0	0	0	2,700	500	3,700	4,000	1,275	2,000	3,000	2,614	11,000	0	0	1,000	0
(Total Check BWSR Bonding)	0	19,800	2,375	23,800	53,487	2,000	6,400	27,862	7,900	4,000	26,275	2,500	15,500	22,614	24,500	0	8,000	6,000	15,000
Metro Parks (Met Council Bonding)	0	0	0	0	0	0	0	14,664	22,862	0	15,545	0	10,500	5,000	4,586	0	25,248	0	5,000

Attachment C

Bonding History for Conservation & Environment
1998-2017

Bonding History for Conservation & Environment, 1998-2017 (Dollars in Thousands)																			
Legislative Session	1999, Ch. 240	2000, Ch. 492	2001, 1st Sp. Sess. Ch. 12	2002 (Post Veto)*, Ch. 393	2003, Sp. Sess. Ch. 20	2005, Ch. 20	2006, Ch. 258	2007 Sp. Session, Ch. 2, Art. 1	2008 Ch. 152)(Ch. 179)(Post Veto), Ch. 365	2009 Ch. 93 (Post Veto)	2010, Ch. 189 Post Veto	2010, Ch. 1 2nd Spec. Session	2011 Spec. Session, Ch. 12	2012, Ch. 293	2012 1st Spec Session, Ch. 136	2014 Ch. 294 & 295	2015 1st Spec. Session, Ch. 5	2017, HF 5, 1st Spec Session	
Net GO Bonds	139,070	467,145	98,205	549,058	189,281	885,892	948,637	30,255	822,480	217,765	686,287	36,790	454,578	496,483	26,695	154,115	804,745	162,879	822,795
GF App. Bond																			
Transp. Bonds	10,440	100,100	0	45,000	510,510	0	0	20,020	0	12,905	73,945	5,000	43,000	0	54,980	0	44,563	157,260	165,144
Cash	440	186,907	0	-342	0	0	1,000	65,034	14,432	10,653	0	38,416	0	0	71,850	0	198,748	13,600	11,033
GF Impact	139,510	654,052	98,205	548,716	189,281	885,892	949,637	95,289	836,912	241,323	760,232	80,206	497,578	496,483	153,525	154,115	###	362,739	998,972
User Financed	0	71,816	19,000	73,705	47,634	59,088	50,343	1,000	56,942	35,000	18,056		33,862	100,375	0	22,680	39,104	10,648	22,442
ED/Max School MHF Apr.																		5,491	0
Transp Cash	0							31,000	48,200	0	22,800	0	0	0	14,000	0	0	80,000	58,500
Other																			
Total Capital Budget*	139,510	725,868	117,205	622,421	236,915	944,980	999,980	127,289	942,054	276,323	801,088	80,206	531,440	596,858	167,525	176,795	1,172,651	373,387	1,094,914
Agency																			
DNR	18,968	73,177	2,000	69,450	13,755	72,145	100,704	6,700	123,805	54,800	98,581	14,000	103,450	46,500	20,924	20,000	78,480	28,704	67,203
MPCA/OEA	3,000	2,200	20,500	11,150	0	14,000	17,300	0	2,500	0	13,775	0	7,550	2,000	0	0	2,625	11,026	46,010
BWSR	2,375	23,300	53,487	0	6,400	27,862	7,200	4,000	30,475	2,500	2,500	13,000	22,614	12,000	12,500	0	8,000	16,300	15,000
PFA WIF	20,500	18,319			15,000	29,900	23,300		15,300		27,000	500	20,000	15,000	6,000	0	18,333	10,000	55,000
PFA Fed Match																			
Funds	2,200	12,893		16,000		14,380	38,800	10,000	30,000		30,000			8,500		8,000	12,000	0	17,000
PSIG						2,000	5,000		2,000										33,737
CWP/CWL		2,000					3,310		0										0
Met Council						14,664	11,500		17,454		13,500			4,586		0	17,068	0	5,000
Local water projects																		9,992	0
Sm. Comm. Wastewater									1,500										0
AIS Research U of M																		8667	0
AGBMP/STS											0								0
Total Conservation & Env.	47,043	132,889	75,987	96,600	35,155	174,951	207,114	17,200	223,034	57,300	185,356	27,500	158,614	88,586	39,424	28,000	155,165	66,030	250,101
Conservation as % of GF																			
Capital Budget	33.7%	20.3%	77.4%	17.6%	18.6%	19.7%	21.8%	18.1%	26.6%	23.7%	24.4%	34.3%	31.9%	17.8%	25.7%	18.2%	14.8%	18.2%	25.0%
PCA User Financed Conservation																			

*Not including reauthorizations. Source: Legislative Tracking Sheets

Attachment D

**Bonding History for Water Infrastructure
EPA Capitalization Grants Match and Water Infrastructure Fund (WIF)
1996-2017**

Legislative Year	Bond Appropriation
1996	\$21,500,000
1997	\$11,444,000
1998	\$39,300,000
1999	\$22,700,000
2000	\$32,193,000
2001	\$0 (Small bonding bil)(1 st CREP)
2002	\$16,000,000
2003	\$13,500,000
2005	\$41,283,000
2006	\$61,796,000
2008	\$45,028,000
2009	\$0 Small bonding bill – flooding, disaster funds (No agency request)
2010	\$57,000,000
2011	\$20,000,000
2012	\$23,500,000
2013	\$8,000,000
2014	\$30,333,000
2015	\$10,000,000
2017	\$72,000,000

**No bonding bill passed in 2004, 2007, 2016.