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Dakota County Physical Development  
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## MEMORANDUM

**DATE:** March 18, 2019  
**TO:** Dakota County Board of Commissioners  
**FROM:** Steven Mielke, Director, Physical Development Division  
**SUBJECT:** HF1284/SF1443 A bill providing funding for soil and water conservation districts.

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A bill providing soil and water conservation districts with taxing authority (HF1284/SF1443) is before the legislature.

Currently, soil and water conservation districts are required to present to county boards an itemized statement of district expenses for the ensuing year. County boards are allowed to levy taxes in an amount the board determines is necessary to meet the requirements of the district.

HF1284/SF1443 if enacted allows, among other things, soil and water conservation district boards with the authority to levy property taxes to support its adopted budget in an amount not to exceed 0.048 percent of taxable market value of the entire district or \$1,000,000, whichever is less.

The Dakota County Board of Commissioners (County) approved a 2019 levy in the amount of \$324,000 to support the Dakota Soil and Water Conservation District (SWCD) budget. Additionally, the County and SWCD have a long-standing joint powers agreement (JPA) that provides in-kind support to the SWCD. The in-kind support includes things like the insurance coverage, facility use, maintenance and utilities, IT services, human resource services, procurement services and fleet services. It is estimated that the value of the in-kind services is roughly equivalent to the levy support.

In return, the SWCD provides services to the County including agricultural inspection services, wetland conservation act services, as well as services related to conservation project services. The County and SWCD agreements have been in-place for over 15 years and have been mutually beneficial. There is a concern that if the SWCD were to have levy authority and actually levied taxes that the JPA is no longer appropriate.

It is estimated that the proposed levy authority would equal over \$23,000,000, thus the maximum levy would cap out at no more than \$1,000,000. Assuming the County Board reduced its levy support, it is estimated that the County levy would go down by about .26 percent. However County expenses would increase to offset the loss of services from the SWCD.

The SWCD Board has chosen not to take a position on this bill. The bill is opposed by both Association of Minnesota Counties (AMC) and the League of Minnesota Cities (LMC).

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State of Minnesota  
HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1284

02/18/2019 Authored by Persell, Poppe, Hansen, Rarick, Fischer and others  
The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy  
03/11/2019 Adoption of Report: Re-referred to the Committee on Ways and Means

- 1.1 A bill for an act
- 1.2 relating to natural resources; providing for funding for soil and water conservation
- 1.3 districts; amending Minnesota Statutes 2018, sections 103C.331, subdivision 16,
- 1.4 by adding a subdivision; 275.066; 444.075, by adding a subdivision; proposing
- 1.5 coding for new law in Minnesota Statutes, chapter 103C.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Minnesota Statutes 2018, section 103C.331, subdivision 16, is amended to read:
- 1.8 Subd. 16. **Budget.** The district board shall annually present a budget ~~consisting of an~~
- 1.9 ~~itemized statement of district expenses and work plan~~ for the ensuing calendar year to the
- 1.10 boards of county commissioners of the counties in which the district is located. The county
- 1.11 boards may levy an annual tax on all taxable real property in the district for the amount that
- 1.12 the boards determine is necessary to meet the requirements of the district, or the district
- 1.13 may adopt and certify a levy according to section 103C.332. ~~The amount levied shall be~~
- 1.14 ~~collected and distributed to the district as prescribed by chapter 276.~~ The amount levied
- 1.15 may be spent by the district board for a district purpose authorized by law.
- 1.16 Sec. 2. Minnesota Statutes 2018, section 103C.331, is amended by adding a subdivision
- 1.17 to read:
- 1.18 Subd. 21. **Water resource management.** The supervisors may conduct studies and
- 1.19 monitor soil and water resources in the district and implement programs to manage soil and
- 1.20 water resources.

2.1 **Sec. 3. [103C.332] DISTRICT FUNDS, LEVIES, AND CHARGES.**

2.2 **Subdivision 1. District operations fund.** (a) A district must create an operations fund.

2.3 Deposits to the fund include:

2.4 (1) any ad valorem levy under this section;

2.5 (2) revenue received from the county for operation of the district under section 103C.331,  
2.6 subdivision 16; and

2.7 (3) revenue collected from charges associated with establishing a soil and water  
2.8 management area under section 103C.333.

2.9 (b) The money in the fund must be used for administrative costs, technical assistance,  
2.10 projects, and programs that are of common benefit to the district.

2.11 **Subd. 2. Soil and water management fund.** A district may create a soil and water  
2.12 management fund or funds. Deposits to the fund include:

2.13 (1) charges levied or to be levied against real property in one or more soil and water  
2.14 management areas established under section 103C.333 for implementing special projects  
2.15 and programs of the district or to match grants authorized by the district board; and

2.16 (2) revenue received from a county, state, or federal agency for implementing special  
2.17 projects and programs of the district or to match grants.

2.18 **Subd. 3. Budget hearing.** (a) Before adopting a budget, the supervisors must hold a  
2.19 public hearing on the proposed budget.

2.20 (b) The supervisors must publish a notice of the hearing with a summary of the proposed  
2.21 budget in one or more newspapers of general circulation in each county containing part of  
2.22 the district. The notice and summary must be published once each week for two successive  
2.23 weeks before the hearing. The last publication must be at least two days before the hearing.

2.24 **Subd. 4. Budget adoption.** On or before September 15 each year, the supervisors must  
2.25 adopt a budget for the next year and determine the total amount necessary to be raised to  
2.26 meet the district's budget from ad valorem tax levies under this section or soil and water  
2.27 management charges.

2.28 **Subd. 5. Certification of levy to auditor.** After adopting the budget and no later than  
2.29 September 15, the district must certify to the auditor of each county within the district the  
2.30 county's share of an authorized tax, which is an amount bearing the same proportion to the  
2.31 total tax levy as the net tax capacity of the area of the county within the district bears to the

3.1 net tax capacity of the entire district. The maximum amount of a levy may not exceed 0.048  
3.2 percent of taxable market value or \$1,000,000, whichever is less.

3.3 Subd. 6. Levy. The auditor of each county in the district must add the amount of an  
3.4 authorized levy made by the supervisors to the other tax levies on the property of the county  
3.5 within the district for collection by the county treasurer with other taxes. The county treasurer  
3.6 must make settlement of the taxes collected with the treasurer of the district in the same  
3.7 manner as other taxes are distributed to the other political subdivisions.

3.8 **Sec. 4. [103C.333] SOIL AND WATER MANAGEMENT AREA.**

3.9 Subdivision 1. Soil and water management area. A soil and water conservation district  
3.10 may establish, as defined in the district's comprehensive plan, a soil and water management  
3.11 area or areas within its territory for collecting revenues and paying the costs of programs  
3.12 and projects that are consistent with the district's comprehensive plan and authorized under  
3.13 section 103B.301, 103B.801, 103C.331, 103C.501, or 103C.601.

3.14 Subd. 2. Procedure. A soil and water conservation district may establish a soil and water  
3.15 management area only by board order after public notice and hearings. The proposed order  
3.16 must describe with particularity the territory or the area to be included in the soil and water  
3.17 management area; the purpose of the soil and water management area; the budgeting process,  
3.18 including public notice and hearing, that will be used to set the amount of the necessary  
3.19 charges each year; the methods used to determine charges; and the length of time the soil  
3.20 and water management area will remain in force. After adoption, the order must be filed  
3.21 with the county auditor and county recorder. The soil and water management area may be  
3.22 dissolved by the procedure prescribed for establishing the soil and water management area.

3.23 Subd. 3. Notification. Ten days before a hearing regarding the programs and projects  
3.24 implemented under this section, the supervisors must provide notice to the cities and counties  
3.25 in the soil and water management area. The cities and counties receiving notice must submit  
3.26 to the supervisors concerns relating to implementation of the programs or projects. The  
3.27 supervisors must consider the concerns of the cities and counties in their decision.

3.28 Sec. 5. Minnesota Statutes 2018, section 275.066, is amended to read:

3.29 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

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

3.32 (1) watershed districts under chapter 103D;

- 4.1 (2) sanitary districts under sections 442A.01 to 442A.29;
- 4.2 (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- 4.3 (4) regional public library districts under section 134.201;
- 4.4 (5) park districts under chapter 398;
- 4.5 (6) regional railroad authorities under chapter 398A;
- 4.6 (7) hospital districts under sections 447.31 to 447.38;
- 4.7 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- 4.8 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 4.9 (10) regional development commissions under sections 462.381 to 462.398;
- 4.10 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 4.11 (12) port authorities under sections 469.048 to 469.068;
- 4.12 (13) economic development authorities under sections 469.090 to 469.1081;
- 4.13 (14) Metropolitan Council under sections 473.123 to 473.549;
- 4.14 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 4.15 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 4.16 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter  
4.17 437, section 1;
- 4.18 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 4.19 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections  
4.20 1 to 6;
- 4.21 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,  
4.22 section 39;
- 4.23 (21) Middle Mississippi River Watershed Management Organization under sections  
4.24 103B.211 and 103B.241;
- 4.25 (22) emergency medical services special taxing districts under section 144F.01;
- 4.26 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;
- 4.27 (24) soil and water conservation districts under chapter 103C;

5.1 ~~(24)~~ (25) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home  
5.2 under Laws 2003, First Special Session chapter 21, article 4, section 12;

5.3 ~~(25)~~ (26) an airport authority created under section 360.0426; and

5.4 ~~(26)~~ (27) any other political subdivision of the state of Minnesota, excluding counties,  
5.5 school districts, cities, and towns, that has the power to adopt and certify a property tax levy  
5.6 to the county auditor, as determined by the commissioner of revenue.

5.7 Sec. 6. Minnesota Statutes 2018, section 444.075, is amended by adding a subdivision to  
5.8 read:

5.9 Subd. 2b. Collection of charges by soil and water conservation districts. (a) With  
5.10 respect to soil and water conservation districts, charges established under section 103C.333  
5.11 for district operations and programs and projects authorized under section 103B.301,  
5.12 103C.331, 103C.501, or 103C.601 may be billed and collected in a manner the district  
5.13 determines, including certification to the counties with territory in the district for collection  
5.14 by the counties. A county may bill and collect the charges in a manner the county board  
5.15 determines or as described in paragraph (b).

5.16 (b) On or before October 15 each year, the district or county board may certify to the  
5.17 county auditor all unpaid outstanding charges and a description of the lands against which  
5.18 the charges arose. The county auditor must extend the charges with interest not to exceed  
5.19 the interest rate provided for in section 279.03, subdivision 1, upon the tax rolls of the county  
5.20 for the taxes of the year in which the charge is filed. For each year ending October 15, the  
5.21 charge with interest must be carried into the tax becoming due and payable in January of  
5.22 the following year and must be enforced and collected in the manner provided for enforcing  
5.23 and collecting real property taxes. The charges, if not paid, become delinquent and subject  
5.24 to the same penalties and the same rate of interest as real property taxes.

5.25 (c) Any individual may appeal the charges under section 103C.635.