



## CONSERVATION MINNESOTA

### A MID-SESSION UPDATE FROM THE POLICY TEAM

Spring is here (kind of). The snow is disappearing. The lakes are opening. And the temperatures are rising. With this new season, Minnesotans are getting back outside to enjoy the relative warmth and the places we all love. At the same time, our representatives and senators are getting back to work (kind of) as the Legislature speeds toward the end of its short session. This week, legislators return from their mid-session break to begin negotiating final omnibus bills and a potential capital investment package. Here's an update on where the Legislature stands at half-time.

#### An Uphill Battle

On April 8th, the Legislature passed its “third deadline.” This means that most committees should have already acted favorably on their legislation, including omnibus bills; with a notable exception being a capital investment (or bonding) bill. The committee-approved omnibus bills will now require passage on their respective floors before being passed on for comparison and negotiation between passed Senate and House versions.

In an even-year session, the Legislature is not required to pass a budget. Still, it generally does pass a capital investment package (often referred to as the bonding bill) and has the opportunity to pass policy and supplemental budget spending, often through omnibus bills. And with a \$9.25 billion state surplus and \$1.15 billion in unspent federal ARPA funds, the State has money to spend. However, there is disagreement between the Republican-controlled Senate and the DFL-controlled House. The Senate has proposed using \$3.4 billion on tax cuts, and \$1.7 billion on new spending—including just \$1 million for environmental funding. Meanwhile, the House has proposed using just \$1.6 billion on tax cuts, and \$5.4 billion on new spending—including \$240 million for environmental funding. As progress continues toward a capital investment bill, we can expect that similar spending discrepancies will arise.

For any meaningful policy or spending to cross the finish line, there will have to be compromise between the leadership of a Republican caucus that doesn't want to commit to new investment and a DFL caucus that doesn't want to commit to large-scale permanent tax cuts. As a result, most environmental priorities face an uphill battle. Nevertheless, we remain committed to advancing important policies and investments that are still in play, and to preventing dangerous backsliding in the fight for conservation and climate mitigation.

## Priority Updates

### **CLEAN FUEL STANDARD**

A clean fuel standard, which creates an incentive structure for low and zero carbon fuel solutions, remains a key pathway for decreasing transportation emissions. A version of the Future Fuels Act was heard in the House Climate and Energy Committee, but was not included in the omnibus bill. This policy will not pass in 2022. While legislation will not move this year, we continue to engage in productive discussions with stakeholders and the Walz Administration to bring action in future legislative sessions.

### **BUY CLEAN AND BUY FAIR**

We advocated for the passage of a Buy Clean and Buy Fair study last year to evaluate the potential for using environmental product declarations to ensure the acquisition of low emissions construction materials in Minnesota. This year, follow-up legislation was introduced to establish a task force to examine the implementation of a program, requiring vendors of certain construction materials to submit declarations and meet emissions limitation standards. This legislation, led by the BlueGreen Alliance, was heard in the House Climate and Energy Committee and is included in its omnibus bill for further consideration.

### **INVESTMENT IN CLIMATE MITIGATION**

Significant climate investments remain in omnibus bills, examples include:

- \$25 million for climate adaptation for natural lands and waters (House Environment)
- \$5 million for restoring grassland and wetlands on WMAs for carbon (House Environment)
- \$10 million in adaptation action grants and water storage (House Environment)
- \$10 million for CRP state incentives (House Environment)
- \$30 million for the Conservation Reserve Enhancement Program (House Environment)
- \$18 million for ash tree replacement and conservation tree planting (House Environment)
- \$30 million for energy efficiency weatherization assistance (House Climate and Energy)
- \$25 million for competitiveness funding, startup assistance, and innovative financing for clean energy and climate solutions (House Climate and Energy)
- \$4 million for solar projects on state infrastructure (House Climate and Energy)

- \$3 million for local government climate mitigation grants (House Climate and Energy)
- \$14 million+ for EV infrastructure and related federal matching funds (House Climate and Energy AND House Transportation)
- Varying investment in Solar for Schools (House Climate and Energy AND Senate Energy)
- Varying investment in solar energy incentives (House Climate and Energy AND Senate Energy)
- \$4 million for maximizing federal transportation climate funding (House Transportation)
- \$10 million for zero bus emissions transition (House Transportation)
- \$12 million for the MDA and BWSR Healthy Soil Programs (House Agriculture AND House Environment)
- \$9.5 million for Forever Green (House Agriculture)
- \$4 million for AGRI Bioincentive Payments (House Agriculture)

A capital investment package could provide additional investments, including: transit funding, land conservation, tree planting, EV infrastructure, organics capacity, clean energy on public infrastructure, and more. Across several bills, we're working to ensure the most significant possible investment in the fight against climate change.

## **ENRTF LOTTERY DEDICATION REAUTHORIZATION**

With the constitutional dedication of the state lottery to the Environmental & Natural Resources Trust Fund set to expire in 2025, we've been working to ensure funding is renewed with a ballot initiative set for 2024. There are two different versions of the reauthorization bill in the Senate and the House. The Senate version, carried by Senator Ruud, has received favorable hearings in committee but is currently laid over in the Senate Rules Committee. We expect it to pass out of committee. The House version, carried by Representative Hollins, has not yet received a hearing in the House Environment Committee. It will need to receive a hearing in the House Rules Committee due to missing the third deadline. Despite complications, we remain optimistic about these bills. Lottery reauthorization has broad public support and has received enthusiastic bipartisan support from legislators thus far.

## **ELK REINTRODUCTION**

For years, the Fond du Lac Band of Lake Superior Chippewa has been developing a proposal to reintroduce elk in northeast Minnesota. This session, we helped bring forward a \$1 million appropriation to fund the Band's continued efforts. The bill was included in the House Environment Omnibus. It received bipartisan excitement, and we're hopeful this could be an opportunity for compromise and for the restoration of this important species.

## **LEAD SERVICE LINE REMOVAL & WATER INFRASTRUCTURE**

Conservation Minnesota has played a key role in a partnership alongside the Coalition of Greater Minnesota Cities, LIUNA, and the IUOE Local 49 to promote transformational, bipartisan investments in clean water. At the center of this effort is HF4115/SF4121, which creates the funding to inventory and remove Minnesota's lead service lines by 2032. A portion of this legislation has been included in the House Health and Human Services Omnibus, but the bulk of the language will likely need to come through a capital investment package. This effort is paired with legislation to increase assistance for local communities to invest in water infrastructure, which will also need to come through the Capital Investment Committee. As the Legislature works toward an eventual bonding bill, we continue to advocate for these investments with a great array of stakeholders and broad bipartisan support.

## **ENVIRONMENTAL JUSTICE CUMULATIVE IMPACT ANALYSIS**

A multi-year effort from environmental justice advocates has worked to bring forward language to consider the disproportionate environmental impacts on communities of concern in air quality permitting. Rep. Lee's HF3146 is the current iteration of this effort, and its legislation is included in the House Environment Omnibus. We look forward to advocating for the inclusion of these environmental justice considerations in a final bill as this process continues.

## **WASTE REDUCTION**

Our key priority for waste reduction policy this session centers on achieving increased funding of SCORE grants. SCORE grants provide local assistance for recycling and waste reduction programs and are funded by a portion of the revenues from the Solid Waste Management Tax. Currently, 30% of the solid waste tax revenue is diverted to the General Fund, a holdover from previous budget balancing efforts. With a historic surplus, we supported legislation through HF 2367 (Hornstein) to end this diversion entirely and to commit the difference to SCORE, increasing grants by roughly \$30 million. After favorable hearings, language to increase the SCORE grant allocation was included in the House Taxes Omnibus. However, the language in the omnibus only decreases the diversion from 30% to 27%, allocating only the 3% difference to SCORE. We're excited to see SCORE grant increases included in the Tax Bill, which is an

important piece of legislation that both parties are prioritizing for passage. We'll continue to advocate for an increased allocation for SCORE as the process continues.

Additionally, language is included in the House Environment Omnibus to prohibit the mislabeling of bags, food products, and packaging as “biodegradable” and “compostable.” This “Truth in Labeling” legislation is a small but important step in improving the effectiveness of organics recycling as a growing solution for solid waste reduction.

## **SOIL & WATER CONSERVATION DISTRICT AID**

A longstanding priority of our organization has been the effective funding of Soil and Water Conservation Districts, which are vital for conserving soil and water resources on private land. Last year, we supported legislation to increase SWCD funding using local fees. This year, the budget surplus has eliminated the need for establishing these fees. Instead, bipartisan legislation was introduced through HF3719/SF3913 to distribute \$22 million in new state aid for the districts. This language was included also in the House Tax Omnibus.

## **On Defense**

In addition to the inclusion of policy and funding priorities in some omnibus bills, there are harmful provisions included in Senate bills that will require our attention, such as:

- The Senate State Government Omnibus contains the Consumer Choice of Fuel Act, which prohibits the Minnesota Pollution Control Agency from implementing clean car standards and restricts the State’s ability to regulate the fuel source of motorized equipment in the future.
- The Senate Transportation Omnibus includes provisions to increase fees for electric vehicle users and restrict the State’s ability to use federal funding for electric vehicles and public transit.
- The Senate Environment Omnibus includes several rollbacks and other harmful provisions, including:
  - » Restricting of DNR rulemaking and rule implementation abilities
  - » Imposing restrictions on timelines for environmental assessment of metallic mining projects, creating a rushed process of environmental review
  - » Limiting the State’s ability to revise the public waters inventory
  - » Ending the ability for water appropriation permit suits under the Minnesota Environmental Rights Act

- » Creating avenues for third party monitoring and contested case petitions against water appropriation permit denials intended to protect calcareous fens
- » Restricting the public's ability to petition for an environmental assessment worksheet
- The Senate Agriculture Omnibus includes language to deregulate accreditation requirements for the possession of regulated animals, allowing for facilities, such as roadside zoos and backyard menageries, that have often been cited for unsafe animal handling and inadequate care.

## What's Ahead

Legislative activity resumed today, April 19th and will continue through May 23rd. This leaves 34 days to reach agreements on supplemental budgeting and a capital investment package.

Bills that have been approved by their committees will, in most cases, advance to the House Ways and Means Committee or the Senate Finance Committee before heading to either the House or the Senate Floor for approval by the full body. Due to discrepancies between House and Senate versions, bills will require Conference Committees, in which joint groups of representatives and senators will negotiate toward compromise legislation, with House and Senate leaders playing a key role. The resulting legislation from Conference Committees will require majority approval in each body before being signed into law.

A capital investment (or bonding) bill will appear in the coming weeks. The Minnesota Constitution loosely requires bonding bills to originate in the House, although the Senate can still amend the received bill from the House. This legislation requires a three-fifths majority in both bodies. As neither party holds a three-fifths majority in either body, the bonding bill will be subject to ongoing negotiations and compromise in order to create a bill that is passable in both bodies.

The road ahead for supplemental budget and capital investment bills is complicated by the divided politics of our legislature, especially in an election year. Regardless, Conservation Minnesota will continue to advocate for key priorities, with the goal of ensuring the inclusion of these priorities in final compromise packages.

If you have any questions or comments, don't hesitate to contact our policy team at:

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