



Restructuring fees

What’s the issue?

Our Water and Land Programs do not collect enough money to meet service expectations. Moreover, there is no holistic approach in the way we generate these fees. Currently, the cost of providing services to individuals and entities in our Water and Land Programs is much larger than the fee revenue collected by those programs, especially in the permitting, monitoring, assistance, and compliance service areas. This has caused multiple, longstanding problems that will continue to worsen over time.

Fees paid by program users are **inconsistent** and **inequitable**.

- » Fee payers in the Water and Land Programs currently pay about 7% and 19% respectively of what it costs to provide the required services, while fee payers in the Air Program pay a significantly higher percentage — 75% of costs.
- » Businesses storing hazardous waste have permit fees that nearly cover program costs.
- » Business storing petroleum in underground tanks have no fees.

The existing funding mix is **unsustainable**.

- » In the 1980s and 90s, the water program was substantially funded by the General Fund and federal funds. The General Fund now accounts for 3% and the federal funds 12% of our entire budget.
- » Increases in recycling will result in less revenue from the Solid Waste Management Tax (over 50% of Environmental Fund revenues).

What we propose

We propose correcting the inconsistencies and inequity in our funding system by establishing a percentage of program costs to be funded through fees and a provision to offset increasing costs due to inflation.

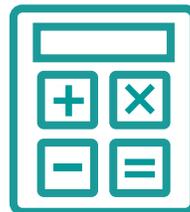
We can accomplish this by revising our fee funding structure to establish in legislation a target amount of fee revenue to be collected. Stakeholders will help develop fee structure criteria such as minimum fees, caps, graduated scale, and phase in period through a rulemaking process.



Rulemaking develops fee formula and criteria



Governor and legislature set appropriation level



Annual permit fees are calculated using formula to meet appropriation level



Permittees are billed annually



Process to repeat every two years

How it will help

The proposed fee restructuring will:

- » Safeguard our ability to provide the appropriate level of services to meet citizen expectations for protecting human health and the environment.
- » Create a fee structure that is consistent with the level of service provided and reflective of environmental risk.
- » Create a closer alignment between funding sources and expenditures.
- » Complete a rulemaking process through which stakeholders contribute meaningfully in our development of fee structure criteria such as minimum fees, caps, graduated scale, phase in period, etc.

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