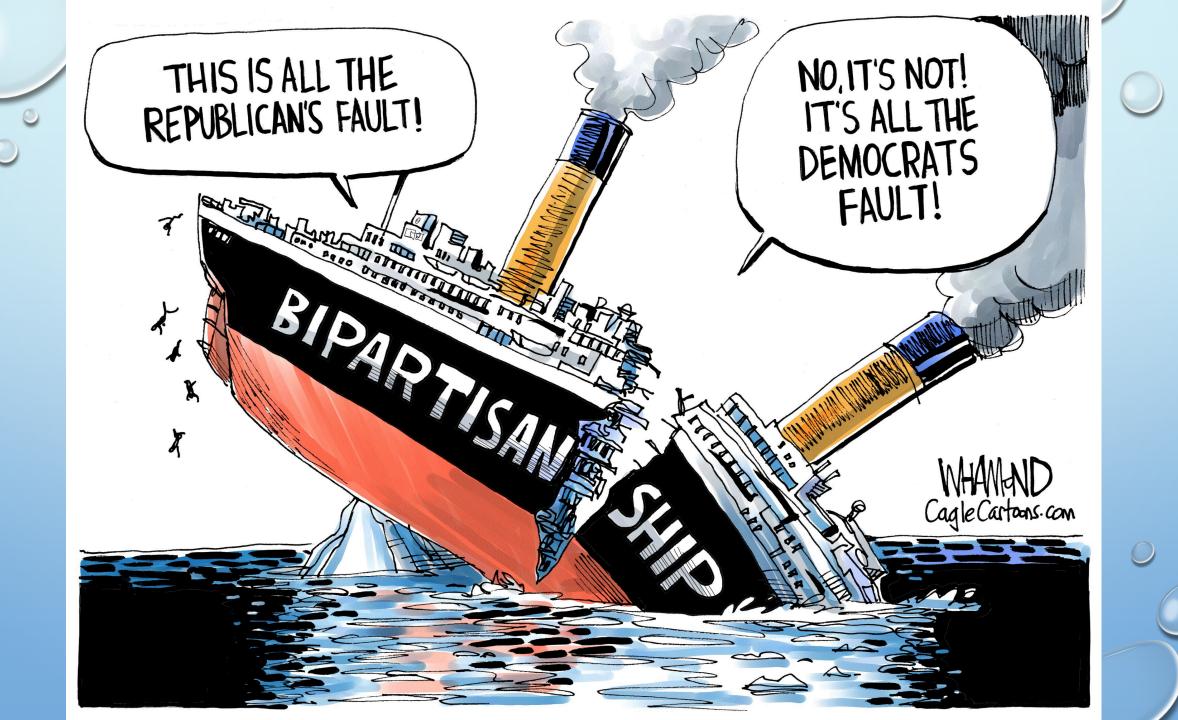
#### 2025 LEGISLATIVE SESSION: LESSONS IN BIPARTISANSHIP

ELIZABETH WEFEL, SHAREHOLDER ATTORNEY

FLAHERTY & HOOD P.A.

JULY 10, 2025





#### **TODAY'S DISCUSSION**

Session backdrop

What happened

What did not

# LEGISLATIVE BACKDROP:

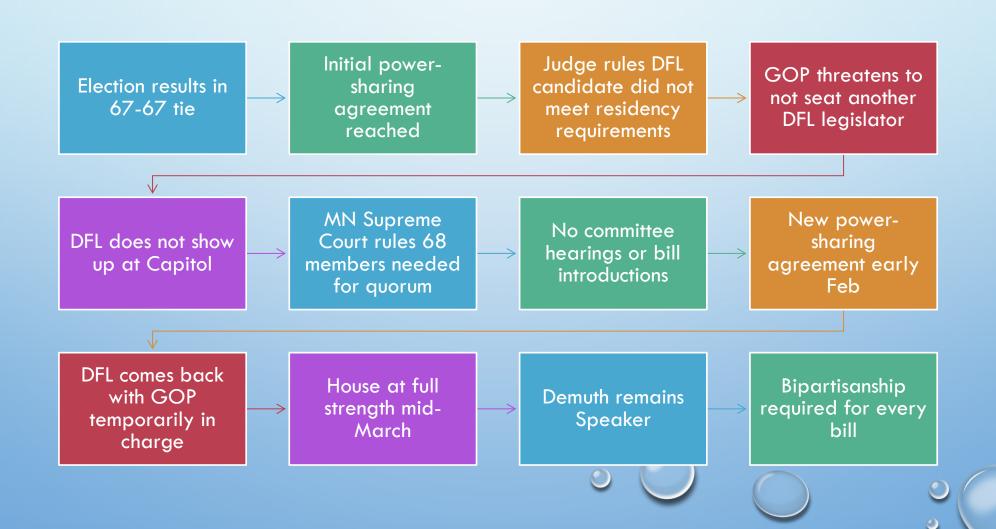
HEADWINDS
MADE FOR
CHALLENGING
SESSION

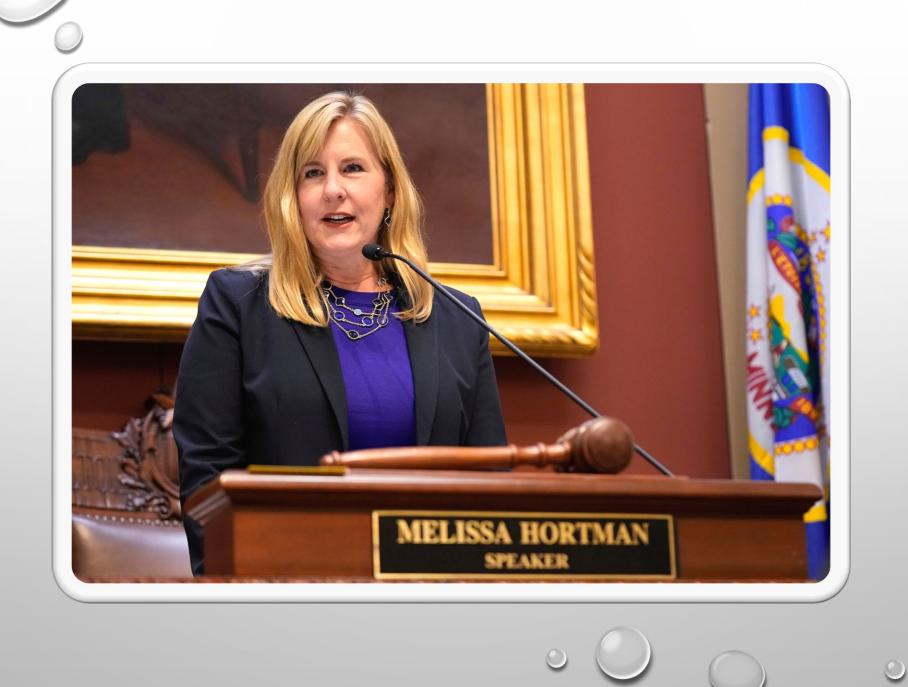
### Divided Legislature

Late Start

Budget Woes

# HOUSE OF REPRESENTATIVES SLOW START







- POWER SHARED EQUALLY FOR FIRST MONTH
- COMMITTEES MEET AND HEAR BILLS
- MEMBERS ACCESSIBLE
- MINOR HICCUPS DID NOT DISRUPT ACTIVITY
  - FELONY ARREST DID NOT SHIFT POWER BALANCE
  - SEN. MITCHELL TRIAL POSTPONED UNTIL AFTER SESSION

# DISMAL BUDGET FORECAST FURTHER COMPLICATES PICTURE

- NEXT BIENNIUM (2026 2027) = MODEST SURPLUS OF \$616M
- BIENNIUM AFTER (2028 2029) = STRUCTURAL DEFICIT OF \$5.1B
- GROWING COSTS IN SPECIAL EDUCATION AND DISABILITY SERVICES DRIVING BUDGET GROWTH
- SIGNIFICANT UNCERTAINTY IN ECONOMY
  - TRADE/TARIFFS
  - FEDERAL TAXES AND SPENDING CUTS
  - INFLATION
- LEADERSHIP CLEAR FROM START THAT NEW SPENDING WOULD BE LIMITED
- LOWER DEBT CAPACITY CLOUDED PASSAGE OF BONDING BILL

#### BONDING BILL TOP PRIORITY

Failure to pass 2024 Bonding Bill created problems for wastewater facilities

No new projects on PFA's Intended Use Plan

Costs increasing for many projects

Backlog could last for years and cause further increased costs and infrastructure issues

Decreased Debt Capacity - lowered from \$830 million to \$790 million

# WATER INFRASTRUCTURE FUNDING – LONG STRUGGLE, POSITIVE RESULTS

- GOVERNOR PROPOSED \$99 MILLION FOR PFA + INCREASED CAPS FOR PSIG & WIF
- CGMC PROPOSED \$299 MILLION FOR PFA + INCREASED CAPS FOR PSIG & WIF
- PASSING A BONDING BILL IS CHALLENGING IN A BUDGET YEAR BUT THIS YEAR WAS EVEN HARDER
  - DIVIDED LEGISLATURE
  - LATE START
  - LOW TARGET MEANT NO LOCAL PROJECTS, REMOVING INCENTIVES FOR SOME LEGISLATORS



# WATER INFRASTRUCTURE FUNDING – LONG STRUGGLE, POSITIVE RESULTS

- SENATE AND HOUSE CHAIRS ADVOCATED FROM START FOR BILL
- SENATE COMMITTEE HEARD AGENCY BILLS; CGMC & PARTNERS RECEIVED HEARING ON POLICY PORTIONS OF BILLS
- HOUSE HEARD MORE THAN 100 LOCAL PROJECTS (MOSTLY WATER) PLUS AGENCY BILLS
- ADVOCATES FROM ALL CORNERS PUSHED HARD THROUGHOUT SESSION
- MESERB, CGMC, & COALITION PARTNERS ENGAGED UNTIL BITTER END
- SUPPORT FOR PFA PROGRAMS GREW THROUGHOUT SESSION
  - BENEFITS TO GREATER MINNESOTA VS. METRO CREATED CONFLICT
- INCREASING CAPS A SORE SUBJECT UNTIL VERY END

#### WATER INFRASTRUCTURE STAR OF THE BONDING BILL

- \$176 MILLION FOR PUBLIC FACILITIES AUTHORITY (PFA)
   PROGRAMS
  - \$39 MILLION FOR STATE MATCH FOR FEDERAL LOAN FUNDS
  - \$87 MILLION FOR WATER INFRASTRUCTURE FUND (WIF)
  - \$32 MILLION FOR POINT SOURCE IMPLEMENTATION GRANTS (PSIG)
  - \$18 MILLION FOR A NEW EMERGING CONTAMINANTS GRANT PROGRAM FOR DRINKING WATER
- ALMOST NO LOCAL PROJECTS
- INCREASED THE CAP ON PFA PROGRAMS
  - PSIG GRANTS FROM \$7 MILLION TO \$12 MILLION
  - WIF GRANTS FROM \$5 MILLION TO \$10 MILLION



### Biosolid ban?

- Idea floated to Sen. Ag Chair & took on life of its own
- CGMC quickly pushed back before session started
- Proposal never saw light of day

### Biosolid study?

- House included \$100K for study and recommendations on addressing biosolids in budget bill
- CGMC amended to include a representative of a major wastewater facility on study task force
- Proposal dropped during conference committee

#### Amara's Law

- Pushback from industry, retailers and other due to impact on outdoor recreation and other commerce
- Limited changes included in omnibus bill

# PFAS: THE NEVER-ENDING STORY



- EARLY APRIL EFFORT TO FACILITATE SITE SPECIFIC STANDARD FOR WILD RICE SULFATE STANDARD
- PROPOSAL TO MAKE IT EASIER TO ADOPT SITE SPECIFIC STANDARD
   TIED TO UNEMPLOYMENT BENEFITS
- FAILED ON PARTY-LINE VOTE

## WILD RICE AND THE SULFATE STANDARD SENATE WILD RICE PROTECTION EFFORTS

- WILD RICE PROTECTION BILL
  - RECOGNIZE STATUTORY RIGHT OF UNCULTIVATED WILD RICE TO EXIST
  - REQUIRE MAPPING
  - PROHIBIT MOTORIZED WATER VEHICLES IN / NEAR WILD RICE BEDS
  - NOT ENTIRELY CLEAR HOW IMPACT WWTF
- TENSE HEARINGS
- BILL WATERED DOWN BUT ULTIMATELY FAILED

# MPCA PERMITTING REFORM

NPDES permittees would be allowed to waive pre-public notice and reduce public notice

CGMC supported this portion of bill

Inclusion of controversial changes to air permitting doomed the bill

Is this a priority for operators? Stand-alone bill may have more success



#### WHAT ELSE HAPPENED?



#### Permitting reform

 Much more limited in scope than some hoped for



#### **Budget**

- No operating increase for water; Fee increases could loom in future
- Municipal Liaison funding will continue



#### Not much else

- Divide between parties on environmental issues meant little activity



#### WHAT DIDN'T HAPPEN?

- SHORTENED SESSION AND HEAVY WORKLOAD RESULTED IN FEW CONFIRMATIONS
- MORE CONFIRMATIONS MAY BE TAKEN UP NEXT YEAR
- IN MN, COMMISSIONERS CAN SERVE UNLESS REJECTED

#### **QUESTIONS?**



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