

MPCA budget recommendations

Governor Walz's One Minnesota Budget builds on the success of recent legislation and advances the MPCA's work to protect the environment and human health. This budget makes focused investments in permitting reform and other priorities while maintaining the service levels that Minnesotans expect and deserve. It also ensures that Minnesota is prepared to respond nimbly to new opportunities and challenges, keeping our state a vibrant, prosperous, and healthy place to raise a family.



Operating adjustment

\$482,000 *General Fund*

\$8.68 million *Environmental Fund*

\$1.634 million *Remediation Fund*

The cost of operations rises yearly due to increases in employer-paid health care contributions, FICA and Medicare, and other salary and compensation-related costs. Other operating costs, like rent and leases, fuel, utilities, IT, and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Additional funding will ensure that the MPCA can continue to do its work at the level Minnesotans expect, without slowing down services to regulated parties and Minnesota communities.



Permitting reform

\$2.68 million *General Fund*

\$1.05 million *Environmental Fund*

An efficient permitting process benefits regulated parties as well as the Minnesotans who rely on environmental permits to protect air, land, and water in their communities. Backlogs are due to capacity constraints, lengthy required review periods, litigation, and the implementation of complex rules and standards.

Additional staffing, a pilot project on the role of artificial intelligence in permitting, and policy changes to incentivize high-quality, timely work by consultants will allow MPCA to address the permitting backlog and implement more timely permit issuance going forward.

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Sustainable aviation fuel regulatory support
\$1.4 million *Environmental Fund*

Minnesota has a prime opportunity to be a leader in producing Sustainable Aviation Fuel (SAF). In order to lead this emerging market, Minnesota needs permitting and environmental review staff with expertise and focused effort on the SAF industry. With proper resources in place, Minnesota can leverage the aviation industry's SAF transition in a way that creates high-paying jobs, revitalized rural communities, and supports the state's agriculture and forestry sectors.



Air appropriation increase
No net cost

Federal and state law require states to charge air emission fees at levels sufficient to cover the cost of issuing permits to the facilities that emit air pollutants. This appropriation, which is offset by revenues, directs fees that have already been collected to MPCA for the purpose of implementing its air programs.

Mercury skin lightening cream awareness and prevention

\$430,000 *Environmental Fund*

Mercury-containing skin-lightening creams are illegal to sell or distribute in Minnesota but are widely available at retail stores and online. These products expose people, especially women, unborn babies, and children, to the negative health impacts of mercury. This funding will allow the MPCA to better enforce existing law by providing one FTE and a small project budget for purchasing and testing products, ensuring compliance, and educating retailers and consumers about the law and the dangers of skin-lightening creams.



Wasted food management
\$700,000 *Environmental Fund*

14.2% of children in Minnesota experienced food insecurity in 2022. This proposal funds staff to organize efforts between state, local, and Tribal governments, food waste generators, community organizations, and the public to put food that would be wasted to its highest use. This includes directing more food to hunger relief organizations, and increasing the use of compost, food-to-livestock, and anaerobic digestion if food is unsuitable for human consumption. In addition to helping Minnesota's neediest families, this proposal will reduce emissions of methane, a potent greenhouse gas.

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Site assessment backlog**\$1.4 million** *Remediation Fund*

Increasing discovery of 1,4-dioxane, PFAS, and other contaminants has significantly increased the need to review sites for risks to human health and the environment. The number of new remediation sites entering the program each year far outpaces the agency's capacity to address them. With four new FTEs dedicated to this work, this proposal aims to eliminate the backlog of high-priority sites by 2029.

**E-waste and battery product stewardship***No net cost*

Collection and recycling of batteries and electronic waste is costly, and consumers often do not know how to dispose of electronic waste safely. This revenue-neutral proposal will create a producer responsibility organization, funded by manufacturers, that provides convenient, free statewide collection and recycling or appropriate disposal of these products. All manufacturers selling covered devices and batteries would be required to participate in an approved plan in order to sell these products in Minnesota.

This proposal has been developed with the Minnesota Solid Waste Administrators Association, and Recycling Electronics for Climate Action.

**Accessing federal funds for PFAS treatment***No cost*

Up to \$17 million is available to Minnesota through the Infrastructure Investment & Jobs Act (IIJA) for PFAS-related projects at publicly owned wastewater facilities. This statutory change unlocks these funds by allowing emerging contaminants projects to be included on the Project Priority List.

Revolving loan funds*No cost*

In 2023, the Legislature appropriated funds to two revolving loan programs: the Small Business Environmental Improvement Loan Program and the Environmental Assistance Grant and Loan Program. Language was missing to ensure that when loans are paid back, the money is deposited back into the revolving loan programs that already exist in statute. This proposal corrects that omission.

Budget technical change item*No net cost*

This proposal realigns staff and funding appropriations for the Minnesota Pollution Control Agency (MPCA) to reflect the current organizational structure. No increase or decrease to spending is associated with this recommendation.

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Cost recovery for spills and releases

No cost; estimated revenue of \$400,000

When spills of petroleum and other materials occur, MPCA oversees the emergency response and hires a contractor to do the cleanup, if necessary. Generally, MPCA recovers the cost of the emergency response from the responsible party. Loopholes in current law hinder the MPCA's ability to recover costs and leave taxpayers footing the bill for certain types of spills, including spills of oil and petroleum from saddle tanks. This proposal closes that loophole, saving taxpayers an estimated 200,000 per year.



Closed Landfill Investment Fund continuing appropriation

Fund clarification – Based on project costs

Closed landfills produce contaminated fluids (leachate) and gases that must be managed in perpetuity to avoid polluting groundwater or affecting nearby structures. The Closed Landfill Investment Fund (CLIF) makes this essential work possible, but access to these funds will end in 2025 without legislative action. This recommendation clarifies legislative language to maintain access to CLIF.



PFAS biomonitoring in firefighters

Fund transfer

Past legislation funded a project for a study of PFAS levels in firefighters. More time is needed to develop a well-designed protocol and ensure participation by a representative group of firefighters. This recommendation extends the availability of existing funds and increases the amount authorized for transfer to the Minnesota Department of Health for the study.



Adjustment to county feedlot program appropriation

\$2 million reduction

The 2023 Legislature reached an agreement to increase funding for the county feedlot program on a one-time basis, but final bill language inadvertently included an ongoing appropriation for this work. Returning the appropriation to baseline levels honors legislative intent while providing funding for the administration of the feedlot program.

SUMMARY OF GOVERNOR'S BUDGET RECOMMENDATIONS

| Budget recommendation | Funding Source | FY 2025-2026 | FY 2027-2028 |
|---|----------------------------|----------------------------------|-----------------|
| Operating adjustment | General | \$482,000 | \$644,000 |
| | Environmental | \$8.68 million | \$9.882 million |
| | Remediation | \$1.634 million | \$1.788 million |
| Permitting reform | General | \$2.68 million | \$1.05 million |
| | Environmental | \$1.05 million | \$1.05 million |
| Sustainable aviation fuel regulatory support | Environmental | \$1.4 million | \$1.4 million |
| Air appropriation | Environmental | No net cost | |
| Mercury in skin lightening cream awareness and prevention | Environmental | \$430,000 | \$390,000 |
| Wasted food management | Environmental | \$700,000 | \$700,000 |
| Site assessment backlog | Remediation | \$1.4 million | \$1.4 million |
| E-waste and battery product stewardship | Misc. special revenue | No net cost | |
| Accessing federal funds for PFAS treatment | N/A | No cost | |
| Revolving loan funds | N/A | No cost | |
| Budget technical change item | N/A | No net cost | |
| Cost recovery for spills and releases | Remediation | Est. \$200,000 in annual savings | |
| Closed Landfill Investment Fund continuing appropriation | Closed Landfill Investment | Based on project costs | |
| PFAS biomonitoring in firefighters | N/A | No net cost | |
| Adjustment to county feedlot program appropriation | General | -\$2 million | -\$2 million |