



Reform MPCA Fees and Rules on Septic System Permitting

POSITION: Hospitality Minnesota supports policy changes to further reform the Pollution Control Agency's fees and rules on septic permitting in order to create a fairer regulatory environment and promote growth in the campground/resort market. Specifically, we believe that Minnesota should:

- Eliminate the \$10,000 SDS permit fee for small business campgrounds/resorts that cross the 10,000-gallon threshold, or at a minimum move to a sliding scale fee structure. Neither Wisconsin nor Iowa impose such exorbitant fees.
- Allow new campgrounds/resorts and expansions to model their risk on similar-sized systems and unit volume, rather than using the state's presumptive flow charts that overestimate system burden.
- Eliminate the "half-mile rule" which treats multiple septic systems under common ownership within a half mile radius as a single system for permitting purposes. Two systems within a half-mile under *separate* ownership—such as owners in a townhome association—may pose the exact same risk (or perhaps greater in some cases) of failure or performance integrity issues yet are not required to pay exorbitant SDS fees.

BACKGROUND: Ensuring the safety of our water and natural resources is critical to hospitality businesses and tourism in Minnesota. These natural resources and the public's trust related to health and safety are the lifeblood of tourism operators. Achieving the correct balance between ensuring public safety, environmental stewardship and a regulatory framework that is not overly burdensome is in the best interest of our state, our economy, and the people of Minnesota. Currently, the fees and policies associated with septic permitting continue to disincentivize economic growth and business development for small campgrounds and resorts that are challenged to be competitive with other overnight accommodations. The number of resorts continues to shrink with the most recent data indicating there were approximately 300 fewer resorts in Minnesota in 2018 than there were in 2004. Minnesota policy should promote expansion and growth of these businesses, which act as economic engines and revenue drivers for local communities.

The last few years have seen modest progress toward a fairer system. After the rules on "mid-sized subsurface sewage treatment systems" were changed dramatically in 2011 we were successful in 2015 in passing legislation which directed the PCA to allow resorts and campgrounds open 180 days per year or fewer to use actual measured flow. This change allowed such users to avoid using a table of assumptive flows in determining the need for an expensive and complex state permit. In 2019, we were successful in convincing the agency to allow *all* existing resorts and campgrounds to use actual measured flow (rather than the agency's presumptive tables) and to expand systems up to 25% using similar measured flow practices. These are positive changes that we advocated for, but more work remains to be done. New

sites and expansions over 25% should also be able to use common sense extrapolations and modeling from similar systems in size and volume to determine flow, rather than relying on presumptive tables that tend to overestimate flow in the resort and campground setting.

SDS State Permit Fees are Overly Burdensome. The SDS permit system—which requires properties that exceed the 10,000-gallon limit to pay \$10,000 fees and undergo expensive engineering studies—was not designed or appropriately sized for small mom-and-pop resorts and campgrounds. While many operators may never hit the 10,000-gallon threshold, for those that modestly exceed it, it simply does not make common sense to charge these properties the same fee that a million-gallon facility pays. According to information from PCA, approximately 91% of SDS permittees are over 20,000-gallons, 78% are over 100,000-gallons, and 30% are over 1 million-gallons. Small mom-and-pop resorts should not be paying the same fees as these large operations. The State should consider exempting these smaller operators from the SDS fee and requirements or alternatively, there is precedent for establishing a sliding scale. The PCA has previously proposed sliding scale fees for municipal wastewater variance fees as follows:

Table 5. Proposed changes to municipal wastewater variance fees
Under our proposed variance fee structure, variance application costs would depend on the flow of the wastewater treatment facility in question.

Fee Type	Flow (Gallons/Day)	Points (\$310 per point)	Current Fee	New Fee Scenario
	0-99,999	2	\$10,850	\$620
	100K-999,999	6	\$10,850	\$1,860
	1-4.99M	10	\$10,850	\$3,100
	5-19.99M	20	\$10,850	\$6,200
	20-49.99M	30	\$10,850	\$9,300
Variance	50+M	50	\$10,850	\$15,500

Rightsizing such a structure would be much fairer to small business operators in greater Minnesota attempting to grow their business and tourism in their community.

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