

Environmental Response Fund Restored **By Chuck Salter**

A tiny tax that has created more than \$1 billion in private redevelopment died at the end of last year but was resuscitated through the efforts of Hennepin and Ramsey Counties and partners interested in economic and community development.

The Minnesota Legislature reinstated the Environmental Response Fund (ERF) before it adjourned in May. Hennepin and Ramsey Counties used the fund for more than 10 years to clean up hazardous waste sites, but the law expired December 31, 2012. The new law keeps the fund going through 2028.

“This was a great effort for a great cause,” Hennepin County Attorney Mike Freeman said. “Cleaning up pollution to allow future development is really important for our communities. This very small fee helps fund important efforts to reuse critical land. Great work legislators and advocates!”

The fund is unique to Ramsey and Hennepin Counties and is funded by a small tax on property transactions. The counties collect both a mortgage registry and a deed tax of 1/100th of 1 percent each or \$20 for every \$100,000 of any property sold in those counties.

Since 2001, Hennepin County alone has awarded nearly \$40 million for hazardous waste evaluation and clean up, helping to restore blighted properties so they could be redeveloped. As a direct result, Hennepin County has supported the restoration of approximately 300 properties, leveraged \$1.7 billion in private funding, and created or retained approximately 10,000 jobs. About 3,500 affordable and 6,500 market-rate housing units and other commercial and retail business were built on those cleaned-up properties and they generate approximately \$15 million in property taxes annually. Those new developments also helped transform unsightly, vacant spaces into safe, vibrant properties.

Among the numerous examples of successful projects resulting from the ERF are:

- Excelsior Crossings in Hopkins, once the site of a grocery store distribution business, was cleaned through a \$129,000 grant and redeveloped into office buildings that generate approximately \$4 million annually in property taxes;
- City Bella in Richfield got \$100,000 to clean up waste at a former gas station and then was redeveloped into a 19-story building with a mix of retail businesses and condominiums that generates over \$1 million in annual property taxes;
- Huron Flats in Minneapolis received \$180,000 for a state superfund site resulting in development of 100 units of rental housing.

Hennepin and Ramsey County again lobbied the legislature in 2013 but met resistance from realtors and others who feared that any tax, even a very small one, would hinder real estate sales. Many groups, including the Environmental, Natural Resources and Energy Section of the Minnesota State Bar Association, strongly favored bringing back ERF.

There will be no shortage of places to use the Environmental Response Fund over the next 15 years. Hennepin County is home to 19% of Minnesota's Superfund sites, 19% of its petroleum release sites and many other hazardous waste sites totaling over 4,000 contaminated acres yet unaddressed.

Mr. Salter is an attorney in the Civil Division of the Hennepin County Attorney's Office.