



Agricultural Wetland Banking

Fact Sheet

Minnesota Board of Water and Soil Resources, May 8, 2012

Wetland Protection on Agricultural Lands in Minnesota

Most wetlands are protected by federal and/or state programs. In Minnesota, the three primary wetland protection programs with relevance to agricultural lands are the Minnesota Wetland Conservation Act (WCA), the Federal Farm Program (Swampbuster), and the Federal Clean Water Act.

All three of these programs allow for wetlands to be impacted (i.e. drained or filled) under certain circumstances when other wetlands are established to replace those that were lost. This is referred to as wetland "replacement" or "mitigation." Landowners who gain approval to impact a wetland can establish a replacement wetland themselves (if they have a suitable opportunity), or purchase credits from the wetland bank.

What is Wetland Banking?

Wetland banking provides a mechanism by which a landowner proposing to impact a wetland can purchase offsetting wetland "credits" from another landowner or organization who has previously restored a wetland. The "credits" represent acres of wetlands that have been previously approved for wetland replacement, subsequently restored, and deposited in the bank. This provides significant time savings for the landowner, additional options for those who don't have the opportunity to establish replacement wetlands, and monetary compensation to the owner of the bank site.

The number of credits a particular bank site can generate is determined by state and local governments. Once approved for deposit, the owner of the bank site can sell the credits to other landowners proposing to drain a wetland. The price of credits is negotiated between the buyer and seller. The landowner retains ownership and use of the property, while a perpetual conservation easement protects the wetland from activities that would degrade it. The property can be bought or sold as any other parcel.



For more information on wetlands and wetland banking, see the BWSR website at:

<http://www.bwsr.state.mn.us/wetlands>

How Banking Works

The Agricultural Bank is a subset of the State's wetland bank and is dedicated solely to the replacement of farmed wetlands drained or filled for agricultural purposes. Replacement wetlands deposited in the bank are targeted specifically to replace the wetland functions commonly lost to agricultural impacts. The bank operates similarly to a financial institution, where credits can be *deposited* in the bank, *transferred* to other account holders, and *withdrawn* when credits are sold and used to replace wetland impacts.

The requirements for the bank are established in the WCA rules (MN Rule 8420). The Minnesota Board of Water and Soil Resources (BWSR) is responsible for overseeing the bank, including the tracking of credit transactions and accounting. Local governments are responsible for approving both bank sites and drainage projects proposing to use credits from the bank.

Restoring wetlands for deposit in the Ag Bank will help ensure an adequate supply of wetland credits for agriculture at a time when many landowners are considering drainage improvement projects. This high agricultural demand provides an attractive market for wetland credits. The ag bank is also set up to take advantage of flexibility currently allowed in state law – agricultural landowners using the ag bank to replace their farmed wetlands have abbreviated application requirements.

Establishing a Bank Site

For wetlands to be eligible for the bank, a wetland banking plan must first be approved by the WCA Local Government Unit (LGU). The LGU is typically either the County or Soil and Water Conservation District where the property is located. The process begins with an initial scoping review of the site. The landowner will be provided with findings and recommendations that will help them determine if the site is suitable for banking. The next step is development of the plan, which will often require technical assistance from engineering or natural resource professionals hired by the landowner.

After LGU approval of the banking plan, a permanent conservation easement must be granted to BWSR followed by the completion of any activities necessary to restore the wetland. Credits are typically deposited in the bank as success is achieved in restoring the wetland. Upon deposit, credits can be made available for sale.

For additional details on establishing an ag bank site, see the BWSR "Agricultural Wetland Banking Site Selection and Establishment" guidance at: www.bwsr.state.mn.us/wetlands/agbanking



This restored agricultural wetland provides wildlife habitat, improved water quality, and floodwater retention benefits.

Eligibility for the Ag Bank

In order to take advantage of flexibility currently allowed in state law, only restored wetlands are eligible for the Ag Bank. In general, a wetland must be at least partially drained or degraded by cropping and able to be restored back to its natural condition. Restoration is typically accomplished through tile breaks, ditch plugs, and/or establishment of native vegetation. In general, the amount of credit allocated varies based on the condition of the site before and after restoration. Credit can be allocated for restoring a completely drained wetland, a partially drained wetland, or a farmed wetland not affected by drainage.

In some cases, wetlands previously restored under conservation programs, such as the Conservation Reserve Program (CRP), can be eligible for the ag bank. Not every wetland in CRP is eligible however, as several conditions apply. For example, the contract must expire prior to deposit in the bank, any existing drainage must be disabled, any construction features must meet minimum design standards, and the site must meet native vegetation standards. Most expired CRP will not be good candidates for banking, but eligible CRP sites in good condition can provide excellent opportunities for obtaining wetland credits quickly and at a lower cost.

BWSR Fact Sheet, May 8, 2012

The primary author of this fact sheet is Les Lemm, WCA Coordinator. This document is available on the BWSR website and may be revised periodically. Check the website for the most current version. www.bwsr.state.mn.us/wetlands/agbanking

Contact your WCA Local Government Unit or Soil and Water Conservation District for additional information.