

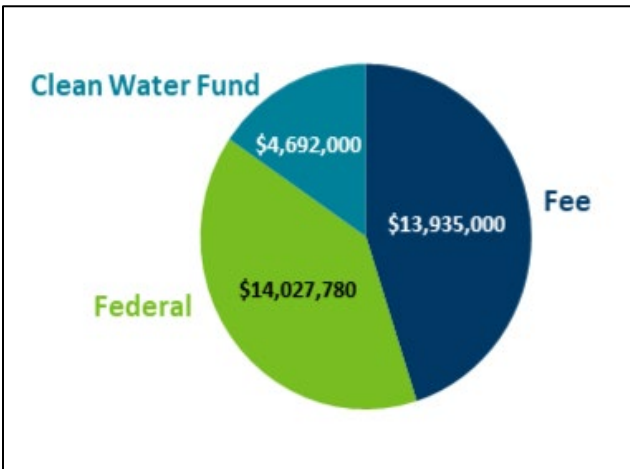
How the Safe Drinking Water Fee supports Drinking Water Protection efforts

About the fee

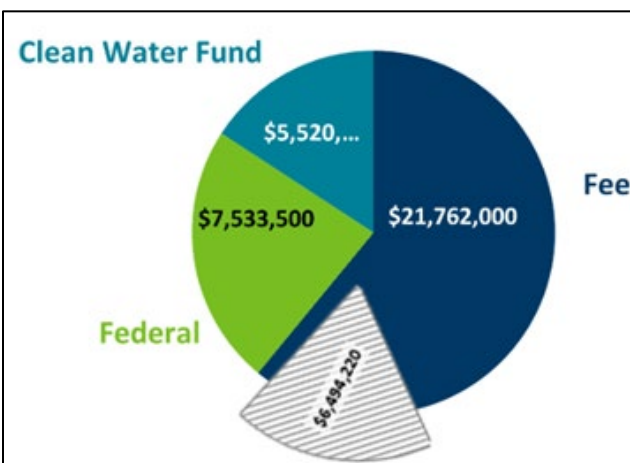
The Safe Drinking Water Fee helps ensure that all public water systems get the support needed to provide safe drinking water everywhere in Minnesota. The 2025 Minnesota State Legislature passed a bill raising the safe drinking water fee from \$9.72 to \$15.22 per water service connection, effective January 1, 2026. This fee increase reduces the state's reliance on federal infrastructure funds, making more dollars available for local drinking water infrastructure projects.

Total budget for the Drinking Water Protection program

Total budget: \$32.9 million before fee increase



Total budget: \$38.5 million after fee increase

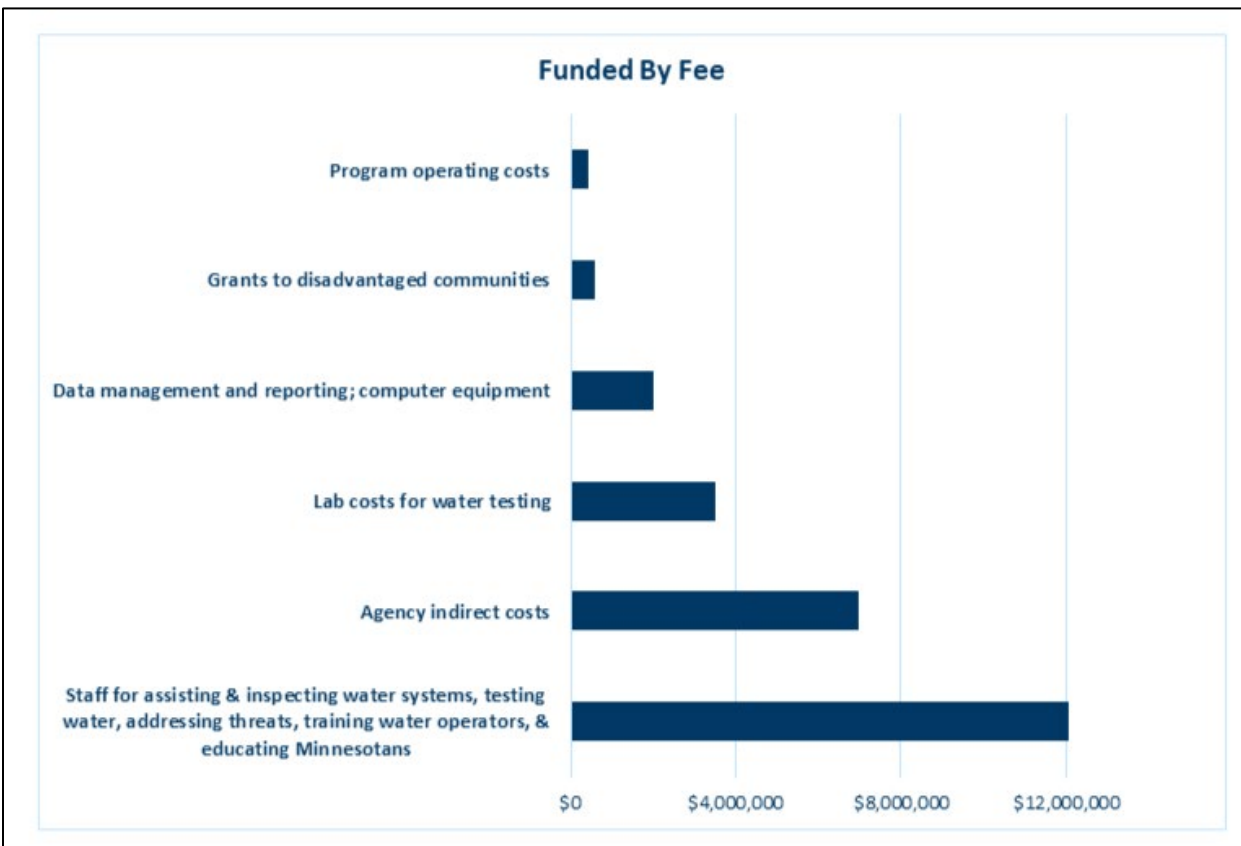


HOW THE SAFE DRINKING WATER FEE SUPPORTS DRINKING WATER PROTECTION EFFORTS

- The increase in the Safe Drinking Water Fee accounts for several changes since the last increase:
 - Significant inflationary pressures and increased lab costs for drinking water testing.
 - Projected and potential deep reductions in federal funding.
 - Numerous Safe Drinking Water Act changes that have occurred and are on the horizon.
 - Need for drinking water data system updates and improvements.
- The fee increase reduces the program dependence on the Drinking Water Revolving Fund to help cover administrative costs. This change will make an additional \$6,494,220 available each year for funding drinking water infrastructure projects.
- The fee increase has also expanded our capacity to provide expert assistance to public water suppliers through the addition of three new staff.

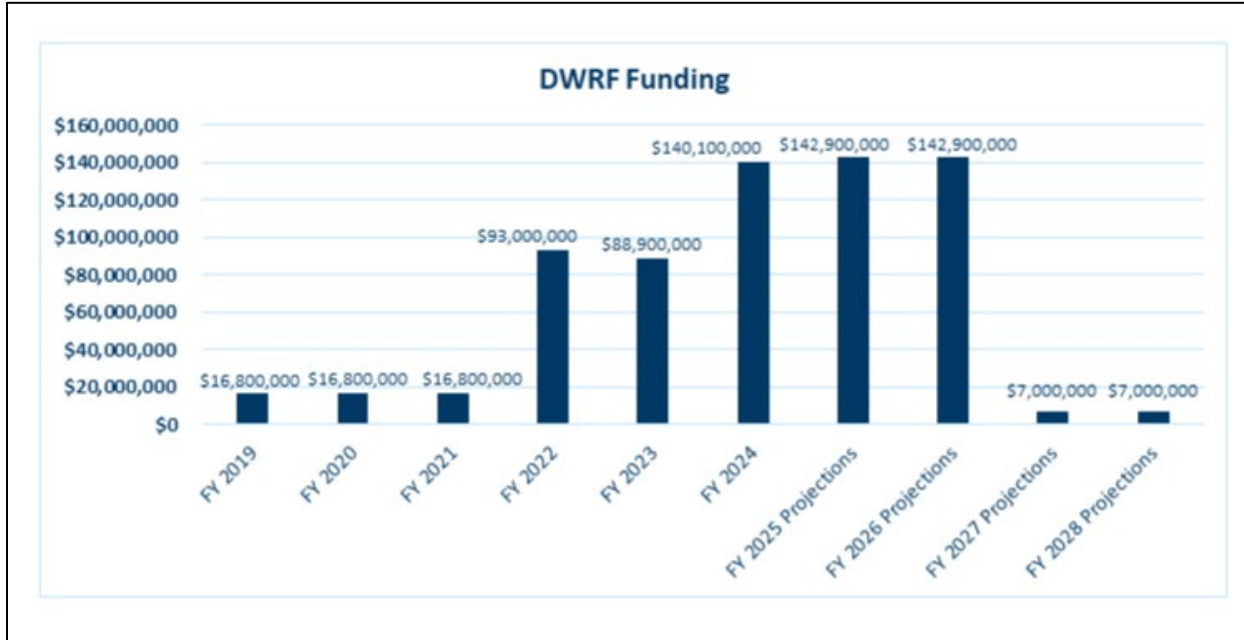
What the Safe Drinking Water Fee funds

Projected for fiscal year 2026

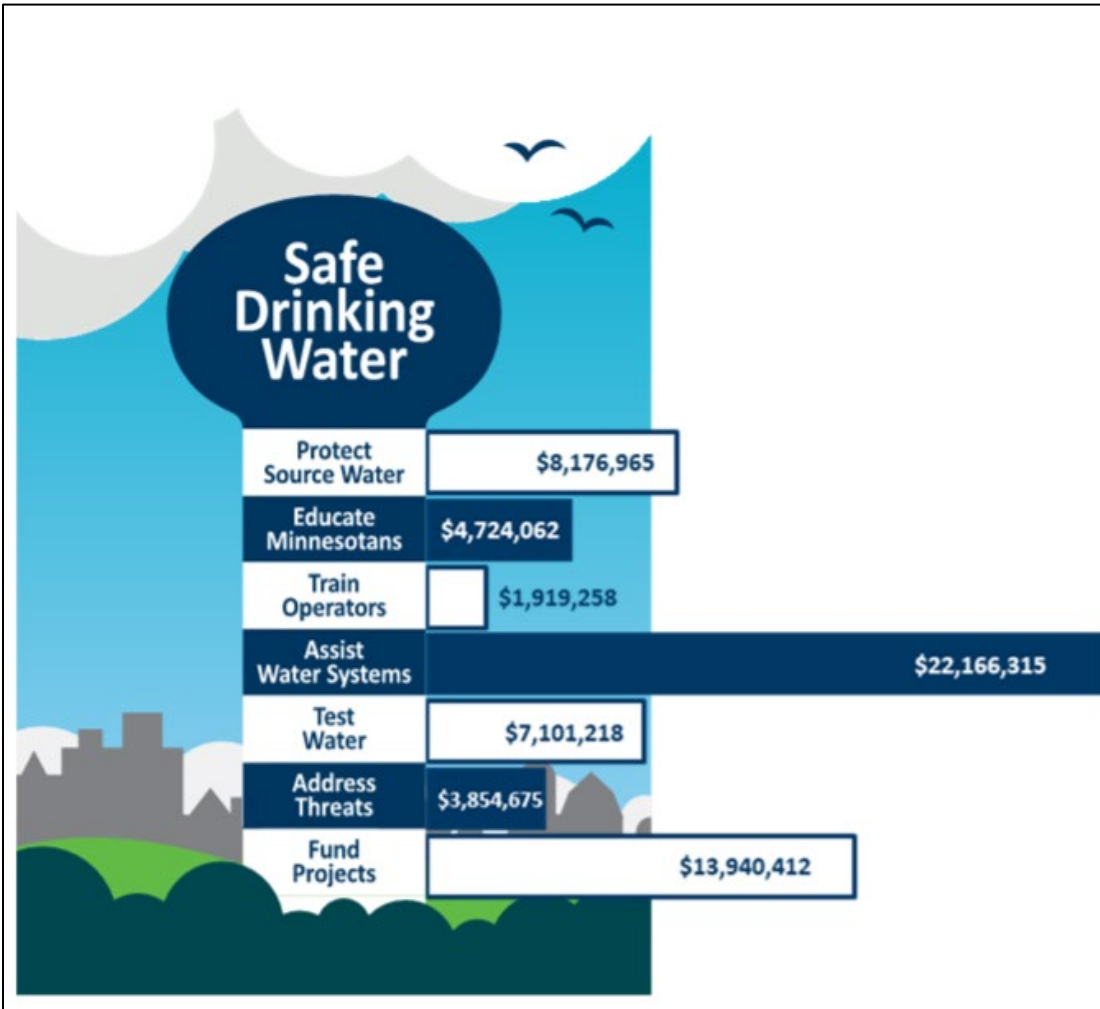


Restoring funding to DWRF increases dollars for local infrastructure

We anticipate a significant drop of funding once the Infrastructure Investment and Jobs Act (IIJA) funding expires. (See table below.) MDH uses set-aside dollars from DWRF to administer the DWRF, provide technical assistance, and support source water protection activities. With the expiration of IIJA, additional funds are needed to continue to provide this level of technical support to systems, which will now be provided by the fee increase. The fee increase greatly reduces the reliance on set-aside dollars from the last two years of IIJA, allowing more drinking water infrastructure projects to be funded.



Drinking Water Protection section budget by activity area



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12/11/2025

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