

CHAPTER 67--H.F.No. 1900

An act relating to natural resources; proposing an amendment to the Minnesota Constitution, article XI, section 14; providing for renewal of environment and natural resources trust fund and modifying trust fund provisions; establishing community grant program; establishing the community grant program advisory council; requiring a report; appropriating money; amending Minnesota Statutes 2022, section 116P.03; proposing coding for new law in Minnesota Statutes, chapter 116P; proposing coding for new law as Minnesota Statutes, chapter 116X.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1**CONSTITUTIONAL AMENDMENT****Section 1. CONSTITUTIONAL AMENDMENT PROPOSED.**

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XI, section 14, will read:

Sec. 14. A permanent environment and natural resources trust fund is established in the state treasury. ~~Loans may be made of up to five percent of the principal of the fund for water system improvements as provided by law.~~ The assets of the fund shall be appropriated by law for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. The assets of the fund shall not be used to pay the principal or interest of any bonds. The assets of the fund shall not be used to pay for any costs related to the construction, repair, improvement, or operation of any facility or system that processes wastewater, but may be used to pay for research related to wastewater. The amount appropriated each year of a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, may be up to ~~5-1/2~~ seven percent of the market value of the fund on June 30 one year before the start of the biennium. Not less than 40 percent of the net proceeds from any state-operated lottery must be credited to the fund ~~until the year 2025~~ through December 31, 2050.

Sec. 2. SUBMISSION TO VOTERS.

(a) The proposed amendment must be submitted to the people at the 2024 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to protect drinking water sources and the water quality of lakes, rivers, and streams; conserve wildlife habitat and natural areas; improve air quality; and expand access to parks and trails by extending the transfer of proceeds from the state-operated lottery to the environment and natural resources trust fund, and to dedicate the proceeds for these purposes?"

Yes

No "

(b) The title required under Minnesota Statutes, section 204D.15, subdivision 1, for the question submitted to the people under paragraph (a) shall be: "Environment and Natural Resources Trust Fund Renewal."

ARTICLE 2

STATUTORY CHANGES

Section 1. [116P.01] CHAPTER DOES NOT APPLY TO CERTAIN APPROPRIATIONS.

This chapter does not apply to appropriations from the environment and natural resources trust fund under section 116X.03 or to projects funded with those appropriations.

EFFECTIVE DATE. If the constitutional amendment in article 1, section 1, is approved by the voters at the 2024 general election, this section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 116P.03, is amended to read:

116P.03 TRUST FUND NOT TO SUPPLANT EXISTING FUNDING; APPROPRIATIONS.

(a) The trust fund may not be used as a substitute for traditional sources of funding environmental and natural resources activities, but the trust fund shall supplement the traditional sources, including those sources used to support the criteria in section 116P.08, subdivision 1. The trust fund must be used primarily to support activities whose benefits become available only over an extended period of time.

(b) The commission must determine the amount of the state budget spent from traditional sources to fund environmental and natural resources activities before and after the trust fund is established and include a comparison of the amount in the report under section 116P.09, subdivision 7.

(c) For the fiscal year beginning July 1, 2007, and each year thereafter, the amount of the environment and natural resources trust fund that is available for appropriation under this chapter and under the terms of the Minnesota Constitution, article XI, section 14, shall be appropriated by law.

(d) The amount appropriated from the environment and natural resources trust fund may be spent only for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. Recommendations made by the commission under this chapter must be consistent with the Minnesota Constitution, article XI, section 14; this chapter; and the strategic plan adopted under section 116P.08, subdivision 3, and must demonstrate a direct benefit to the state's environment and natural resources.

(e) The amount available for appropriation from the environment and natural resources trust fund under this chapter each year of a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, is 5.5 percent of the market value of the fund on June 30 one year before the start of the biennium.

EFFECTIVE DATE. If the constitutional amendment in article 1, section 1, is approved by the voters at the 2024 general election, this section is effective January 1, 2025.

Sec. 3. [116X.01] DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Advisory council.** "Advisory council" means the council created under section 116X.05.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of natural resources.

Subd. 4. **Grant program.** "Grant program" means the program established under section 116X.03.

EFFECTIVE DATE. This section is effective the day after the day on which the constitutional amendment in article 1, section 1, is approved by the voters at the 2024 general election.

Sec. 4. [116X.03] ENVIRONMENT AND NATURAL RESOURCES TRUST FUND COMMUNITY GRANT PROGRAM.

Subdivision 1. **Grants.** (a) Beginning July 1, 2025, each fiscal year 1.5 percent of the market value of the environment and natural resources trust fund on June 30 one year before the start of the biennium is available for appropriation to the commissioner of natural resources to provide grants under this section for the benefit of current residents and future generations. The commissioner must award grants under this section for purposes authorized under the Minnesota Constitution, article XI, section 14, and expand the number and diversity of recipients who benefit from the environment and natural resources trust fund, especially in communities that have been adversely affected by pollution and environmental degradation.

(b) A grant may be awarded under this section only for:

(1) helping adversely impacted communities respond to environmental degradation and related health concerns;

(2) education and awareness related to stewardship of air, land, water, forests, fish, wildlife, and other natural resources; or

(3) preserving or enhancing air, land, water, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state.

(c) A grant awarded under this section must provide measurable results and may not be awarded to a for-profit business.

(d) Money appropriated from the trust fund under this subdivision must supplement the traditional sources of funding for environment and natural resources activities and may not be used as a substitute.

(e) Any appropriated funds under this subdivision that are not encumbered before the appropriation expires must be credited to the principal of the trust fund.

(f) The commissioner may not award a grant under this section to the Department of Natural Resources.

Subd. 2. **Capital projects and land acquisition.** Notwithstanding section 116P.011, the requirements of sections 116P.15 to 116P.21 apply to grants awarded under this section, except that where those sections require a grantee to obtain approval of the Legislative-Citizen Commission on Minnesota Resources for a proposed action a grantee must instead obtain the approval of the commissioner of natural resources.

Subd. 3. **Administrative expenses.** Up to five percent of the money appropriated to the commissioner for grants under this section may be used by the commissioner for administration, outreach, grant monitoring, and advisory council operational support.

Subd. 4. **Return of grant money.** The commissioner must require a recipient of a grant under this section to return all money awarded to the recipient if the recipient does not use the money in accordance with the applicable agreement.

Subd. 5. **Reporting.** By February 1 each year, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources on the administration of this section during the previous fiscal year, including administrative expenses and the grants awarded.

EFFECTIVE DATE. If the constitutional amendment in article 1, section 1, is approved by the voters at the 2024 general election, this section is effective January 1, 2025.

Sec. 5. **[116X.05] ENVIRONMENT AND NATURAL RESOURCES TRUST FUND COMMUNITY GRANT ADVISORY COUNCIL; REPORTING.**

Subdivision 1. **Establishment.** The commissioner of natural resources must establish an Environment and Natural Resources Trust Fund Community Grant Advisory Council.

Subd. 2. **Membership; terms.** (a) The commissioner, in consultation with the commissioners of health and the Pollution Control Agency, must appoint 11 residents of Minnesota to the advisory council, and the appointees must include:

(1) two members who are members of the Minnesota Ojibwe Tribe;

(2) two members who are members of the Minnesota Dakota Tribe; and

(3) four members who identify as Black or African American, Hispanic or Latino, Asian, or Pacific Islander or as members of a community of color.

(b) In addition to the members appointed under paragraph (a), the commissioner, in consultation with the commissioners of health and the Pollution Control Agency, may appoint up to eight additional residents of Minnesota to the advisory council when, in the commissioner's discretion, it is necessary to ensure that the advisory council is sufficiently representative of various Minnesota communities.

(c) The commissioner must make appointments to the advisory council under this subdivision that result in substantially equal representation of rural, suburban, and urban communities.

(d) The membership appointed under paragraphs (a) and (b) must include persons who:

(1) have experience or expertise in the science, policy, or practice of the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources, including expertise in understanding the cultural context in which these activities are undertaken from the perspective of Tribal communities;

(2) have strong knowledge of environment and natural resource issues around the state, including those that are of particular importance to Tribal communities; and

(3) have demonstrated the ability to work in a collaborative environment.

(e) Members serve staggered three-year terms, beginning in January of the first year and continuing through the end of December of the final year. Members continue to serve until their replacement is named. Initial appointees may be appointed to terms of less than three years to establish a structure of staggered terms.

(f) A member appointed under this subdivision may not be a registered lobbyist.

Subd. 3. **Duties.** (a) The advisory council must:

(1) advise the commissioner on developing forms and applications and reporting for grants awarded under the grant program;

(2) review proposed grant program policies and budgets for the upcoming year;

(3) propose changes to the grant program, as needed;

(4) review other relevant information;

(5) make recommendations to the legislature and the commissioner for improving management of the grant program; and

(6) review and advise on recipient eligibility.

(b) The commissioner must provide the council with the information required to perform its duties under this subdivision.

Subd. 4. **Per diem.** Members of the council are entitled to per diem and reimbursement for expenses incurred in the services of the commission, as provided in section 15.059, subdivision 3.

Subd. 5. **Open meetings.** Meetings of the advisory council must be open to the public and are subject to chapter 13D.

EFFECTIVE DATE. This section is effective the day after the day on which the constitutional amendment in article 1, section 1, is approved by the voters at the 2024 general election.

Sec. 6. **COUNCIL ORGANIZATION; REPORT.**

By January 15, 2026, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources on the organizational structure and membership of the Environment and Natural Resources Trust Fund Community Grant Advisory Council required under Minnesota Statutes, section 116X.05.

EFFECTIVE DATE. This section is effective the day after the day on which the constitutional amendment in article 1, section 1, is approved by the voters at the 2024 general election.

Presented to the governor May 23, 2023

Signed by the governor May 26, 2023, 10:15 a.m.