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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **3486**

02/18/2020 Authored by Jordan and Moran
The bill was read for the first time and referred to the Health and Human Services Finance Division
02/27/2020 By motion, recalled and re-referred to the Committee on Health and Human Services Policy
03/09/2020 Adoption of Report: Placed on the General Register
Read for the Second Time

1.1 A bill for an act
1.2 relating to health; changing provisions of lead service line replacement authority;
1.3 amending Minnesota Statutes 2018, section 446A.081, subdivision 9; repealing
1.4 Minnesota Rules, part 7380.0280.

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

1.6 Section 1. Minnesota Statutes 2018, section 446A.081, subdivision 9, is amended to read:

1.7 Subd. 9. **Other uses of fund.** (a) The drinking water revolving loan fund may be used
1.8 as provided in the act, including the following uses:

1.9 (1) to buy or refinance the debt obligations, at or below market rates, of public water
1.10 systems for drinking water systems, where the debt was incurred after the date of enactment
1.11 of the act, for the purposes of construction of the necessary improvements to comply with
1.12 the national primary drinking water regulations under the federal Safe Drinking Water Act;

1.13 (2) to purchase or guarantee insurance for local obligations to improve credit market
1.14 access or reduce interest rates;

1.15 (3) to provide a source of revenue or security for the payment of principal and interest
1.16 on revenue or general obligation bonds issued by the authority if the bond proceeds are
1.17 deposited in the fund;

1.18 (4) to provide loans or loan guarantees for similar revolving funds established by a
1.19 governmental unit or state agency;

1.20 (5) to earn interest on fund accounts;

2.1 (6) to pay the reasonable costs incurred by the authority, the Department of Employment
 2.2 and Economic Development, and the Department of Health for conducting activities as
 2.3 authorized and required under the act up to the limits authorized under the act;

2.4 (7) to develop and administer programs for water system supervision, source water
 2.5 protection, and related programs required under the act;

2.6 (8) ~~notwithstanding Minnesota Rules, part 7380.0280,~~ to provide principal forgiveness
 2.7 or grants to the extent permitted under the federal Safe Drinking Water Act and other federal
 2.8 law, based on the criteria and requirements established for drinking water projects under
 2.9 the water infrastructure funding program under section 446A.072;

2.10 (9) to provide loans, principal forgiveness or grants to the extent permitted under the
 2.11 federal Safe Drinking Water Act and other federal law to address green infrastructure, water
 2.12 or energy efficiency improvements, or other environmentally innovative activities; ~~and~~

2.13 (10) to provide principal forgiveness, or grants for ~~50~~ 80 percent of ~~the project cost~~ costs
 2.14 up to a maximum of ~~\$10,000~~ \$100,000 for projects needed to comply with national primary
 2.15 drinking water standards for an existing nonmunicipal community ~~or noncommunity~~ public
 2.16 water system; and

2.17 (11) to provide principal forgiveness or grants to the extent permitted under the federal
 2.18 Safe Drinking Water Act and other federal laws for 50 percent of the project costs up to a
 2.19 maximum of \$250,000 for projects to replace the privately owned portion of drinking water
 2.20 lead service lines.

2.21 (b) Principal forgiveness or grants provided under paragraph (a), clause (9), may not
 2.22 exceed 25 percent of the eligible project costs as determined by the Department of Health
 2.23 for project components directly related to green infrastructure, water or energy efficiency
 2.24 improvements, or other environmentally innovative activities, up to a maximum of
 2.25 \$1,000,000.

2.26 Sec. 2. **REPEALER.**

2.27 Minnesota Rules, part 7380.0280, is repealed.

7380.0280 SUPPLEMENTAL ASSISTANCE FOR DISADVANTAGED COMMUNITIES.

Subpart 1. **In general.** The authority shall provide supplemental assistance, in the form of a reduction in the amount of loan principal which a borrower has to repay, to public water supply systems owned by a governmental or intergovernmental agency, a nonprofit organization, an Indian tribe, or any combination of them that meet the criteria in subpart 2. The total amount of supplemental assistance provided in any one year shall not exceed ten percent of the federal capitalization grants available.

Subp. 2. **Disadvantaged community criteria.** An applicant is eligible for supplemental assistance as described in subpart 1 if:

A. the applicant's project receives public health priority points on the Department of Health's project priority list under part 4720.9020; and

B. after completion of the project, the applicant will have an estimated average annual residential water system cost of 1.4 percent of median household income or more.

Subp. 3. **Amount of supplemental assistance.** The supplemental assistance amount shall be equal to 80 percent of the amount needed to reduce the as-bid average annual residential water system cost to 1.4 percent of median household income. If the current average annual residential water system cost is at or exceeds 1.4 percent of median household income, the supplemental assistance amount shall be 80 percent of the project cost. The supplemental assistance amount provided to a single borrower shall not exceed \$500,000.