

SENATE  
STATE OF MINNESOTA  
NINETY-FOURTH SESSION

S.F. No. 817

(SENATE AUTHORS: FATEH, Dibble, Pha and McEwen)		
DATE	D-PG	OFFICIAL STATUS
01/30/2025	226	Introduction and first reading Referred to Transportation
02/06/2025	315	Authors added Dibble; Pha; McEwen
04/03/2025	1343a	Comm report: Amended, No recommendation, re-referred to State and Local Government

1.1

A bill for an act

1.2

relating to transportation; modifying requirements related to highway project

1.3

development and highway purposes, including transportation cumulative impacts

1.4

analysis, alternative design analysis policy advisory committee and establishing

1.5

bylaws, public comment requirements, position of environmental justice

1.6

ombudsperson, and permissible uses of certain highway funds; requiring a report;

1.7

amending Minnesota Statutes 2024, sections 116.065, by adding a subdivision;

1.8

161.045; 174.02, subdivision 2a; proposing coding for new law in Minnesota

1.9

Statutes, chapter 161.

1.10

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

1.11

Section 1. Minnesota Statutes 2024, section 116.065, is amended by adding a subdivision

1.12

to read:

1.13

Subd. 6a. **Coordination.** In adopting rules under subdivision 6, the commissioner must

1.14

consult with the commissioner of transportation and make efforts to conform the rules to

1.15

the requirements and policies adopted under section 161.179.

1.16

**EFFECTIVE DATE.** This section is effective the day following final enactment.

1.17

Sec. 2. Minnesota Statutes 2024, section 161.045, is amended to read:

1.18

**161.045 HIGHWAY USER TAX DISTRIBUTION FUND APPROPRIATIONS;**

1.19

**TRUNK HIGHWAY FUND APPROPRIATIONS.**

1.20

Subdivision 1. ~~Definition~~ **Definitions.** (a) For purposes of this section, the following

1.21

terms have the meanings given.

(b) "Commissioner" means any commissioner of a state agency that either proposes to spend or spends funds out of the highway user tax distribution fund or the trunk highway fund.

(c) "Highway purposes" includes but is not limited to:

(1) construction, improvement, maintenance, and operations of a highway;

(2) multimodal infrastructure within a highway right-of-way related to any of the following: (i) transit; (ii) active transportation; and (iii) reduction of greenhouse gas emissions; and

(3) activities directly related to, or necessary to administer or support, the purposes specified in clauses (1) and (2).

(d) "Trunk highway purposes" includes but is not limited to: (1) highway purposes for the trunk highway system; and (2) trunk highway project offset actions under section 161.178, subdivision 4.

Subd. 2. **General expenditure requirements.** A commissioner may expend highway user tax distribution funds only for highway purposes and may expend trunk highway funds only for trunk highway purposes.

Subd. 3. **Limitations on spending.** (a) A commissioner must not pay for any of the following with funds from the highway user tax distribution fund or the trunk highway fund:

(1) Bureau of Criminal Apprehension laboratory;

(2) Explore Minnesota Tourism kiosks;

~~(3) Minnesota Safety Council;~~

~~(4) driver education programs;~~

~~(5) (3) Office of Emergency Medical Services;~~

~~(6) (4) Mississippi River Parkway Commission;~~

~~(7) (5) payments to the Department of Information Technology Services in excess of actual costs incurred for trunk highway purposes;~~

~~(8) (6) personnel costs incurred on behalf of the governor's office;~~

~~(9) (7) the Office of Aeronautics within the Department of Transportation;~~

~~(10) the Office of Transit and Active Transportation within the Department of Transportation;~~

(11) the Office of Passenger Rail;

(12) (8) purchase and maintenance of soft body armor under section 299A.38;

(13) (9) tourist information centers;

(14) (10) parades, events, or sponsorships of events;

(15) the installation, construction, expansion, or maintenance of public electric vehicle infrastructure;

(16) (11) the statewide notification center for excavation services pursuant to chapter 216D; and

(17) (12) manufacturing license plates.

(b) The prohibition in paragraph (a) includes all expenses for the named entity or program, including but not limited to payroll, purchased services, supplies, repairs, and equipment. This prohibition on spending applies to any successor entities or programs that are substantially similar to the entity or program named in this subdivision.

Sec. 3. **[161.1611] COMMUNITY-PREFERRED ALTERNATIVE ANALYSIS.**

Subdivision 1. Alternative study required. (a) The requirements in this section apply to all current and future designs of federally funded transportation projects involving the construction, reconstruction, rehabilitation, or resurfacing of a highway. The requirements of this section do not apply to a maintenance resurfacing project.

(b) The commissioner must study, in accordance with National Environmental Policy Act requirements for studying design alternatives, an alternative design that has been approved by the policy advisory committee as provided in subdivision 2, paragraph (b), before developing transportation projects involving the construction, reconstruction, rehabilitation, or resurfacing of a highway.

Subd. 2. Policy advisory committee; members. (a) The commissioner must form a policy advisory committee composed of elected and appointed local officials from impacted project areas to approve or disapprove alternative designs that involve construction, reconstruction, rehabilitation, or resurfacing of a highway. The policy advisory committee convened under this subdivision must have an odd number of members. The policy advisory committee convened by the commissioner must include:

(1) a county commissioner of the county where the impacted project area is located;

(2) the two members of the legislature representing the impacted project area;

4.1 (3) the mayor of the city or town of the impacted project area; and

4.2 (4) at least three but no more than five members of a city council of the impacted project  
4.3 area.

4.4 (b) The commissioner must develop, in accordance with National Environmental Policy  
4.5 Act requirements, design alternatives for highway projects and submit the design alternatives  
4.6 for approval to the policy advisory committee established in paragraph (a). The policy  
4.7 advisory committee must approve by a two-thirds vote a preferred alternative design before  
4.8 the commissioner:

4.9 (1) selects a preferred alternative design;

4.10 (2) initiates the final layout approval process as described in sections 161.162 to 161.167;  
4.11 or

4.12 (3) begins project construction.

4.13 Subd. 3. **Policy advisory committee; bylaws.** The commissioner must adopt bylaws  
4.14 and procedures to govern the approval and operation of the policy advisory committee.  
4.15 Adopted bylaws must include:

4.16 (1) the establishment of a regular meeting schedule, with a minimum of 30 days of public  
4.17 notice between meetings;

4.18 (2) a process by which policy advisory committee members can introduce resolutions  
4.19 to be voted on by the advisory committee to take formal positions and make requests of the  
4.20 department for the project; and

4.21 (3) the establishment of procedures for organizing and holding public meetings under  
4.22 the requirements of subdivision 4.

4.23 Subd. 4. **Policy advisory committee; public meetings.** The formation of a policy  
4.24 advisory committee under this section must include a robust and meaningful process for  
4.25 public participation and community engagement by the impacted community in project  
4.26 development. The commissioner must conduct, in coordination with the policy advisory  
4.27 committee, in-person public hearings at different locations and times and historically  
4.28 underserved communities in the impacted projected area. Meetings must:

4.29 (1) be held with a minimum of 30 days of public notice and notice to elected officials,  
4.30 with the notice specifying the date, time, and location of the meeting;

4.31 (2) include a published meeting agenda and post the agenda publicly on the department's  
4.32 website;

(3) mandate at least 15 minutes of public comment period for members of the public to testify, provide context, and offer input on the project and development of a preferred alternative;

(4) offer the opportunity for written comment in advance of the hearing which must be reviewed and included in meeting records; and

(5) require the department to respond to public comments submitted in advance and explain whether and how the input will be used to influence future project decisions.

Subd. 5. **Policy advisory committee; legislative report.** Beginning February 15, 2026, and each year thereafter, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must detail the activities of any policy advisory committee during the prior year, including the commissioner's identified impacted project areas where the formation of a policy advisory committee will be required. The report must also provide a detailed summary of public feedback and comment on specified projects, as well as any adopted resolutions or formal resolutions adopted by a policy advisory committee.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. **[161.179] TRANSPORTATION CUMULATIVE IMPACTS ANALYSIS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Applicable entity" means the commissioner with respect to a project for inclusion in the state transportation improvement program or a metropolitan planning organization with respect to a project for inclusion in the appropriate metropolitan transportation improvement program.

(c) "Cumulative impacts" means the impacts of aggregated levels of past and current transportation pollutants in a defined geographic area to which current residents are exposed.

(d) "Environmental justice area" has the meaning given in section 116.065, subdivision 1.

(e) "Environmental stressors" has the meaning given in section 116.065, subdivision 1, and includes environmental effects on health from exposure to past and current pollutants along with cumulative exposure to past and current transportation pollutants in the environmental justice area.

6.1 (f) "Impacts analysis" means an analysis of cumulative impacts as provided under this  
6.2 section.

6.3 (g) "Participating governmental unit" means a local unit of government that has  
6.4 jurisdiction within any portion of the environmental justice area.

6.5 (h) "Project" means a project for trunk highway construction, reconstruction, or  
6.6 maintenance.

6.7 (i) "Transportation pollutants" means any of the following emitted from a transportation  
6.8 source, including but not limited to a motor vehicle and a highway construction,  
6.9 reconstruction, or maintenance project: carbon monoxide; greenhouse gas emissions,  
6.10 including those emissions described in section 216H.01, subdivision 2; nitric oxide and  
6.11 nitrogen dioxide; noise; and particulate matter less than ten microns wide (PM-10) as a  
6.12 result of tire or brake wear.

6.13 Subd. 2. **Application; implementation.** (a) This section applies to a project for trunk  
6.14 highway construction, reconstruction, or maintenance:

6.15 (1) that has a total project cost estimate that is at least the amount specified for a major  
6.16 highway project in section 174.56, subdivision 1, paragraph (b); and

6.17 (2) in which any portion is located in or within one mile of a census tract that is part of  
6.18 an environmental justice area.

6.19 (b) This section applies beginning one year after the commissioner of the Pollution  
6.20 Control Agency first adopts rules as provided under section 116.065, subdivision 6.

6.21 (c) This section does not apply to a project that was either included in the state  
6.22 transportation improvement program or has been submitted for approval of the geometric  
6.23 layout before the application date under paragraph (b).

6.24 Subd. 3. **Impacts analysis; process.** (a) Prior to inclusion of a trunk highway project  
6.25 in the state transportation improvement program or a metropolitan transportation  
6.26 improvement program, the applicable entity must:

6.27 (1) conduct an impacts analysis if:

6.28 (i) any of the following applies:

6.29 (A) the potential impacts of the project exceed any of the benchmarks for conducting  
6.30 an impacts analysis as established by the commissioner under subdivision 4; or

6.31 (B) the project may substantially impact the environment or health of the residents of  
6.32 an environmental justice area; or

(ii) the applicable entity determines that the analysis is warranted following an assessment of any petitions under paragraph (c), material evidence, and any other relevant information; and

(2) following an impacts analysis, make a determination of adverse impacts if:

(i) the impacts analysis concludes that performance of the project, in combination with the environmental stressors present in the environmental justice area and considering the socioeconomic impact of the facility to the residents of the environmental justice area, would have substantial adverse cumulative impacts on the environment or health of the environmental justice area and its residents; or

(ii) the applicable entity identifies a reasonable likelihood of substantial adverse cumulative impacts under subdivision 4 based on public comments and testimony or any other relevant information.

(b) If the applicable entity makes the determination under paragraph (a), clause (2), the applicable entity must:

(1) alter the scope or design of the project and perform a revised impacts analysis that meets the requirements under this section;

(2) enter into a community benefit agreement with a participating governmental unit as provided under subdivision 6; or

(3) halt project development and disallow inclusion of the project in the appropriate transportation improvement program.

(c) In considering whether an impacts analysis is warranted under paragraph (a), the applicable entity must give weight to any petition requesting the impacts analysis that is (1) signed by at least 100 individuals who reside or own property in the relevant environmental justice area affected by the project, and (2) supported by material evidence that demonstrates a potential for substantial adverse cumulative impacts to the relevant environmental justice area if the project is completed.

(d) Within 30 days of determining whether an impacts analysis is required or warranted under paragraph (a), the applicable entity must publish a written document on the entity's website that (1) contains the reasons for the entity's decision, and (2) describes the information that was considered in making the decision and how the information was weighed.

8.1 Subd. 4. **Impacts analysis; requirements.** (a) The commissioner must establish a process  
8.2 to conduct an impacts analysis. The process must provide for a determination under  
8.3 subdivision 3, paragraph (a), clause (2).

8.4 (b) The process must specify requirements that govern an impacts analysis, including  
8.5 but not limited to:

8.6 (1) benchmarks for an entity to use in determining whether an impacts analysis is required  
8.7 under this section;

8.8 (2) the form, manner, and content of an impacts analysis;

8.9 (3) conditions, criteria, or circumstances that establish an environmental or health impact  
8.10 as substantial adverse cumulative impacts;

8.11 (4) procedures for submission of a petition by environmental justice area residents in  
8.12 support of an impacts analysis; and

8.13 (5) methods for holding public meetings and handling public comments and testimony  
8.14 as required under subdivision 5.

8.15 (c) To the fullest extent feasible, the requirements under this subdivision must conform  
8.16 with rules adopted by the commissioner of the Pollution Control Agency as provided under  
8.17 section 116.065, subdivision 6.

8.18 Subd. 5. **Public meetings.** (a) An applicable entity that is required to conduct an impacts  
8.19 analysis under subdivision 3 must hold at least two public meetings in the relevant  
8.20 environmental justice area affected by the project. The first public meeting must be held  
8.21 before conducting an impacts analysis. The second public meeting must be held after  
8.22 completion of the impacts analysis.

8.23 (b) Before each public meeting held under this subdivision, the applicable entity must:

8.24 (1) at least 30 days before the meeting, publish notice that contains the date, time, and  
8.25 location of the meeting and a brief description of the project (i) on the entity's website, and  
8.26 (ii) in a newspaper of general circulation in the environmental justice area; and

8.27 (2) post physical signage in the relevant environmental justice area, as directed by the  
8.28 commissioner.

8.29 (c) At least 30 days before a public meeting that follows completion of an impacts  
8.30 analysis, the applicable entity must publish the impacts analysis on the entity's website.

8.31 (d) At each public meeting held under this subdivision, the applicable entity must:



9.1 (1) provide an opportunity for robust public and Tribal engagement; and

9.2 (2) accept written and oral comments, as directed by the commissioner, from any  
9.3 interested party.

9.4 (e) If there is more than one project that is subject to the requirements under this section  
9.5 in the same environmental justice area, the applicable entity may consolidate the public  
9.6 meeting requirements under this subdivision.

9.7 Subd. 6. **Community benefit agreement.** (a) The commissioner must establish policies  
9.8 that govern community benefit agreements, including but not limited to:

9.9 (1) procedures for an applicable entity and a participating governmental unit to enter  
9.10 into an agreement;

9.11 (2) the content of an agreement, in conformance with the requirements under paragraph  
9.12 (b); and

9.13 (3) a process for active outreach to residents of the relevant environmental justice area  
9.14 that is designed to achieve meaningful community participation, which must include but is  
9.15 not limited to requiring at least one public meeting on an agreement held within the  
9.16 environmental justice area prior to its finalization.

9.17 (b) A community benefit agreement must provide for one or more of the following in  
9.18 the relevant environmental justice area:

9.19 (1) a reduction in transportation pollutants;

9.20 (2) a reduction in adverse impacts on the environment or health;

9.21 (3) a mitigation action as provided under subdivision 7; or

9.22 (4) related beneficial impacts as determined by the commissioner.

9.23 (c) To the fullest extent feasible, the policies under this subdivision must conform with  
9.24 rules governing a community benefit agreement adopted by the commissioner of the Pollution  
9.25 Control Agency as provided under section 116.065, subdivision 6.

9.26 Subd. 7. **Mitigation action.** (a) A mitigation action as specified under section 161.178,  
9.27 subdivision 4, paragraph (c), may be included in a community benefit agreement if:

9.28 (1) there is a specified project, program, or modification;

9.29 (2) the necessary funding sources are identified and sufficient amounts are committed;

9.30 (3) the mitigation is localized as provided under paragraph (b); and

(4) procedures are established to ensure that the mitigation action remains in substantially the same form or a revised form that continues to meet the purposes of the community benefit agreement.

(b) A mitigation action must be localized in the following priority order:

(1) within the relevant environmental justice area; and

(2) as specified under section 161.178, subdivision 5, paragraph (a), provided that a reference to the capacity expansion project means the project under this section.

Sec. 5. Minnesota Statutes 2024, section 174.02, subdivision 2a, is amended to read:

Subd. 2a. **Transportation ombudsperson; environmental justice ombudsperson.** (a)

The commissioner ~~shall~~ must appoint (1) a person to the position of transportation ombudsperson, and (2) a person to the position of environmental justice ombudsperson.

~~The transportation~~ Each ombudsperson reports directly to the commissioner. ~~The~~

(b) An ombudsperson must be selected without regard to political affiliation and must be qualified to perform the duties specified in this subdivision. The environmental justice ombudsperson must be qualified by experience or expertise in issues related to environmental justice.

~~(b)~~ (c) Powers and duties of ~~the transportation~~ an ombudsperson include, but are not limited to:

(1) providing a neutral, independent resource for dispute and issue resolution between the department and the general public where another mechanism or forum is not available;

(2) gathering information about decisions, acts, and other matters of the department;

(3) providing information to the general public;

(4) facilitating discussions or arranging mediation when appropriate; and

(5) maintaining and monitoring performance measures for the ombudsperson program.

(d) The environmental justice ombudsperson must perform duties specified in paragraph (c) with particular consideration of:

(1) environmental justice advocacy within the department;

(2) actions, impacts, disputes, and issues that involve environmental justice areas, as defined in section 116.065, subdivision 1; and

(3) activity related to a transportation cumulative impacts analysis under section 161.179.

- 11.1
- ~~(e) The transportation~~

(e) An ombudsperson may not hold another formal position within
- 11.2
- the department. ~~The transportation~~

An ombudsperson may not impose a complaint fee.