A bill for an act relating to capital investment; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; modifying previous appropriations; establishing new programs and modifying existing programs; authorizing the sale and issuance of state bonds; appropriating money; amending Minnesota Statutes 2016, sections 13.6905, by adding a subdivision; 13.7411, by adding a subdivision; 16A.967; 85.34, subdivision 1; 115E.042; 160.18, by adding a subdivision; 162.145, subdivision 3; 174.52, subdivision 2; 219.015; 299A.55; 446A.072; 446A.073; 446A.081, subdivision 9; 446A.12, subdivision 12; 462A.37, subdivision 5, by adding a subdivision; Laws 2012, chapter 293, section 7, subdivision 3; Laws 2014, chapter 294, article 1, sections 7, subdivision 7, subdivision 15; 17, subdivisions 6, 12; Laws 2015, First Special Session chapter 5, article 1, section 10, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 219; repealing Minnesota Statutes 2016, section 123A.446.

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

ARTICLE 1

APPROPRIATIONS

Section 1. CAPITAL IMPROVEMENT APPROPRIATIONS.

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management.
and budget. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642. Unless otherwise specified in this article, money appropriated in this article for activities under Minnesota Statutes, sections 16B.307, 84.946, and 135A.046, should not be used for projects that can be financed within a reasonable time frame under Minnesota Statutes, section 16B.322 or 16C.144. Unless otherwise specified, general fund appropriations in this article are onetime and are in fiscal year 2017.

**APPROPRIATIONS**

**Sec. 2. UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation**

To the Board of Regents of the University of Minnesota for the purposes specified in this section.

Subd. 2. **Higher Education Asset Preservation and Replacement (HEAPR)**

To be spent in accordance with Minnesota Statutes, section 135A.046.

Subd. 3. **Chemical Sciences and Advanced Materials Science Building**

To design, construct, furnish, and equip a new laboratory building on the Duluth campus, including classrooms and research and undergraduate instructional laboratories.

Subd. 4. **Twin Cities - Plant Growth Research Facility**

To demolish the existing biological sciences greenhouse and to predesign, design, construct, furnish, and equip a greenhouse to support learning and research on the St. Paul campus.

Subd. 5. **University Share**

Except for the appropriation for HEAPR, the appropriations in this section are intended to cover approximately two-thirds of the cost of
3.1 each project. The remaining costs must be paid from university sources.

3.3 Subd. 6. **Unspent Appropriations**

3.4 Upon substantial completion of a project authorized in this section and after written notice to the commissioner of management and budget, the Board of Regents must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046. The Board of Regents must report by February 1 of each even-numbered year to the chairs of the house of representatives and senate committees with jurisdiction over capital investment and higher education finance, and to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee, on how the remaining money has been allocated or spent.

3.20 Sec. 3. **MINNESOTA STATE COLLEGES AND UNIVERSITIES**

3.22 Subdivision 1. **Total Appropriation** $107,487,000

3.23 To the Board of Trustees of the Minnesota State Colleges and Universities for the purposes specified in this section.

3.26 Subd. 2. **Higher Education Asset Preservation and Replacement (HEAPR)** 35,000,000

3.28 To be spent in accordance with Minnesota Statutes, section 135A.046.

3.30 Subd. 3. **Hibbing Community College** 9,958,000

3.31 To demolish Building G and connecting links or portions thereof, and to construct, renovate, furnish, and equip buildings, links, and entry spaces on the campus.
Subd. 4. Minnesota State Community and Technical College

(a) Fergus Falls campus
To design, renovate, furnish, and equip a new Center for Student and Workforce Success (CSWS) that integrates the Regional Workforce Center. The board must enter into a lease agreement with the commissioner of employment and economic development, or partners of the commissioner, for use of the workforce center subject to Minnesota Statutes, section 16A.695. The board must use nonstate money for the remainder of the cost of the renovation.

(b) Wadena campus
To design, renovate, furnish, and equip the relocation of the current library to underutilized space and converting the vacated space into a centralized student services center.

Subd. 5. Northland Community and Technical College, East Grand Forks
To design, renovate, furnish, and equip science and radiological lab space on the East Grand Forks campus.

Subd. 6. Riverland Community College, Albert Lea
To design, construct, furnish, and equip the renovation and expansion of the Trade and Industrial Education Center on the Albert Lea campus of Riverland Community College.

Subd. 7. South Central College, North Mankato
To design, renovate, renew, furnish, and equip laboratory, classroom and office spaces on the North Mankato campus.

Subd. 8. St. Cloud State University
To construct, renovate, furnish, and equip Eastman Hall for the relocation of consolidated student health services and academic programs.

Subd. 9. Winona State University, Education Village, Phase 2

To complete design, construct, renovate, furnish, and equip Phase 2 of the Education Village project, including the renovation of Cathedral and Wabasha Halls and Wabasha Rec, and remove obsolete portions of Wabasha Rec and the Annex building between Cathedral School and Wabasha Rec.

Subd. 10. Debt Service

(a) Except as provided in paragraph (b), the Board of Trustees shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section. After each sale of general obligation bonds, the commissioner of management and budget shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The board need not pay debt service on bonds sold to finance HEAPR. Where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold.

(c) The commissioner of management and budget shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be
paid by the board. The board shall pay its
resulting net assessment to the commissioner
of management and budget by December 1
each year. If the board fails to make a payment
when due, the commissioner of management
and budget shall reduce allotments for
appropriations from the general fund otherwise
available to the board and apply the amount
of the reduction to cover the missed debt
service payment. The commissioner of
management and budget shall credit the
payments received from the board to the bond
debt service account in the state bond fund
each December 1 before money is transferred
from the general fund under Minnesota
Statutes, section 16A.641, subdivision 10.
Subd. 11. Unspent Appropriations
(a) Upon substantial completion of a project
authorized in this section and after written
notice to the commissioner of management
and budget, the board must use any money
remaining in the appropriation for that project
for HEAPR under Minnesota Statutes, section
135A.046. The Board of Trustees must report
by February 1 of each even-numbered year to
the chairs of the house of representatives and
senate committees with jurisdiction over
capital investment and higher education
finance, and to the chairs of the house of
representatives Ways and Means Committee
and the senate Finance Committee, on how
the remaining money has been allocated or
spent.
(b) The unspent portion of an appropriation
for a project in this section that is complete is
available for HEAPR under this subdivision,
at the same campus as the project for which
the original appropriation was made and the
debt service requirement under subdivision
10 is reduced accordingly. Minnesota Statutes,
section 16A.642, applies from the date of the
original appropriation to the unspent amount
transferred.

Sec. 4. EDUCATION

Subdivision 1. Total Appropriation

To the commissioner of education for the
purposes specified in this section.

Subd. 2. Library Construction Grants

For library construction grants under
Minnesota Statutes, section 134.45.

Subd. 3. Red Lake - Independent School District
No. 38 Facility Projects

(a) This appropriation is from the maximum
effort school loan fund for a capital loan to
Independent School District No. 38, Red Lake,
as provided in Minnesota Statutes, sections
126C.60 to 126C.72. This appropriation is to
complete design and construction of a
connection structure between the Red Lake
Early Learning Childhood Center and Red
Lake Elementary School; renovations to
various classrooms, labs, and support rooms;
updating of mechanical systems; and
expansion of the cafeteria. Before any capital
loan contract is approved under this
subdivision, the district must provide
documentation acceptable to the commissioner
of education on how the capital loan will be
used.
(b) The commissioner of administration may provide project management services to assist the Department of Education with oversight of the project. No money for construction may be distributed by the commissioner of education to the recipient school district until bids have been received on 100 percent of the construction documents and satisfactory documentation has been submitted to the commissioner of education indicating the project can be fully completed with money available for the project.

(c) Notwithstanding the timelines in Minnesota Statutes, section 126C.69, subdivision 11, Independent School District No. 38, Red Lake, must submit the question authorizing the borrowing of money for the facilities to voters of the district at the first general election after the effective date of this section.

Subd. 4. **Grand Rapids - Myles Reif Center**

From the general fund for a grant to Independent School District No. 318, Grand Rapids, to cover cost overruns for the Myles Reif Center for the Performing Arts project in Grand Rapids. This appropriation is added to and is for the same purposes as the project in Laws 2014, chapter 294, article 1, section 21, subdivision 8. This appropriation does not require a nonstate contribution.

Subd. 5. **Olmsted County - Dyslexia Institute of Minnesota**

For a grant to Olmsted County to acquire land for and to predesign, design, construct, furnish, and equip a facility in Olmsted County to support the local, regional, and national
literacy work of the Dyslexia Institute of
Minnesota, subject to Minnesota Statutes,
section 16A.695. This appropriation is not
available until the commissioner of
management and budget determines that an
equal amount is committed from nonstate
sources.

Sec. 5. MINNESOTA STATE ACADEMIES

Subdivision 1. Total Appropriation $2,050,000
To the commissioner of administration for the
purposes specified in this section.

Subd. 2. Asset Preservation 2,000,000
For capital asset preservation improvements
and betterments on both campuses of the
Minnesota State Academies, to be spent in
accordance with Minnesota Statutes, section
16B.307.

Subd. 3. Security Corridor 50,000
For predesign for a safety corridor on the
Minnesota State Academy for the Deaf
campus.

Sec. 6. NATURAL RESOURCES

Subdivision 1. Total Appropriation $63,211,000
(a) To the commissioner of natural resources
for the purposes specified in this section.
(b) The appropriations in this section are
subject to the requirements of the natural
resources capital improvement program under
Minnesota Statutes, section 86A.12, unless
this section or the statutes referred to in this
section provide more specific standards.
criteria, or priorities for projects than

Minnesota Statutes, section 86A.12.

Subd. 2. Natural Resources Asset Preservation

For the renovation of state-owned facilities
and recreational assets operated by the
commissioner of natural resources to be spent
in accordance with Minnesota Statutes, section
84.946. Notwithstanding Minnesota Statutes,
section 84.946: (1) the commissioner may use
this appropriation to replace buildings if,
considering the embedded energy in the
building, that is the most energy-efficient and
carbon-reducing method of renovation; and
(2) this appropriation may be used for projects
to remove life safety hazards such as building
code violations or structural defects.

Subd. 3. Flood Hazard Mitigation

(a) For the state share of flood hazard
mitigation grants for publicly owned capital
improvements to prevent or alleviate flood
damage under Minnesota Statutes, section
103F.161.

(b) Levee projects, to the extent practical, shall
meet the state standard of three feet above the
100-year flood elevation.

(c) Project priorities shall be determined by
the commissioner as appropriate and based on
need.

(d) This appropriation includes $1,700,000 for
the Cedar River Watershed District, $750,000
for the city of Browns Valley project, and
$1,800,000 for the city of Ortonville project.

(e) For any project listed in this subdivision
that the commissioner determines is not ready
to proceed or does not expend all the money allocated to it, the commissioner may allocate that project's money to a project on the commissioner's priority list.

(f) To the extent that the cost of a project exceeds two percent of the median household income in a municipality or township multiplied by the number of households in the municipality or township, this appropriation is also for the local share of the project.

(g) To the extent practicable and consistent with the project, recipients of appropriations for flood damage reduction projects in this subdivision shall create wetlands that are eligible for wetland replacement credit to replace wetlands drained or filled as a result of repair, reconstruction, replacement, or rehabilitation of an existing public road under Minnesota Statutes, section 103G.222, subdivision 1, paragraphs (l) and (m).

(h) Wetlands established by flood control projects funded in this subdivision that are not needed for replacement credit as part of a flood damage project funded in this subdivision, are eligible for wetland replacement credit under Minnesota Statutes, sections 103G.222 to 103G.2243.

Subd. 4. **Dam Renovation, Repair, Removal**

For design, engineering, and construction to repair, reconstruct, or remove dams and respond to dam safety emergencies. The commissioner shall determine project priorities as appropriate under Minnesota Statutes, sections 103G.511 and 103G.515. Of this appropriation:
$500,000 is for emergencies on state-owned
dams;

$3,600,000 is for a grant to the city of
Lanesboro for repair of the Lanesboro dam
and notwithstanding the match requirements
in Minnesota Statutes, section 103G.511, does
not require a nonstate contribution. This
includes funding for repairs of the hydropower
system;

$2,500,000 is for repairs of the Lake Bronson
dam;

$500,000 is for a grant to the city of Pelican
Rapids for engineering work for the Pelican
Rapids dam;

$200,000 is for a grant to the city of Pine
River for engineering work on the Norway
Lake dam;

$200,000 is for a grant to Yellow Medicine
County for the Canby R-6 impoundment dam;

$100,000 is for a grant to St. Louis County for
the Little Stone Lake dam; and

$1,400,000 is for state dams at Brawner, West
Leaf Lake, Collinwood, Grindstone River, and
Sullivan.

If the commissioner determines that a project
is not ready to proceed, this appropriation may
be used for other projects on the
commissioner's priority list.

Subd. 5. Reforestation and Stand Improvement

To provide for reforestation and stand
improvement on state forest lands to meet the
reforestation requirements of Minnesota
Statutes, section 89.002, subdivision 2.
including purchasing native seeds and native seedlings, planting, seeding, site preparation, and protection on state lands administered by the commissioner.

**Subd. 6. State Trail and Recreation Area Development**

$2,000,000 is for acquisition and development of the Gitchi-Gami State Trail, Grand Marais to Cascade State Park, and through the town of Tofte.

$2,590,000 is for the Glacial Lakes Trail, to complete an approximately 6-1/4 mile trail connection between New London and Sibley State Park, and repair of the bicycle trail in Sibley State Park.

$3,300,000 is to design, develop, and complete the Heartland State Trail from Detroit Lakes to Frazee and, to the extent there is sufficient money, for work on the spur from Park Rapids to Itasca State Park.

$3,600,000 is for acquisition and development in the Cuyuna Country State Recreation Area, including the Cuyuna Mountain Bike System.

**Subd. 7. Champlin - Mill Pond**

For a grant to the city of Champlin to dredge and remove sediment and for other capital improvements of the Champlin Mill Pond necessary to improve water quality, restore fish habitat, and provide other public benefits.

**Subd. 8. Lake County - Prospectors ATV Trail System**

For a grant to Lake County for construction, including bridges, of the Prospectors ATV Trail System linking the communities of Ely,
Babbitt, Embarrass, and Tower; Bear Head
Lake and Lake Vermilion-Soudan
Underground Mine State Parks; the Taconite State Trail; and the Lake County Regional ATV Trail System. This appropriation is not available until the commissioner of management and budget determines that an equal amount is committed from other sources.

Subd. 9. Unspent Appropriations
The unspent portion of an appropriation for a project in this section that is complete, upon written notice to the commissioner of management and budget, is available for asset preservation under Minnesota Statutes, section 84.946. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Sec. 7. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation $30,405,000
To the commissioner of the Pollution Control Agency for the purposes specified in this section.

Subd. 2. St. Louis River Cleanup 12,705,000
To design and implement contaminated sediment management actions identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River Area of Concern. The agency shall enter into partnership agreements with federal agencies, where possible, to complete this project work by December 31, 2020.

Subd. 3. Closed Landfill Cleanup 650,000
To design and construct remedial systems and acquire land at closed landfills throughout the state in accordance with the closed landfill program under Minnesota Statutes, sections 115B.39 to 115B.42. The agency must follow the agency priorities, which includes a construction project at the waste disposal engineering (WDE) site in Anoka County.

Subd. 4. Capital Assistance Program
(a) For the solid waste capital assistance grant program under Minnesota Statutes, section 115A.54.
(b) Of this appropriation, $9,250,000 is for a grant to Polk County to complete a regional integrated solid waste management system. An additional renewable energy component shall not be mandated as a requirement of this project to qualify for funding under this section.

Subd. 5. Redwood-Cottonwood Rivers Joint Powers - Lake Redwood Reclamation and Enhancement Project
For a grant to the Redwood-Cottonwood Rivers control area, a joint powers entity, to predesign, design, construct, and equip the reservoir reclamation and enhancement of the 66-acre Lake Redwood Reservoir, to remove approximately 650,000 cubic yards of sediment and increase its depth from approximately 2.8 feet to approximately 20 feet in order to secure renewable energy capacity of the hydroelectric dam which is impeded by lack of water capacity, reduce the flow of pollutants to the Minnesota River, and increase fish habitat and enhance recreational opportunities.
Sec. 8. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. **Total Appropriation** $15,000,000

To the Board of Water and Soil Resources for the purposes specified in this section.

Subd. 2. **Reinvest in Minnesota (RIM) Reserve Program**

(a) To acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands and associated uplands of prairie and grasslands, and restore and enhance rivers and streams, riparian lands, and associated uplands of prairie and grasslands in order to protect soil and water quality, support fish and wildlife habitat, reduce flood damage, and provide other public benefits. The provisions of Minnesota Statutes, section 103F.515, apply to this program.

(b) The board shall give priority to leveraging federal money by enrolling targeted new lands or enrolling environmentally sensitive lands that have expiring federal conservation agreements.

(c) The board is authorized to enter into new agreements and amend past agreements with landowners as required by Minnesota Statutes, section 103F.515, subdivision 5, to allow for restoration. Of this appropriation, up to five percent may be used for restoration and enhancement.

Subd. 3. **Local Government Roads Wetland Replacement Program**

To acquire land or permanent easements and to restore, create, enhance, and preserve wetlands to replace those wetlands drained or

5,000,000
filled as a result of the repair, reconstruction, replacement, or rehabilitation of existing public roads as required by Minnesota Statutes, section 103G.222, subdivision 1, paragraphs (l) and (m). The board may vary the priority order of Minnesota Statutes, section 103G.222, subdivision 3, paragraph (a), to implement an in-lieu fee agreement approved by the U.S. Army Corps of Engineers under section 404 of the Clean Water Act. The purchase price paid for acquisition of land or perpetual easement must be a fair market value as determined by the board. The board may enter into agreements with the federal government, other state agencies, political subdivisions, nonprofit organizations, fee title owners, or other qualified private entities to acquire wetland replacement credits in accordance with Minnesota Rules, chapter 8420.

Sec. 9. AGRICULTURE

Subdivision 1. Total Appropriations $2,824,000

To the commissioner of agriculture for the purposes specified in this section.

Subd. 2. Agriculture Lab 2,218,000

From the general fund for equipment and instruments for the agriculture laboratory. This appropriation is available until June 30, 2022.

Subd. 3. AURI 606,000

From the general fund for a grant to Agricultural Utilization Research Institute (AURI) for construction of a development kitchen, sensory lab, and safety and security upgrades at AURI's Marshall facility and for
communications and information technology
upgrades at the Crookston, Marshall, and Waseca facilities.

Sec. 10. **RURAL FINANCE AUTHORITY** $35,000,000

For the purposes set forth in the Minnesota Constitution, article XI, section 5, paragraph (h), to the Rural Finance Authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is from the bond proceeds account in the rural finance administration fund and is for the beginning farmer program under Minnesota Statutes, section 41B.039; the loan restructuring program under Minnesota Statutes, section 41B.04; the seller-sponsored program under Minnesota Statutes, section 41B.042; the agricultural improvement loan program under Minnesota Statutes, section 41B.043; and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the Rural Finance Authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses. Priority for loans must be given first to basic beginning farmer loans, second to seller-sponsored loans, and third to agricultural improvement loans.

Sec. 11. **MINNESOTA ZOOLOGICAL GARDEN**

Subdivision 1. **Total Appropriation** $4,000,000
To the Minnesota Zoological Garden Board for the purposes specified in this section.

**Subd. 2. Asset Preservation**

For capital asset preservation improvements and betterments to infrastructure and exhibits at the Minnesota Zoo, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding the specified uses of money under Minnesota Statutes, section 16B.307, the board may use this appropriation to replace buildings that are poor in condition, outdated, and no longer support the work of the Minnesota Zoo and to construct and renovate trails and roads on the Minnesota Zoo site.

**Sec. 12. ADMINISTRATION**

**Subdivision 1. Total Appropriation**

To the commissioner of administration for the purposes specified in this section.

**Subd. 2. Centennial Parking Ramp**

(a) To complete design and for structural repairs to the Centennial parking ramp, including removal of the top deck green space to provide additional parking capacity, repairing damaged post-tension cables, and installation of a deck surface protection coating.

(b) Any unexpended amount of this appropriation after completing the project in paragraph (a) may be used to design and construct a storm water retention basin adjacent to the Centennial parking ramp, if the
20.1 commissioner of administration determines

20.2 that the basin is feasible.

20.3 Subd. 3. **Capital Asset Preservation and Replacement Account**

20.4 To be spent in accordance with Minnesota Statutes, section 16A.632.

20.5 Subd. 4. **Capitol Complex Monuments and Memorials**

20.6 To design and complete critical repairs to the Peace Officers and Roy Wilkins Memorials located on the Capitol complex.

20.7 Subd. 5. **Capitol Complex - Physical Security Upgrades**

20.8 For the design, construction, and equipping required to upgrade the physical security elements and systems for one or more of the buildings listed below, their attached tunnel systems and surrounding grounds, and parking facilities as identified in the 2014 Minnesota State Capitol Complex Physical Security Study conducted by Miller Dunwiddie Architecture.

20.9 Work includes but is not limited to the installation of bollards, blast protection, infrastructure security screen walls, door access controls, emergency call stations, security kiosks, locking devices, and traffic control to the extent these funds allow. This appropriation is for work associated with one or more of the following buildings:

20.10 Administration, Centennial, Judicial, Ag/Health Lab, Minnesota History Center, Minnesota History Center Loading Dock, Capitol Complex Power Plant and Shops, Stassen, State Office, and Veterans Service.

20.11 Subd. 6. **Granite Falls - Pioneer Public Television**

20.12 1,950,000

20.13 2,500,000

20.14 350,000

20.15 10,500,000

20.16 1,950,000
From the general fund to provide an equipment grant to Pioneer Public Television as part of the station's construction of a new facility in Granite Falls, Minnesota. The money may be used to purchase and install equipment necessary to the station's operation. This appropriation does not require a nonstate contribution.

Sec. 13. MN.IT $1,432,000

To the commissioner of administration to predesign, design, construct, renovate, furnish, and equip existing state data center facilities at the Bureau of Criminal Apprehension's Maryland Avenue office building and at the Department of Revenue's Stassen Office Building for the purpose of decommissioning and repurposing into usable space.

Sec. 14. MILITARY AFFAIRS $2,500,000

To the adjutant general for asset preservation improvements and betterments of a capital nature at military affairs facilities statewide, to be spent in accordance with Minnesota Statutes, section 16B.307.

Sec. 15. PUBLIC SAFETY $3,521,000

To the adjutant general to predesign, design, construct, and equip a joint emergency railroad and pipeline emergency response training facility at Camp Ripley. The project includes construction of stations and capital infrastructure needed for mock disaster training, including infrastructure for training in hazardous materials abatement and site recovery work.
Sec. 16. TRANSPORTATION

Subdivision 1. Total Appropriation $272,795,000

To the commissioner of transportation for the purposes specified in this section.

Subd. 2. Local Bridge Replacement and Rehabilitation 90,000,000

From the bond proceeds account in the state transportation fund to match federal money and to replace or rehabilitate local deficient bridges as provided in Minnesota Statutes, section 174.50.

Subd. 3. Local Road Improvement Fund Grants 141,196,000

(a) From the bond proceeds account in the state transportation fund as provided in Minnesota Statutes, section 174.50, for grants under Minnesota Statutes, section 174.52, subdivision 2, for construction and reconstruction of local roads with statewide or regional significance under Minnesota Statutes, section 174.52, subdivision 4, or for grants to counties to assist in paying the costs of rural road safety capital improvement projects on county state-aid highways under Minnesota Statutes, section 174.52, subdivision 4a.

(b) Of this amount, $9,000,000 is for a grant to Anoka County to complete the design, land acquisition, engineering, and construction of County State-Aid Highway 23, known as Lake Drive, County State-Aid Highway 54, known as West Freeway Drive, and to Hornsby Street in the city of Columbus to support the overall interchange project.
(c) Of this amount, $1,000,000 is for a grant to the town of Appleton in Swift County for upgrades to an existing township road to provide for a paved, ten-ton capacity township road extending between marked Trunk Highways 7 and 119.

(d) This appropriation includes money for a grant to the city of Baxter for 50 percent of total project cost for the acquisition of land or interests in land, environmental analysis and environmental cleanup, predesign, design, engineering, and construction of improvements to Cypress Drive, including expansion to a four-lane divided urban roadway, between Excelsior Road and College Road.

(e) Of this amount, $3,246,000 is for a grant to the city of Blaine to predesign, design, and reconstruct 105th Avenue in the vicinity of the National Sports Center in Blaine. The reconstruction will include changing the street from five lanes to four lanes with median, turn lanes, sidewalk, trail, landscaping, lighting, and consolidation of access driveways. This appropriation is not available until the commissioner of management and budget determines that at least $3,000,000 is committed to the project from sources available to the city, including municipal state aid and county turnback funds.

(f) Of this amount, $25,000,000 is for a grant to Hennepin County for design, right-of-way acquisition, engineering, and construction of public improvements related to the Interstate Highway 35W and Lake Street access project and related improvements within the Interstate

Article 1 Sec. 16.
Highway 35W corridor. This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete the Interstate Highway 35W and Lake Street access project has been committed to the project.

(g) Of this amount, $20,500,000 is for a grant to Ramsey County for preliminary and final design, right-of-way acquisition, engineering, contract administration, and construction of public improvements related to the construction of the interchange of marked Interstate Highway 694 and Rice Street, Ramsey County State-Aid Highway 49, in Ramsey County.

(h) Of this amount, $700,000 is for a grant to Redwood County for paving Nobles Avenue as the main access road to a new State Veterans Cemetery to be located in Paxton Township.

Subd. 4. Rail Grade Separations

To design and construct rail safety projects at highway-rail grade crossings in accordance with Minnesota Statutes, section 219.016. Of this appropriation:

1. $11,987,000 is for a grant to Anoka County for environmental analysis, design, engineering, removal of an existing structure, and construction of a rail grade crossing separation at Anoka County State-Aid Highway 78, known as Hanson Boulevard, in Coon Rapids.

2. $14,762,000 is for a grant to the city of Red Wing for environmental analysis, design,
25.1 engineering, removal of an existing structure,
25.2 and construction of a rail grade crossing
25.3 separation at Sturgeon Lake Road.

25.4 Subd. 5. Railroad Warning Devices 1,000,000
25.5 To design, construct, and equip new rail grade
25.6 crossing warning safety devices at active
25.7 highway-rail grade crossings, or to replace
25.8 active highway-rail grade warning safety
25.9 devices that have reached the end of their
25.10 useful life.

25.11 Subd. 6. Minnesota Valley Regional Rail
25.12 Authority 4,000,000
25.13 For a grant to the Minnesota Valley Regional
25.14 Rail Authority for the rehabilitation of a
25.15 portion of the railroad track between Winthrop
25.16 and Hanley Falls. The grant under this
25.17 subdivision may also be used for any required
25.18 environmental documentation and
25.19 remediation, predesign, design, and
25.20 rehabilitation or replacement of bridges with
25.21 new bridges or culverts between Winthrop and
25.22 Hanley Falls. A grant under this section is in
25.23 addition to any grant, loan, or loan guarantee
25.24 for this project made by the commissioner
25.25 under Minnesota Statutes, sections 222.46 to
25.26 222.62. This appropriation is in addition to
25.27 the appropriations in Laws 2006, chapter 258,
25.28 section 16, subdivision 6; Laws 2008, chapter
25.29 179, section 16, subdivision 5; Laws 2009,
25.30 chapter 93, article 1, section 11, subdivision
25.31 4; Laws 2010, chapter 189, section 15,
25.32 subdivision 5; and Laws 2015, First Special
25.33 Session chapter 5, article 1, section 10,
25.34 subdivision 4.

25.35 Subd. 7. Hugo - Short Line Railway 1,100,000
For a grant to Minnesota Commercial Railway
for construction of repairs and other capital
improvements to approximately 6.5 miles of
railroad track described as that portion of the
Minnesota Commercial Railway main running
lead, between M & D Junction in White Bear
Lake and the end of the track in Hugo. This
appropriation must be used for the purposes
set forth in the Minnesota Constitution, article
XI, section 5, clause (i), to improve and
rehabilitate railroad rights-of-way and other
rail facilities, whether public or private. This
appropriation does not require a nonstate
match.

Subd. 8. Port Development Assistance
5,000,000

Subd. 9. International Falls-Koochiching County
Airport Commission
3,000,000

(a) For a grant to the International
Falls-Koochiching County Airport
Commission for the following improvements
to the Falls International Airport:

(1) demolition of the existing terminal
building;

(2) rehabilitation;

(3) site preparation, including utilities and civil
work;

(4) design, construction, furnishing, and
equipping Phase II of the new terminal
building, including a Transportation Safety
Administration office, weather office,
conference room, circulation corridor, airport
administration offices, United States Customs
and Border Protection storage rooms, offices,
restrooms, passenger-processing area,
et-lead room, interview room, search room,
precusts and postcustoms passenger waiting
areas, and vestibule; and

(5) associated appurtenances of a capital
nature.

(b) After completion of the improvements
under paragraph (a), any unspent money from
this appropriation may be used by the
International Falls-Koochiching County
Airport Commission for a commercial airline
apron expansion project at the Falls
International Airport.

(c) This appropriation does not require a
nonstate contribution or match.

Subd. 10. **Grand Rapids - Pedestrian Bridge** 750,000

For a grant to the city of Grand Rapids to
design the construction of a bridge over the
Mississippi River for pedestrian and bicycle
use to provide a safe alternative route to the
existing marked Trunk Highway 169 vehicle
bridge, and to serve as a connection to existing
trail systems on each side of the river. This
appropriation is not available until the
commissioner determines that an equal amount
has been committed to the project from
nonstate sources.

Sec. 17. **METROPOLITAN COUNCIL**

Subdivision 1. **Total Appropriation**  $ 40,350,000
28.1 To the Metropolitan Council for the purposes specified in this section.

28.2 Subd. 2. Metropolitan Regional Parks and Trails Capital Improvements 5,000,000

28.3 For the cost of improvements and betterments of a capital nature and acquisition by the council and local government units of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.147. This appropriation must not be used to purchase easements.

28.4 Subd. 3. Metro Orange Line BRT 12,100,000

28.5 Up to $12,100,000, but an amount that is no more than ten percent of the total project cost, is for the Metropolitan Council, or for the Metropolitan Council to make grants to political subdivisions, for design, acquisition of right-of-way, engineering, and construction of capital improvements along the I-35W corridor for completion of the Metro Orange Bus Rapid Transit (BRT) Line.

28.6 Subd. 4. Mall of America Station 8,750,000

28.7 For design and construction of improvements to the Mall of America Station on the Hiawatha Corridor light rail transit line, subject to Minnesota Statutes, section 16A.695. The Metropolitan Council must consult with the city of Bloomington throughout the design and construction process.

28.8 Subd. 5. Metropolitan Cities Inflow and Infiltration Grants 2,500,000

28.9 For grants to cities within the metropolitan area, as defined in Minnesota Statutes, section **Article 1 Sec. 17.**
473.121, subdivision 2, for capital improvements in municipal wastewater collection systems to reduce the amount of inflow and infiltration to the Metropolitan Council's metropolitan sanitary sewer disposal system. Grants from this appropriation are for up to 50 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection systems. To be eligible for a grant, a city must be identified by the council as a contributor of excessive inflow and infiltration in the metropolitan disposal system or have a measured flow rate within 20 percent of its allowable council-determined inflow and infiltration limits. The council must award grants based on applications from cities that identify eligible capital costs and include a timeline for inflow and infiltration mitigation construction, pursuant to guidelines established by the council.

Subd. 6. St. Paul - Como Zoo
For a grant to the city of St. Paul for predesign, design, and engineering of Phase I of the renovation of seal and sea lion habitat at the Como Zoo. The renovated habitat will support the zoo education programs. This appropriation is not available until the commissioner of management and budget determines that at least $1,100,000 is committed to the project from nonstate sources.

Sec. 18. HEALTH

$ 2,335,000
From the general fund in fiscal year 2017 to the commissioner of health for equipment and instruments for the public health laboratory.

Notwithstanding Minnesota Statutes, section 16A.642, this appropriation is available until June 30, 2022.

Sec. 19. **HUMAN SERVICES**

Subdivision 1. **Total Appropriation** $84,271,000

To the commissioner of administration, or another named agency, for the purposes specified in this section.

Subd. 2. **Minnesota Security Hospital - St. Peter** $57,611,000

To complete design, remodel, construct, furnish, and equip the second phase of the two-phase project to remodel existing and to develop new residential, program, activity, and ancillary facilities for the Minnesota Security Hospital on the upper campus of the St. Peter Regional Treatment Center. This does not include construction of a new 48-bed transitional housing unit. This appropriation includes money to: demolish, renovate, and remodel existing space; construct new space; address fire and life safety, and other building code deficiencies; replace or renovate interior finishes; purchase furnishings, fixtures, and equipment; replace or renovate the Minnesota Security Hospital building's HVAC, plumbing, electrical, security, and life safety systems; tuck-point; replace windows and doors; design and abate asbestos and hazardous materials; and complete site work necessary to support the programmed use of the facilities on the St.
31.1 Peter Regional Treatment Center upper campus.

31.3 Subd. 3. **Child and Adolescent Behavioral Health Services**

31.5 To purchase land in or near the city of Willmar for, and to redesign, design, construct, furnish, and equip, a 16-bed psychiatric hospital facility of approximately 17,500 to 18,000 square feet that will house the Child and Adolescent Behavioral Health Services (CABHS) program. The facility shall include space for single bedrooms, bathing and toilets, dining, living, group and treatment rooms, education space, visitation, clinic/professional staff, operations staff, patient storage, operations storage, food preparation, HVAC/telecommunications/data equipment, a small area for indoor recreation, and a secure outdoor activity space. The property for the facility will provide for staff and visitor parking, outdoor activities, and appropriate side, front, and rear setbacks.

31.23 Subd. 4. **Anoka Metro Regional Treatment Center Safety and Security Renovations**

31.25 To provide security upgrades of a capital nature at the Anoka Metro Regional Treatment Center campus, including but not limited to control centers, electronic monitoring and perimeter security equipment, new or updated security fencing, and other building security renovations. This appropriation includes money for: predesign, design, furnishing, fixtures, and equipment; construction of safety and security improvements to courtyards on residential treatment units; securely enclosing the nursing station on Unit G; and installing...
a campus-wide closed-circuit television video
security system, a facility-wide personal
duress alarm system, a key control system,
and an electronic access control system.

**Subd. 5. Regional Medical Examiner's Facility**

To the commissioner of human services for a
grant to Hennepin County to design an
approximately 67,000 square foot regional,
state-of-the-art medical examiner's facility.
The facility shall: (1) provide forensic death
investigation and autopsy services for Dakota,
Hennepin, and Scott Counties with the
flexibility to accommodate future partner
counties and agencies; (2) serve as a teaching
facility for the state, on the science of forensic
pathology; and (3) be located in the city of
Bloomington as a site that best supports access
needs for the three founding counties and
reasonable scene response times for the
geographic service area.

**Subd. 6. Perspectives Family Center - St. Louis Park**

From the general fund to the commissioner of
human services for a grant to Perspectives,
Inc. to predesign and design the expansion and
renovation of the existing Perspectives Family
Center facility in St. Louis Park. The expanded
and renovated facility must be used to promote
the public welfare by providing any or all of
the following programs and services: (1)
supportive housing programs for homeless
women and their children; (2) mental and
chemical health programs; (3) employment
services; (4) academic, social skills, and
nutritional programs for homeless and at-risk
33.1 children; (5) an all-day therapeutic early
33.2 childhood development program for homeless
33.3 and at-risk children; and (6) a culturally
33.4 sensitive safe and nurturing environment for
33.5 at-risk children to meet with their
33.6 nonresidential parents. This appropriation is
33.7 not available until the commissioner of
33.8 management and budget has determined that
33.9 at least an equal amount has been expended
33.10 or committed to the project from nonstate
33.11 sources. Nonstate money spent on the project
33.12 since May 1, 2015, shall be included in the
33.13 determination of nonstate commitments to the
33.14 project.

Subd. 7. The Family Partnership
33.15
1,600,000

Subd. 8. St. Paul - Dorothy Day Opportunity
33.25 Center
33.26
12,000,000

To the commissioner of human services from
33.27 the general fund for a grant to the Family
33.28 Partnership to predesign and design a facility
33.29 in Minneapolis to provide mental health, early
33.30 childhood education, and other services to
33.31 support children and families. This
33.32 appropriation is not available until at least an
33.33 equal amount of money is committed from
33.34 nonstate resources.

Subd. 9. Saint Paul - St. Paul Housing Authority
33.35
16,000,000

To the commissioner of human services for a
33.36 grant to the city of St. Paul to predesign,
33.37 design, construct, furnish, and equip an
33.38 opportunity center to serve as an integrated
33.39 one-stop delivery system connecting persons
33.40 at risk of becoming homeless, and persons
33.41 working to move up and out of homelessness,
33.42 and to provide services that improve their
33.43 health, income, housing stability, or
well-being, subject to Minnesota Statutes, section 16A.695. This appropriation may be used to acquire property for these purposes. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources. This appropriation is in addition to the appropriation in Laws 2014, chapter 294, article 1, section 18, subdivision 9.

Sec. 20. VETERANS AFFAIRS  $ 5,000,000

To the commissioner of administration for asset preservation improvements and betterments of a capital nature at the veterans homes in Minneapolis, Hastings, Fergus Falls, Silver Bay, and Luverne, to be spent in accordance with Minnesota Statutes, section 16B.307.

Sec. 21. CORRECTIONS

Subdivision 1. Total Appropriation  $ 40,900,000

To the commissioner of administration for the purposes specified in this section.

Subd. 2. Asset Preservation  20,000,000

For asset preservation improvements and betterments of a capital nature at Minnesota correctional facilities statewide, to be spent in accordance with Minnesota Statutes, section 16B.307.

Subd. 3. Minnesota Correctional Facility - St. Cloud  19,000,000

To construct and equip a new intake unit and a loading dock with a secure connection to a
35.1 new central warehouse at the Minnesota Correctional Facility – St. Cloud.

35.3 Subd. 4. Minnesota Correctional Facility - Moose Lake

1,900,000

35.5 To design, expand, renovate, and equip the outdated master control center to improve security and efficiency at the Minnesota Correctional Facility - Moose Lake. The renovation includes updating fire alarm panels and mechanical and electrical systems and improving visibility of the visiting area.

35.10 Subd. 5. Unspent Appropriations

The unspent portion of an appropriation for a Department of Corrections project in this section that is complete, upon written notice to the commissioner of management and budget, is available for asset preservation under Minnesota Statutes, section 16B.307. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

35.22 Sec. 22. EMPLOYMENT AND ECONOMIC DEVELOPMENT

35.24 Subdivision 1. Total Appropriation

$93,350,000

35.26 To the commissioner of employment and economic development for the purposes specified in this section.

35.28 Subd. 2. Transportation Economic Development

$7,000,000

35.31 Subd. 3. Greater Minnesota Business Development Public Infrastructure Grants

$12,000,000

35.33 For grants under Minnesota Statutes, section 116J.431.
Subd. 4. **Innovative Business Development Public Infrastructure Grants**

For grants under Minnesota Statutes, section 116J.435.

**Subd. 5. Duluth - Steam Plant**

From the general fund for a grant to the city of Duluth for one or more of the following:

- complete the design of and renovate, construct, furnish, and equip an upgrade to the municipal district heating facility and systems, including conversion of the distribution system along Superior Street from steam, with no condensate return, to closed-loop hot water.

This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete a distinct phase of the project converting the steam system to hot water is committed from nonstate sources.

**Subd. 6. Eagle's Healing Nest**

From the general fund for a grant to Eagle's Healing Nest in Sauk Centre.

**Subd. 7. Hennepin County - Hennepin Center for the Arts**

From the general fund for a grant to Hennepin County for improvements and betterments of a capital nature to renovate the historic Hennepin Center for the Arts. This appropriation is available after the commissioner of management and budget determines that $3,000,000 has been committed to complete the project from nonstate sources.

**Subd. 8. Hermantown - Arrowhead Regional Health and Wellness Center**

8,000,000
For a grant to the city of Hermantown to prepare the middle school site on the Hermantown School District campus, including demolition of a portion of the middle school, and to design, construct a new addition to the middle school building and renovate the remaining existing building, furnish, and equip the facility as the Arrowhead Regional Health and Wellness Center. The city may enter into lease or management agreements under Minnesota Statutes, section 16A.695, for operation of the center. This appropriation is not available until at least an equal amount is committed to the project from nonstate sources.

Subd. 9. **Litchfield - Phase 2 Power Generation Improvements**

For a grant to the city of Litchfield to design and construct electrical generation improvements in the city of Litchfield to expand the current standby capacity, including replacement of two old generators. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount is committed to the project from nonstate sources.

Subd. 10. **Madelia**

For a grant to the city of Madelia for repair and replacement of a capital nature of public infrastructure damaged by a fire in Madelia in February 2016. This appropriation does not require a nonstate contribution.

Subd. 11. **Minneapolis - Norway House**

For a grant to the city of Minneapolis to purchase and install a new Norway House.
From the general fund for a grant to the Norway House to acquire land and redesign, design, construct, furnish, and equip a conference and event center at 913 East Franklin Avenue and adjacent property in Minneapolis to celebrate the culture of Norway and American Norwegians. This appropriation is not available until at least an equal amount is committed from nonstate sources. Land purchased for this expansion project shall count toward the nonstate match.

Subd. 12. **Minneapolis - Pioneers and Soldiers Cemetery Restoration**

For a grant to the city of Minneapolis to restore the historic steel and limestone pillar fence along Cedar Avenue and Lake Street, install a new steel fence and pillars along 21st Avenue South, and install a waterproofing system for preservation of the fence and pillars, at the Pioneer and Soldiers Cemetery.

This appropriation is available after the commissioner of management and budget determines that $394,000 is committed from nonstate sources.

Subd. 13. **Polk County - North Country Food Bank in Crookston**

For a grant to Polk County to redesign, design, construct, renovate, furnish, and equip a regional charitable food warehouse, distribution, and office facility in the city of Crookston, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount has been committed to the project from nonstate sources. The value Article 1 Sec. 22.
of the land purchased or acquired by the county after January 1, 2013, for this facility shall count toward the nonstate match.

Subd. 14. **Red Wing - River Town Renaissance**

For a grant to the city of Red Wing to complete removal and replacement of approximately 250 linear feet of the harbor retaining wall; to design, construct, furnish, and equip the renovation of the historic T.B. Sheldon Performing Arts Theater; and to design and construct transient riverboat docking facilities, levee wall extension, and levee promenade improvements at Levee Park.

This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete the project has been committed from nonstate sources.

Subd. 15. **St. James - Public Infrastructure**

For a grant to the city of St. James. Of this amount, $2,193,000 is for engineering, right-of-way acquisition, and reconstruction of streets, sidewalks, storm water and sanitary sewer, water mains, lighting, utilities, and other capital improvements of publicly owned infrastructure required for the reconstruction of marked Trunk Highway 4 in the city of St. James, and $1,250,000 is to replace the storm sewer drain which serves St. James Lake and the entire southern section of the City of St. James.

Subd. 16. **St. Paul - Science Museum of Minnesota Building Preservation**

For a grant to the city of St. Paul for predesign, design, and construction work to replace
water-damaged elements of the Science Museum of Minnesota's exterior envelope and some resultant interior damage caused by latent design and construction defects, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner of management and budget determines that an equal amount has been committed to the project from nonstate sources. Capital costs paid by the Science Museum of Minnesota since January 1, 2014, relating to the water intrusion damage, shall count towards the match requirement.


For a grant to the St. Paul Port Authority to design, construct, furnish, and equip new museum galleries and an art study facility for the Minnesota Museum of American Art. This facility provides space to celebrate the legacy of Minnesota art and artists and is part of the restoration of the historic Pioneer Endicott Building, and a part of a multiphase project, of which only the museum galleries and art study facility constructed with this appropriation shall be state bond financed property subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner of management and budget has determined that:

(1) at least an amount equal to this appropriation has been committed or previously expended for design, construction, and furnishing of the adjacent Minnesota Museum of American Art Center for Creativity facilities, which are not subject to

6,000,000

Article 1 Sec. 22.
Minnesota Statutes, section 16A.695, with funds from nonstate sources; and (2) sufficient other state and nonstate funds are available, if funds beyond this appropriation are required, to complete the museum galleries and art study facility.

Funds invested in the Minnesota Museum of American Art Center for Creativity facilities by an investor receiving an assignment of state historic tax credits as provided in Minnesota Statutes, section 290.0681, are nonstate funds for purposes of this requirement. Only expenditures made after January 1, 2012, shall qualify for the required match. Due to the integrated nature of the overall development, public bidding shall not be required.

**Sec. 23. PUBLIC FACILITIES AUTHORITY**

**Subdivision 1. Total Appropriation** $143,366,000

To the Public Facilities Authority for the purposes specified in this section. The Public Facilities Authority may use the funds in this section or other available funds to amend project financing agreements awarded after July 1, 2016, based on program changes in article 3, sections 5 and 6.

**Subd. 2. State Match for Federal Grants** 17,000,000

To match federal grants for the clean water revolving fund under Minnesota Statutes, section 446A.07, and the drinking water revolving fund under Minnesota Statutes, section 446A.081. This appropriation must be used for qualified capital projects.

**Subd. 3. Water Infrastructure Funding Program** 70,000,000
(a) For grants to eligible municipalities under
the water infrastructure funding program under
Minnesota Statutes, section 446A.072.

(b) $51,500,000 is for wastewater projects
listed on the Pollution Control Agency's
project priority list in the fundable range under
the clean water revolving fund program.

(c) $18,500,000 is for drinking water projects
listed on the commissioner of health's project
priority list in the fundable range under the
drinking water revolving fund program.

(d) After all eligible projects under paragraph
(b) or (c) have been funded, the Public
Facilities Authority may transfer any
remaining, uncommitted money to eligible
projects under a program defined in paragraph
(b) or (c) based on that program's project
priority list.

Subd. 4. **Point Source Implementation Grants Program**

For grants to eligible municipalities under the
point source implementation grants program
under Minnesota Statutes, section 446A.073.
This appropriation must be used for qualified
capital projects.

Subd. 5. **Big Lake Area Sanitary District - Sewer System and Force Main**

For a grant to the Big Lake Area Sanitary
District to construct a pressure sewer system
and force main to convey sewage to the
Western Lake Superior Sanitary District
connection in the city of Cloquet. This
appropriation is not available until the
commissioner of management and budget
determines that an equal amount is committed
43.1 from nonstate sources. This appropriation is
43.2 in addition to the appropriation in Laws 2014,
43.3 chapter 294, article 1, section 22, subdivision
43.4 4.

43.5 Subd. 6. Dennison - Sewage Treatment System
43.6 Improvements

43.7 For a grant to the city of Dennison to
43.8 predesign, design, and construct a new lift
43.9 station and make sewage pond improvements.
43.10 This appropriation does not require a nonstate
43.11 contribution.

43.12 Subd. 7. East Grand Forks - Wastewater
43.13 Interconnection Infrastructure

43.14 For a grant to the city of East Grand Forks to
43.15 design and construct wastewater infrastructure
43.16 improvements interconnecting the wastewater
43.17 system of East Grand Forks to the wastewater
43.18 treatment system in Grand Forks, North
43.19 Dakota. This appropriation may not be used
43.20 for improvements outside the state. This
43.21 appropriation is in addition to grants under
43.22 Minnesota Statutes, section 446A.072. A
43.23 nonstate match is not required.

43.24 Subd. 8. Koochiching County - Voyageurs
43.25 National Park Clean Water Project

43.26 (a) For a grant to Koochiching County to
43.27 acquire land or interests in land, and to design,
43.28 engineer, construct, and equip sanitary sewage
43.29 systems and facilities to implement a portion
43.30 or portions of the Voyageurs National Park
43.31 clean water project comprehensive plan. This
43.32 appropriation is available after the
43.33 commissioner of management and budget
43.34 determines that $4,500,000 is committed from
43.35 nonstate sources.
(b) This appropriation is in addition to the appropriation in Laws 2014, chapter 294, article 1, section 22, subdivision 7.

Notwithstanding the match requirement in Laws 2014, chapter 294, article 1, section 22, subdivision 7, the nonstate match required for this appropriation and the 2014 appropriation for a grant to Koochiching County is 25 percent of the state grant amounts. Any money remaining from this appropriation after completion of the projects in paragraph (a) is available for grants to Koochiching County or St. Louis County to be used for other capital projects described in the comprehensive plan and as determined by the Voyageur's National Park Clean Water Joint Powers Board.

Subd. 9. Lilydale - Highway 13 Storm Water Conveyance

From the general fund for a grant to the city of Lilydale to design, acquire, construct, and install a storm water sewer and drop structure along Trunk Highway 13 in Lilydale that will be large enough to effectively collect water from springs and storm water runoff from above the road and safely convey the water to below the bluff. The city must coordinate this project with the Department of Transportation's Trunk Highway 13 project. The appropriation and project also include capital repairs and improvements to existing drainage structures along the Big Rivers Regional Trail at the base of the bluff. This appropriation does not require a nonstate contribution.

Subd. 10. Oronoco - Wastewater Collection and Treatment Facilities

SF210 REVISOR JSK S0210-2 2nd Engrossment

140,000

500,000
From the general fund for a grant to the city of Oronoco to commission a study to evaluate options for solving the wastewater infrastructure needs for the region including the city of Oronoco, the city of Pine Island, or the city of Rochester. This appropriation does not require a nonstate match.

Sec. 24. MINNESOTA HOUSING FINANCE AGENCY

For transfer to the housing development fund to finance the costs of rehabilitation to preserve public housing under Minnesota Statutes, section 462A.202, subdivision 3a. For purposes of this section, "public housing" means housing for low-income persons and households financed by the federal government and owned and operated by the public housing authorities and agencies formed by cities and counties. Public housing authorities receiving a public housing assessment composite score of 80 or above or an equivalent designation are eligible to receive funding. Priority must be given to proposals that maximize federal or local resources to finance the capital costs. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable housing and the restrictions of Minnesota Statutes, section 462A.202, subdivision 7, do not apply to this appropriation.

Sec. 25. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total Appropriation

$ 2,500,000
To the Minnesota Historical Society for the purposes specified in this section.

Subd. 2. **Historic Sites Asset Preservation** 2,500,000

For capital improvements and betterments at state historic sites, buildings, landscaping at historic buildings, exhibits, markers, and monuments, to be spent in accordance with Minnesota Statutes, section 16B.307. The society shall determine project priorities as appropriate based on need.

Sec. 26. **BOND SALE EXPENSES** $ 1,048,000

To the commissioner of management and budget for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 27. **BOND SALE AUTHORIZATION.**

Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in this act from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $803,645,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. **Transportation fund.** To provide the money appropriated in this act from the state transportation fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $231,196,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 3. **Maximum effort school loan fund.** To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $14,070,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.
Sec. 28. BOND SALE SCHEDULE.

The commissioner of management and budget shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2019, no more than $1,154,008,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of management and budget shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 29. CANCELLATIONS; BOND SALE AUTHORIZATION REDUCTIONS.

(a) The remaining uncommitted appropriations from the bond proceeds fund in Laws 1990, chapter 610, are canceled and the bond sale authorization in Laws 1990, chapter 610, article 1, section 30, subdivision 1, as amended, is reduced by $3,129.

(b) The remaining uncommitted appropriations from the bond proceeds fund in Laws 1994, chapter 643, are canceled and the bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, as amended, is reduced by $24,480.

(c) The remaining uncommitted appropriations from the bond proceeds fund in Laws 1997, Second Special Session chapter 2, are canceled and the bond sale authorization in Laws 1997, Second Special Session chapter 2, section 12, as amended, is reduced by $96,992.

(d) The remaining uncommitted appropriations from the bond proceeds fund in Laws 1999, chapter 240, are canceled and the bond sale authorization in Laws 1999, chapter 240, article 1, section 13, subdivision 1, as amended, is reduced by $212,472.

(e) The remaining uncommitted appropriations from the bond proceeds fund in Laws 2000, chapter 492, are canceled and the bond sale authorization in Laws 2000, chapter 492, article 1, section 26, subdivision 1, as amended, is reduced by $7,933,538.

(f) The remaining uncommitted appropriations from the bond proceeds fund in Laws 2002, chapter 393, are canceled and the bond sale authorization in Laws 2002, chapter 393, section 30, subdivision 1, as amended, is reduced by $188,471.
(g) The remaining uncommitted appropriations from the bond proceeds fund in Laws 2002, First Special Session chapter 1, are canceled and the bond sale authorization in Laws 2002, First Special Session chapter 1, section 9, subdivision 1, is reduced by $217,959.

(h) The remaining uncommitted appropriations from the trunk highway bond proceeds fund in Laws 2003, First Special Session chapter 19, article 3, are canceled and the bond sale authorization in Laws 2003, First Special Session chapter 19, article 3, section 2, is reduced by $201,530.

(i) The remaining uncommitted appropriations from the trunk highway bond proceeds fund in Laws 2003, First Special Session chapter 19, article 4, are canceled and the bond sale authorization in Laws 2003, First Special Session chapter 19, article 4, section 4, is reduced by $326,534.

(j) The remaining uncommitted appropriations from the bond proceeds fund in Laws 2005, chapter 20, are canceled and the bond sale authorization in Laws 2005, chapter 20, article 1, section 28, subdivision 1, as amended, is reduced by $3,366,628.

(k) The $700,000 appropriation from the bond proceeds fund in Laws 2011, First Special Session chapter 12, section 13, subdivision 8, for St. Louis Park noise barriers, is canceled and the bond sale authorization in Laws 2011, First Special Session chapter 12, section 23, subdivision 1, is reduced by the same amount.

(l) The $2,285,000 appropriation from the bond proceeds fund in Laws 2012, First Special Session chapter 1, article 1, section 3, subdivision 2, to the commissioner of public safety for disaster relief, is canceled and the bond sale authorization in Laws 2012, First Special Session chapter 1, article 1, section 16, subdivision 1, is reduced by the same amount.

(m) $1,380,000 of the appropriation from the bond proceeds fund in Laws 2012, First Special Session chapter 1, article 1, section 6, to the Public Facilities Authority for disaster relief, is canceled and the bond sale authorization in Laws 2012, First Special Session chapter 1, article 1, section 16, subdivision 1, is reduced by the same amount.

(n) The $300,000 appropriation from the general fund in Laws 2015, First Special Session chapter 5, article 1, section 14, subdivision 4, for Eagle's Healing Nest is canceled.

Sec. 30. EFFECTIVE DATE.

Except as otherwise provided, this article is effective the day following final enactment.
ARTICLE 2

TRANSPORTATION FINANCE AND POLICY

Section 1. TRANSPORTATION CAPITAL IMPROVEMENT APPROPRIATIONS.

(a) The sums shown in this article in the columns marked "Appropriations" are added to the appropriations in Laws 2015, chapter 75, article 1, to the commissioner of transportation, or another named agency, for the purposes specified in this article. The appropriations are from the general fund, or another named fund. Unless otherwise specified, general fund appropriations in this article are onetime, and are in fiscal year 2017.

(b) Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget. Unless otherwise specified, the appropriations in this article are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

APPROPRIATIONS

Sec. 2. TOTAL TRUNK HIGHWAY BOND APPROPRIATION

Subdivision 1. Total Appropriation $ 197,000,000

The appropriation in this section is from the bond proceeds account in the trunk highway fund and may be used by the commissioner only for purposes specified in this section.

Subd. 2. Trunk Highway 23 Construction

For construction of marked Trunk Highway 23 as a four-lane divided highway (i) from the point where marked Trunk Highway 23 ceases as a four-lane divided highway near the intersection with Kandiyohi County State-Aid Highway 31, located east of New London, to the point where marked Trunk Highway 23 commences as a four-lane divided highway, located southwest of Paynesville, and (ii) from
the point where marked Trunk Highway 23
ceases as a four-lane divided highway, located
northeast of Paynesville, to the point where
marked Trunk Highway 23 commences as a
four-lane divided highway, located southwest
of Richmond, provided that notwithstanding
Minnesota Statutes, section 16A.28, this
amount is available for seven years.

Subd. 3. **Trunk Highway 14**

For right-of-way acquisition, design,
environmental, and environmental analysis of
marked U.S. Highway 14 as a four-lane
divided highway from the interchange with
County Road 43 in Steele County to the west
junction with marked Trunk Highway 56 in
Dodge County.

Subd. 4. **U.S. Highway 10**

For a third travel lane in each direction of
marked U.S. Highway 10 from the interchange
with Hanson Boulevard to the interchange
with Round Lake Boulevard in the city of
Coon Rapids.

Subd. 5. **Hennepin County - U.S. Highway 12**

For projects on marked U.S. Highway 12,
including preliminary and final design,
environmental analysis,
right-of-way acquisition, construction, and
reconstruction, as follows:

(1) realignment at the intersections with
Hennepin County State-Aid Highway 92;

(2) realignment and safety improvements at
the intersection with Hennepin County
State-Aid Highway 90; and
(3) safety median improvements from the interchange with Wayzata Boulevard in Wayzata to approximately one-half mile east of the interchange with Hennepin County State-Aid Highway 6.

Subd. 6. Anoka County - I-35 Interchange in Columbus

For a grant to Anoka County to (1) complete the design, land acquisition, engineering, and construction of an interchange at the intersection of marked Interstate Highway 35, marked Trunk Highway 97, and County State-Aid Highway 23; and (2) realign and make associated improvements to County State-Aid Highway 54, known as West Freeway Drive, in the city of Columbus.

Subd. 7. I-94/Brockton Lane Interchange

For construction of an interchange and auxiliary lanes on marked Interstate Highway 94 east of the Hennepin County State-Aid Highway 101 (Brockton Lane) overpass in the city of Dayton.

Sec. 3. TOTAL TRUNK HIGHWAY FUND APPROPRIATION

Subdivision 1. Total Appropriation $132,089,000

The appropriations in this section are from the trunk highway fund and may be used by the commissioner only for purposes specified in this section.

Subd. 2. Highway Projects 132,089,000

(a) State Road Construction

(b) U.S. Highway 61 in Red Wing: for State Project No. 2514-122, consisting of engineering and reconstruction of the segment
of marked U.S. Highway 61 in Red Wing from
westerly of Old West Main Street to easterly
of Potter Street, for trunk highway costs in
excess of the engineer's estimate and
associated program delivery.

(c) Trunk Highway 95 in Cambridge: for a
grant to the city of Cambridge for final design,
environmental analysis, right-of-way
acquisition, land acquisition, corridor
mapping, construction engineering, and
construction for the improvement of marked
Trunk Highway 95 and associated
improvements. This appropriation is available

Sec. 4. TOTAL GENERAL FUND
APPROPRIATION

Subdivision 1. Total Appropriation $ 166,500,000

The appropriations in this section are from the
general fund and may be used by the
commissioner only for the purposes specified
in this section.

Subd. 2. Highway Projects 123,900,000

(a) U.S. Highway 212 Interchange in
Chaska: for right-of-way acquisition and
construction of an interchange at marked
Trunk Highway 212 and Carver County Road
44 in the city of Chaska, to support the
development of approximately 400 acres of
property in the city of Chaska's comprehensive
plan.

(b) U.S. Highway 10 near Watab: for land
acquisition, predesign, design, and
construction of an interchange with related
utilities at the intersection of marked U.S.
Highway 10, Benton County Road 79, and
Benton County State-Aid Highway 4, and to
construct frontage roads on both sides of
marked U.S. Highway 10, extending from the
intersection of marked U.S. Highway 10,
Benton County Road 79, and Benton County
State-Aid Highway 4 to 85th Street.

(c) Planning for Interchange on U.S.
Highway 10: for a grant to Anoka County to
complete preliminary engineering,
environmental analysis, and final design for
the improvement of marked U.S. Highway 10
and associated improvements.

(d) U.S. Highway 14: for right-of-way
acquisition, design, engineering, and
environmental analysis of marked U.S.
Highway 14 as a four-lane divided highway
from the interchange with County Road 21
and marked Trunk Highway 15 east of New
Ulm to the intersection with 471st Avenue
west of Nicollet.

(e) Cliff Road Near I-35W: for design,
engineering, environmental analysis, and
construction of improvements to Cliff Road
in the vicinity of marked Interstate Highway
35W.

(f) City of Virginia; Trunk Highway 53
Utility Relocation: for grants to the city of
Virginia and the city of Virginia Public
Utilities Commission to acquire land for and
to redesign, design, construct, furnish, and
equip relocated public utilities, including
sanitary and storm water sewers and water,
electrical, and gas utilities, and to demolish
and remove old utility infrastructure, all
associated with the relocation of marked Trunk Highway 53, provided that a nonstate contribution is not required.

(g) Moorhead Grade-Separated Rail Crossings: for a grant to the city of Moorhead to construct and complete the grade-separated rail crossing project in the vicinity of 21st Street South in the city of Moorhead, and for preliminary engineering and environmental assessment for the grade-separated rail crossing in the vicinity of 11th Street South in the city of Moorhead, provided that a nonstate contribution is not required.

Subd. 3. Transportation Economic Development 5,000,000

For the transportation economic development program under Minnesota Statutes, section 174.12.

Subd. 4. Small Cities Assistance 12,500,000

For transfer to the small cities assistance account in the special revenue fund under Minnesota Statutes, section 162.145.

Subd. 5. Safe Routes to School 6,000,000

For transfer to the safe routes to school account in the general fund under Minnesota Statutes, section 174.40, subdivision 3, paragraph (b).

Subd. 6. Interchange Safety Improvement Study 300,000

For the safety improvement study for the interchange of signed Interstate Highways 94, 694, and 494, as provided in this article.

Subd. 7. Town Roads 4,000,000
For transfer to the town road account in the county state-aid highway fund under Minnesota Statutes, section 162.081.

Subd. 8. **County State-Aid Highways**

For transfer to the county state-aid highway fund for apportionment and allocation as provided under Minnesota Statutes, chapter 162.

Subd. 9. **Municipal State-Aid Streets**

For transfer to the municipal state-aid street fund for apportionment as provided under Minnesota Statutes, chapter 162.

**Sec. 5. AIRPORTS**

This appropriation is from the state airports fund for the following purposes:

1. $2,333,500 for a grant to the city of Rochester to design, rehabilitate, demolish, and expand portions of the existing passenger terminal building at the Rochester International Airport, provided that this amount also includes money to remodel, construct, furnish, and equip the existing passenger terminal building and associated appurtenances to meet the United States Customs and Border Protection and Transportation Security Administration standards for safety, security, and processing time to accommodate domestic and international flights. The capital improvements paid for with this appropriation may be used as the local contribution required by Minnesota Statutes, section 360.305, subdivision 4. This appropriation may be used to reimburse the city for costs incurred after...
May 1, 2016. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources. Work that may be completed with this appropriation includes but is not limited to (i) site preparation including utilities, site civil work, testing, and construction administration services, (ii) the relocation, modification, and addition of airline ticket counters, baggage claim devices, public spaces, offices, restrooms, support space, break rooms, lockers, equipment storage, communications, hallways, building signage, medical visitor rooms, special needs accommodations, hold rooms, secure storage, equipment maintenance area, and building engineering and technology systems, (iii) improvements needed outside the terminal to remove, restore, and tie into adjacent utilities, sidewalks, driveways, parking lots, and aircraft aprons, and (iv) the construction of covered exterior equipment storage;

(2) $5,900,000 to provide the federal match to design and construct runway infrastructure at the Duluth International and Sky Harbor Airports in accordance with Minnesota Statutes, section 360.017. For the purposes of this clause, the commissioner may waive the requirements of Minnesota Statutes, section 360.305, subdivision 4, paragraph (b). This appropriation is for costs incurred after March 1, 2016, and is available until and must be encumbered by June 30, 2017. This appropriation is not available until the
commissioner of management and budget
determines that an equal amount is committed
from nonstate sources; and

(3) $250,000 for an air transport optimization
planning study for the St. Cloud Regional
Airport, which must be comprehensive and
market-based, using economic development
and air service expertise to research, analyze,
and develop models and strategies that
maximize the return on investments made to
enhance the use and impact of the St. Cloud
Regional Airport.

Sec. 6. MINNESOTA RAIL SERVICE
IMPROVEMENT

This appropriation is from the rail service
improvement account in the special revenue
fund to the commissioner of transportation for
a grant to the city of Grand Rapids to fund rail
planning studies, design, and preliminary
engineering relating to the construction of a
freight rail line located in the counties of
Itasca, St. Louis, and Lake to serve local
producers and shippers. The city of Grand
Rapids shall collaborate with the Itasca
Economic Development Corporation and the
Itasca County Regional Railroad Authority in
the activities funded with the proceeds of this
grant. This appropriation is available until June
30, 2019.

Sec. 7. BOND SALE EXPENSES

This appropriation is from the bond proceeds
account in the trunk highway fund to the
commissioner of management and budget for
bond sale expenses under Minnesota Statutes,
sections 16A.641, subdivision 8, and 167.50, subdivision 4.

Sec. 8. TRUNK HIGHWAY BONDS; DEBT SERVICE.

$1,302,000 in fiscal year 2018 and $9,807,000 in fiscal year 2019 are appropriated from the trunk highway fund for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget shall transfer the deficiency amount under the statutory open appropriation, and notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and the chairs of the senate Committee on Finance and the house of representatives Committee on Ways and Means of the amount of the deficiency. Any excess appropriation cancels to the trunk highway fund.

Sec. 9. BOND SALE AUTHORIZATION.

To provide the money appropriated in this act from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $197,197,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

Sec. 10. Minnesota Statutes 2016, section 160.18, is amended by adding a subdivision to read:

Subd. 4. Appeal process. (a) Notwithstanding chapter 14 and section 14.386, the commissioner shall establish a concise, expedited process through which an owner or occupant of property abutting a trunk highway may appeal a denial or revocation of an access permit. The owner or occupant must initiate an appeal no later than 30 days after the date the commissioner issues written notice of the denial or revocation of an access permit. The process must provide the owner or occupant and the Department of Transportation the opportunity to present information in support of their positions.

(b) The hearing must be conducted by an administrative law judge assigned by the chief administrative law judge. The administrative law judge shall maintain a transcript of the hearing and shall keep a record of all documents and data submitted at the hearing. Within
30 days of the conclusion of the hearing, the administrative law judge shall transmit to the
commissioner the record of the proceedings along with a report and recommendation based
on the record made in the informal hearing. The commissioner shall make a written decision
regarding the access permit.

(c) Section 15.99 does not apply to matters using the appeal process in this subdivision.

Sec. 11. Minnesota Statutes 2016, section 162.145, subdivision 3, is amended to read:

Subd. 3. Administration. (a) Subject to funds made available by law, the commissioner
shall allocate all funds as provided in subdivision 4 and. By June 1 of a year in which aid
is provided, the commissioner of transportation shall notify certify to the commissioner of
revenue the amount to be paid to each eligible city.

(b) Following notification from the commissioner of transportation, the commissioner
of revenue shall distribute the specified funds to cities in the same manner as local
government aid under chapter 477A. An appropriation to the commissioner of transportation
under this section is available to the commissioner of revenue for the purposes specified in
this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under
this section, a city must conform to the standards in section 477A.017, subdivision 2. A city
that receives funds under this section must make and preserve records necessary to show
that the funds are spent in compliance with subdivision 4.5.

EFFECTIVE DATE. This section is effective for aids payable in 2016 and after.

Sec. 12. INTERSTATE 94 WIRE ROPE SAFETY BARRIERS.

The commissioner of transportation must install wire rope safety barriers or another
equivalent safety device along the center median of the segment of marked Interstate
Highway 94 between Huron Boulevard and Cretin Avenue that does not currently have a
concrete median, wire rope safety barrier, or other equivalent safety device installed.

Sec. 13. TRANSPARENT NOISE BARRIER.

The commissioner of transportation must include transparent panels as part of noise
barrier construction in the area of the interchange at marked Interstate Highway 694 and
marked Interstate Highway 35E.
Sec. 14. CORRIDORS OF COMMERCE PROJECT SELECTION.

Notwithstanding the requirements of Minnesota Statutes, section 161.088, subdivisions 3 to 5, the commissioner of transportation must include that segment of marked U.S. Highway 212 from Chaska to Montevideo as an eligible highway in the next project solicitation and selection process undertaken for the corridors of commerce program under that section.

Sec. 15. INTERSTATE 94/694/494 INTERCHANGE SAFETY IMPROVEMENT STUDY.

The commissioner of transportation must conduct a safety improvement study for the interchange of marked Interstate Highways 94, 694, and 494 in the cities of Woodbury and Oakdale. At a minimum, the study must provide specific recommendations to improve the safety of the interchange and include cost estimates for each recommended improvement. The commissioner must report the findings and recommendations of the study to the legislative committees having jurisdiction over transportation policy and finance within 180 days after the effective date of this section.

Sec. 16. EFFECTIVE DATE.

Except as otherwise provided, this article is effective the day following final enactment.

ARTICLE 3

MISCELLANEOUS

Section 1. Minnesota Statutes 2016, section 16A.967, is amended to read:

16A.967 LEWIS AND CLARK APPROPRIATION BONDS.

Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (c) subdivisions 2a and 2b;

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (c) subdivisions 2a and 2b;

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (e) (d); and
61.1 (4) investment earnings on amounts in clauses (1) to (3).

61.2 (c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

Subd. 2. Authorization to issue appropriation bonds. (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law, including, in particular, the financing of the land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete the next phase of the Lewis and Clark Regional Water System project, including completion of the pipeline to Magnolia, extension of the project to the Lincoln-Pipestone Rural Water System connection near Adrian, and engineering, design, and easement acquisition for the final phase of the project to Worthington. No bonds shall be sold until the commissioner determines that a nonstate match of at least $9,000,000 is committed to this project phase. Grant agreements entered into under this section must provide for reimbursement to the state from any federal money provided for the project, consistent with the Lewis and Clark Regional Water System, Inc., agreement.

(b) The appropriation bonds may be issued and sold only after the commissioner determines that the construction and administration for work done on the project will comply with (1) all federal requirements and regulations associated with the Lewis and Clark Rural Water System Act of 2000, and (2) the cooperative agreement between the United States Department of the Interior and the Lewis and Clark Regional Water System, Inc. Proceeds of the appropriation bonds must be credited to a special appropriation Lewis and Clark bond proceeds fund in the state treasury. All income from investment of the bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money, not to exceed $19,000,000 net of costs of issuance, for the purposes as provided under paragraph (a), and pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under paragraph (e).

Appropriation bonds may be issued in one or more issues or series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 25 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.
At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

The appropriation bonds are not subject to chapter 16C.

Subd. 2a. Project authorization. Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the Public Facilities Authority under subdivision 7, paragraph (a), not to exceed $19,000,000 net of costs of issuance, for the purposes as provided under this subdivision, and pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under subdivision 2, paragraph (d). The bonds authorized by this subdivision are for the purposes of financing the land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete Phase 2 of the Lewis and Clark Regional Water System project, including completion of the pipeline to Magnolia; extension of the project to the Lincoln-Pipestone Rural Water System connection near Adrian; and engineering, design, and easement acquisition for the final phase of the project to Worthington. No bonds shall be sold under this subdivision until the commissioner determines that a nonstate match of at least $9,000,000 is committed to this project phase. Upon completion of Phase 2, the unspent
unencumbered portion of the appropriation in this subdivision is available for the purposes
of subdivision 2b.

Subd. 2b. Additional project authorization. Appropriation bonds may be sold and
issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient
money to the Public Facilities Authority under subdivision 7, paragraph (b), not to exceed
$11,500,000 net of costs of issuance, for the purposes as provided under this subdivision,
and pay debt service including capitalized interest, costs of issuance, costs of credit
enhancement, or make payments under other agreements entered into under subdivision 2,
paragraph (d). The bonds authorized by this subdivision are for the purposes of financing
the land acquisition, design, engineering, and construction of facilities and infrastructure
necessary to complete Phase 3 of the Lewis and Clark Regional Water System project,
including extension of the project from the Lincoln-Pipestone Rural Water System connection
near Adrian to Worthington, construction of a reservoir in Nobles County and a meter
building in Worthington, and acquisition and installation of a supervisory control and data
acquisition (SCADA) system. No bonds shall be sold under this subdivision until the
commissioner determines that a nonstate match of at least $9,000,000 is committed to the
final phase of the project.

Subd. 3. Form; procedure. (a) Appropriation bonds may be issued in the form of bonds,
notes, or other similar instruments, and in the manner provided in section 16A.672. In the
event that any provision of section 16A.672 conflicts with this section, this section shall
control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation
established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as
the commissioner shall determine are not inconsistent with this section and may be sold at
any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall
be fully negotiable.

Subd. 4. Refunding bonds. The commissioner may issue appropriation bonds for the
purpose of refunding any appropriation bonds then outstanding, including the payment of
any redemption premiums on the bonds, any interest accrued or to accrue to the redemption
date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any
refunding bonds may, in the discretion of the commissioner, be applied to the purchase or
payment at maturity of the appropriation bonds to be refunded, to the redemption of the
outstanding appropriation bonds on any redemption date, or to pay interest on the refunding
bonds and may, pending application, be placed in escrow to be applied to the purchase,
payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be
invested and reinvested in obligations that are authorized investments under section 11A.24.
The income earned or realized on the investment may also be applied to the payment of the
appropriation bonds to be refunded or interest or premiums on the refunded appropriation
bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been
fully satisfied, any balance of the proceeds and any investment income may be returned to
the general fund or, if applicable, the special appropriation Lewis and Clark bond proceeds
fund for use in any lawful manner. All refunding bonds issued under this subdivision must
be prepared, executed, delivered, and secured by appropriations in the same manner as the
appropriation bonds to be refunded.

Subd. 5. Appropriation bonds as legal investments. Any of the following entities may
legally invest any sinking funds, money, or other funds belonging to them or under their
control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political
subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies,
savings banks and institutions, investment companies, insurance companies, insurance
associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. No full faith and credit; state not required to make appropriations. The
appropriation bonds are not public debt of the state, and the full faith, credit, and taxing
powers of the state are not pledged to the payment of the appropriation bonds or to any
payment that the state agrees to make under this section. Appropriation bonds shall not be
obligations paid directly, in whole or in part, from a tax of statewide application on any
class of property, income, transaction, or privilege. Appropriation bonds shall be payable
in each fiscal year only from amounts that the legislature may appropriate for debt service
for any fiscal year, provided that nothing in this section shall be construed to require the
state to appropriate money sufficient to make debt service payments with respect to the
appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no
longer be outstanding on the earlier of (1) the first day of a fiscal year for which the
Subd. 7. Appropriation of proceeds. (a) The proceeds of appropriation bonds issued under subdivision 2a and interest credited to the special appropriation Lewis and Clark bond proceeds fund are appropriated as follows:

(1) to the commissioner for a grant to the Public Facilities Authority for payment of capital expenses as specified in subdivision 2, paragraph (a), 2a; and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds and payments under any agreements entered into under subdivision 2, paragraph (d), each as permitted by state and federal law, and such proceeds may be granted, loaned, or otherwise provided for the public purposes provided by subdivision 2, paragraph (a).

(b) The proceeds of appropriation bonds issued under subdivision 2b and interest credited to the special appropriation Lewis and Clark bond proceeds fund are appropriated as follows:

(1) to the Public Facilities Authority for a grant to the Public Facilities Authority for payment of capital expenses as specified in subdivision 2b; and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds, and payments under any agreements entered into under subdivision 2, paragraph (d), each as permitted by state and federal law.

Subd. 8. Appropriation for debt service and other purposes. (a) An amount, up to $1,351,000 needed to pay principal and interest on appropriation bonds issued under this section subdivision 2a is appropriated each fiscal year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special Lewis and Clark appropriation bond proceeds fund. The appropriation is available beginning in fiscal year 2017 and through fiscal year 2038.

(b) An amount up to $855,000 needed to pay principal and interest on appropriation bonds issued under subdivision 2b is appropriated each fiscal year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established...
for such purpose in the special Lewis and Clark appropriation bond proceeds fund. The appropriation is available beginning in fiscal year 2018 and through fiscal year 2039.

Subd. 9. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

Sec. 2. Minnesota Statutes 2016, section 85.34, subdivision 1, is amended to read:

Subdivision 1. **Upper bluff; lease terms.** The commissioner of natural resources with the approval of the Executive Council may lease for purposes of restoration, preservation, historical, recreational, educational, and commercial use and development, that portion of Fort Snelling State Park known as the upper bluff consisting of officer's row, area J, the polo grounds, the adjacent golf course, and all buildings and improvements located thereon, all lying within an area bounded by Minneapolis-St. Paul International Airport, Trunk Highways numbered 5 and 55, and Bloomington Road. The lease or leases shall be in a form approved by the attorney general and for a term of not to exceed 99 years. The lease or leases may provide for the provision of capital improvements or other performance by the tenant or tenants in lieu of all or some of the payments of rent that would otherwise be required. Notwithstanding the continuing ownership of the upper bluff by the state, any lease of one or more buildings improved with state general obligation bond proceeds that exceeds 50 years shall be treated as a sale of the buildings for purposes of section 16A.695, subdivision 3. Any disposition proceeds payable to the commissioner upon execution of any lease relating to state bond financed buildings at the upper bluff shall be applied in accordance with the requirements of section 16A.695, subdivision 3, and used to pay, redeem, or defease state general obligation bonds issued for purposes of improving those buildings. Any lease revenues paid to the commissioner subsequent to the payment, redemption, or defeasance of state general obligation bonds shall be used by the commissioner as further described in this section.

Sec. 3. Minnesota Statutes 2016, section 174.52, subdivision 2, is amended to read:

Subd. 2. **Trunk highway corridor projects local cost-share assistance account.** A trunk highway corridor projects local cost-share assistance account is established in the local road improvement fund. Money in the account is annually appropriated to the commissioner of transportation for expenditure as specified in this section. Money in the account must be used as grants or loans to statutory or home rule charter cities, towns, and counties to assist in paying the local share of trunk highway projects that have local costs.
that are directly or partially related to the trunk highway improvement and that are not funded or are only partially funded with other state and federal funds. The commissioner shall determine the amount of the local share of costs eligible for assistance from the account.

Sec. 4. [219.016] HAZARDOUS MATERIALS RAIL SAFETY ACCOUNT AND GRANT PROGRAM.

Subdivision 1. Purpose. A hazardous materials rail safety program is established for the purpose of reducing the risks associated with transporting hazardous material by rail.

Subd. 2. Creation of account. A hazardous materials rail safety program account is established in the bond proceeds fund. Money in the account may only be used for capital costs associated with planning, engineering, administration, and construction of public highway-rail grade crossing improvements on rail corridors transporting crude oil and other hazardous materials. Improvements may include upgrades to existing protection systems, the closing of crossings and necessary roadwork, and reconstruction of at-grade crossings to full grade separations.

Subd. 3. Grants. The commissioner may approve grants for financial assistance to eligible applicants for capital costs associated with hazardous materials rail safety projects on public highway-rail grade crossings. Qualifying capital costs include, but are not limited to, upgrades to existing protection systems, the closing of crossings and necessary roadwork, and reconstruction of at-grade crossings to full grade separations.

Subd. 4. Eligible applicants. Counties, statutory or home rule charter cities, or towns that are responsible for establishing and maintaining public highway-rail grade crossings on rail corridors transporting crude oil and other hazardous materials may apply to the commissioner for financial assistance for the purposes in this section.

Subd. 5. Criteria for grant award. The commissioner shall consider the following criteria to evaluate applications for a grant award for a hazardous materials rail safety project:

(1) whether the crossing was identified as a potential candidate for grade separation in MnDOT's crude by rail grade crossing study (Improvements to Highway Grade Crossings and Rail Safety, December 2014);

(2) roadway traffic volumes and speeds;

(3) train volumes and speeds;

(4) adjacent land use;

(5) crash history;
(6) use of the crossing by emergency vehicles;

(7) use of the crossing by vehicles carrying hazardous materials;

(8) local financial contributions to the project; and

(9) private financial contributions to the project.

Sec. 5. Minnesota Statutes 2016, section 446A.072, is amended to read:

446A.072 WASTEWATER WATER INFRASTRUCTURE FUNDING PROGRAM.

Subdivision 1. Establishment of program. The authority will establish a wastewater water infrastructure funding program to provide supplemental assistance to governmental units receiving funding through the clean water revolving fund program, the drinking water revolving fund program, or the United States Department of Agriculture Rural Economic and Community Development's (USDA/RECD) Water and Waste Disposal Loans and Grants program for the predesign, design, and construction of municipal wastewater treatment and drinking water systems, including purchase of land and easements. The purpose of the program is to assist governmental units demonstrating financial need to build cost-effective projects to address existing environmental or public health problems. To implement the program, the authority shall establish a wastewater water infrastructure fund to provide grants and loans for the purposes authorized under title VI of the Federal Water Pollution Control Act and the federal Safe Drinking Water Act. The fund shall be credited with all investment income from the fund and all repayments of loans, grants, and penalties.

Subd. 3. Program administration. (a) The authority shall provide supplemental assistance, as provided in subdivision 5a, to governmental units:

(1) whose projects are listed on the Pollution Control Agency's project priority list or the commissioner of health's project priority list;

(2) that demonstrate their projects are a cost-effective solution to an existing environmental or public health problem; and

(3) whose projects are approved by the USDA/RECD or certified by the commissioner of the Pollution Control Agency or the commissioner of health.

(b) For a governmental unit receiving grant funding from the USDA/RECD, applications must be made to the USDA/RECD with additional information submitted to the authority as required by the authority. Eligible project costs and affordability criteria shall be determined by the USDA/RECD.
(c) For a governmental unit not receiving grant funding from the USDA/RECD, application must be made to the authority on forms prescribed by the authority for the clean water revolving fund program or the drinking water revolving fund program with additional information as required by the authority. In accordance with section 116.182, the Pollution Control Agency or the commissioner of health shall:

(1) calculate the essential project component percentage, based on the portion of project costs necessary to convey or treat the existing wastewater flows and loadings or, for drinking water projects, to provide safe drinking water to meet existing needs, which must be multiplied by the total project cost to determine the eligible project cost for the program under this section; and

(2) review and certify approved projects to the authority.

(d) Each fiscal year the authority shall make funds available for projects based on their ranking on the Pollution Control Agency's project priority list or the commissioner of health's project priority list. The authority shall reserve funds for a project when the applicant receives a funding commitment from the United States Department of Agriculture Rural Development (USDA/RECD) or submits plans and specifications to the project is certified by the Pollution Control Agency or the commissioner of health. Funds must be reserved in an amount based on the project cost estimate submitted to the authority prior to the appropriation of the funds and awarded based on the lesser of that amount or the as-bid cost when the project is certified or the as-bid cost, whichever is less.

Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant funding from the USDA/RECD, the authority may provide assistance in the form of a grant of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental unit may not receive a grant under this paragraph for more than $4,000,000 per project or $15,000 per existing connection, whichever is less, unless specifically approved by law.

(b) For a governmental unit receiving a loan from the clean water revolving fund under section 446A.07, the authority may provide assistance under this section in the form of a grant if the average annual residential wastewater system cost after completion of the project would otherwise exceed 1.4 percent of the median household income of the project service area. In determining whether the average annual residential wastewater system cost would exceed 1.4 percent, the authority must consider the total costs associated with building, operating, and maintaining the wastewater system, including existing wastewater debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt
service costs for the proposed project are calculated based on the maximum loan term
permitted for the clean water revolving fund loan under section 446A.07, subdivision 7.
The amount of the grant is equal to 80 percent of the amount needed to reduce the average
annual residential wastewater system cost to 1.4 percent of median household income in
the project service area, to a maximum of $4,000,000 to $5,000,000 per project or $15,000
$20,000 per existing connection, whichever is less, unless specifically approved by law.
The eligible project cost is determined by multiplying the total project costs minus any other
grants by the essential project component percentage calculated under subdivision 3,
paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the
eligible project cost.

(c) For a governmental unit receiving a loan from the drinking water revolving fund
under section 446A.081, the authority may provide assistance under this section in the form
of a grant if the average annual residential drinking water system cost after completion of
the project would otherwise exceed 1.2 percent of the median household income of the
project service area. In determining whether the average annual residential drinking water
system cost would exceed 1.2 percent, the authority must consider the total costs associated
with building, operating, and maintaining the drinking water system, including existing
drinking water debt service, debt service on the eligible project cost, and operation and
maintenance costs. Debt service costs for the proposed project are calculated based on the
maximum loan term permitted for the drinking water revolving fund loan under section
446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of
the amount needed to reduce the average annual residential drinking water system cost to
1.2 percent of median household income in the project service area, to a maximum of
$5,000,000 per project or $20,000 per existing connection, whichever is less, unless
specifically approved by law. The eligible project cost is determined by multiplying the
total project costs minus any other grants by the essential project component percentage
calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the
grant exceed 80 percent of the eligible project cost.

(d) Notwithstanding the limits in paragraphs (a) and (b), for a governmental
unit receiving supplemental assistance under this section after January 1, 2002, if the authority
determines that the governmental unit's construction and installation costs are significantly
increased due to geological conditions of crystalline bedrock or karst areas and discharge
limits that are more stringent than secondary treatment, the maximum award under this
section shall not be more than $25,000 per existing connection.
Subd. 5b. Special assessment deferral. A governmental unit receiving a loan under subdivision 5a that levies special assessments to repay the loan under subdivision 5a or section 446A.07 may defer payment of such assessments under the provisions of sections 435.193 to 435.195.

Subd. 6. Disbursements. Disbursements of grants or loans awarded under this section by the authority to recipients must be made for eligible project costs as incurred by the recipients, and must be made by the authority in accordance with the project financing agreement and applicable state and federal laws and rules governing the payments.

Subd. 7. Loan repayments. Notwithstanding the limitations set forth in section 475.54, subdivision 1, this subdivision shall govern the maturities and mandatory sinking fund redemptions of the loans under this section. A governmental unit receiving a loan under this section shall repay the loan in semiannual payment amounts determined by the authority. The payment amount must be based on the average payments on the governmental unit’s clean water revolving fund loan or, if greater, the minimum amount required to fully repay the loan by the maturity date. Payments must begin within one year of the date of the governmental unit’s final payment on the clean water revolving fund loan. The final maturity date of the loan under this section must be no later than 20 years from the date of the first payment on the loan under this section and no later than 40 years from the date of the first payment on the clean water revolving fund loan.

Subd. 8. Eligibility. A governmental unit is eligible for assistance under this section only after applying for grant funding from other sources and funding has been obtained, rejected, or the authority has determined that the potential funding is unlikely.

Subd. 9. Funding limitation. Supplemental assistance may not be used to reduce the sewer service charges of a significant wastewater contributor industrial user that has a separate service charge agreement with the recipient, or a single user that has caused the need for the project or whose current or projected flow and load exceed usage exceeds one-half of the current wastewater treatment plant’s or drinking water system capacity.

Subd. 11. Report on needs. By February 1 of each even-numbered year, the authority, in conjunction with the Pollution Control Agency and the commissioner of health, shall prepare a report to the Finance Division of the senate Environment and Natural Resources Committee and the house of representatives Environment and Natural Resources Finance Committee on wastewater and drinking water funding assistance needs of governmental units under this section.
Subd. 12. **System replacement fund.** Each governmental unit receiving a loan or grant under this section shall establish a system replacement fund and shall annually deposit a minimum of $0.50 per 1,000 gallons of flow for major rehabilitation or expansion, or replacement of the treatment wastewater or drinking water system, or replacement of the treatment system at the end of its useful life. Money must remain in the account for the life of the corresponding project loan from the authority or USDA/RECD, unless use of the fund is approved in writing by the authority for major rehabilitation, expansion, or replacement of the treatment wastewater or drinking water system. By March 1 each year during the life of the loan, each recipient shall submit a report to the authority regarding the amount deposited and the fund balance for the prior calendar year. A recipient is not required to maintain a fund balance greater than the amount of the grant received. Failure to comply with the requirements of this subdivision shall result in the authority assessing a penalty fee to the recipient equal to one percent of the supplemental assistance amount for each year of noncompliance. Failure to make the required deposit or pay the penalty fee as required constitutes a default on the loan.

Subd. 14. **Consistency with land use plans.** A governmental unit applying for a project in an unsewered area shall include in its application to the authority a certification from the county in which the project is located that:

(1) the project is consistent with the county comprehensive land use plan, if the county has adopted one;

(2) the project is consistent with the county water plan, if the county has adopted one; and

(3) the county has adopted specific land use ordinances or controls so as to meet or exceed the requirements of Minnesota Rules, part 7082.0050.

Sec. 6. Minnesota Statutes 2016, section 446A.073, is amended to read:

**446A.073 POINT SOURCE IMPLEMENTATION GRANTS.**

**Subdivision 1. Program established.** When money is appropriated for grants under this program, the authority shall award grants up to a maximum of $3,000,000 to $7,000,000 to governmental units to cover up to one half 80 percent of the cost of water infrastructure projects made necessary by:

(1) a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);
(2) a phosphorus concentration or mass limit which requires discharging one milligram per liter or less at permitted design flow which is incorporated into a permit issued by the Pollution Control Agency;

(3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution Control Agency that exceeds secondary treatment limits; or

(4) a total nitrogen concentration or mass limit that requires discharging ten milligrams per liter or less for a land-based treatment system at permitted design flow.

Subd. 2. Grant application. Application for a grant must be made to the authority on forms prescribed by the authority for the total maximum daily load grant program, with additional information as required by the authority, including a project schedule and cost estimate for the work necessary to comply with the point source wasteload allocation requirements listed in subdivision 1. The Pollution Control Agency shall:

(1) in accordance with section 116.182, calculate the essential project component percentage, which must be multiplied by the total project cost to determine the eligible project cost; and

(2) review and certify to the authority those projects that have plans and specifications approved under section 115.03, subdivision 1, paragraph (f).

Subd. 3. Project priorities. When money is appropriated for grants under this program, the authority shall accept applications under this program during the month of July and reserve money for projects expected to proceed with construction by the end of the fiscal year in the order listed on the Pollution Control Agency's project priority list and in an amount based on the cost estimate submitted to the authority in the grant application or the as-bid costs, whichever is less. Notwithstanding Minnesota Rules, chapter 7077, the Pollution Control Agency may rank a drinking water infrastructure project on the agency's project priority list if the project is necessary to meet an applicable requirement in subdivision 1.

Subd. 4. Grant approval. The authority must make a grant for an eligible project only after:

(1) the applicant has submitted the as-bid cost for the water infrastructure project;

(2) the Pollution Control Agency has approved the as-bid costs and certified the grant eligible portion of the project; and

(3) the authority has determined that the additional financing necessary to complete the project has been committed from other sources.
Subd. 5. **Grant disbursement.** Disbursement of a grant must be made for eligible project costs as incurred by the governmental unit and in accordance with a project financing agreement and applicable state and federal laws and rules governing the payments.

Sec. 7. Minnesota Statutes 2016, section 446A.081, subdivision 9, is amended to read:

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

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

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

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

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

(5) to earn interest on fund accounts;

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

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

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

(9) to provide loans, principal forgiveness or grants to the extent permitted under the federal Safe Drinking Water Act and other federal law to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities; and
(10) to provide principal forgiveness, or grants for 50 percent of the project cost up to a maximum of $10,000 for projects needed to comply with national primary drinking water standards for an existing community or noncommunity public water system.

(b) Principal forgiveness or grants under paragraph (a), clause (8), must only be provided if the average annual residential drinking water system cost after completion of the project would otherwise exceed 1.2 percent of the median household income in the project service area. In determining whether the average annual residential drinking water system cost would exceed 1.2 percent, the authority must consider the total costs associated with building, operating, and maintaining the drinking water system, including debt service and operation and maintenance costs. Debt service costs for the proposed project must be calculated based on the maximum loan term permitted for the drinking water revolving fund loan under this section. The amount of the principal forgiveness or grant must be equal to 80 percent of the amount needed to reduce the average annual residential drinking water system cost to 1.2 percent of median household income in the project service area, to a maximum of $4,000,000 or $15,000 per connection, whichever is less, and not to exceed 80 percent of the total project cost.

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

(d) The authority may reduce the percentage of median household income at which a loan term could extend to 30 years under subdivision 8, paragraph (c), and at which principal forgiveness or grants could be provided under paragraph (b) if it determines that the federal money allotted to the state cannot be fully utilized without the reduction. If it determines that the reduction is necessary to fully utilize the federal money, the authority must effect the change through its approval of the annual intended use plan.

Sec. 8. Minnesota Statutes 2016, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. Bonding authority. The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate
purposes and powers, but not including the making of grants. Bonds of the authority may
be issued as bonds or notes or in any other form authorized by law. The principal amount
of bonds issued and outstanding under this section at any time may not exceed
$1,500,000,000 $2,000,000,000, excluding bonds for which refunding bonds or crossover
refunding bonds have been issued, and excluding any bonds issued for the credit enhanced
bond program or refunding or crossover refunding bonds issued under the program. The
principal amount of bonds issued and outstanding under section 446A.087, may not exceed
$500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds
have been issued.

Sec. 9. Minnesota Statutes 2016, section 462A.37, is amended by adding a subdivision to
read:

Subd. 2c. Additional authorization. In addition to the amount authorized in subdivisions
2, 2a, and 2b, the agency may issue up to $35,000,000 in housing infrastructure bonds in
one or more series to which the payments under this section may be pledged.

Sec. 10. Minnesota Statutes 2016, section 462A.37, subdivision 5, is amended to read:

Subd. 5. Additional appropriation. (a) The agency must certify annually to the
commissioner of management and budget the actual amount of annual debt service on each
series of bonds issued under subdivisions 2a and, 2b, and 2c.

(b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
bonds issued under subdivision 2a remain outstanding, the commissioner of management
and budget must transfer to the housing infrastructure bond account established under section
462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed $6,400,000
annually. The amounts necessary to make the transfers are appropriated from the general
fund to the commissioner of management and budget.

(c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
bonds issued under subdivision 2b remain outstanding, the commissioner of management
and budget must transfer to the housing infrastructure bond account established under section
462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed $800,000
annually. The amounts necessary to make the transfers are appropriated from the general
fund to the commissioner of management and budget.

(d) Each July 15, beginning in 2018 and through 2039, if any housing infrastructure
bonds issued under subdivision 2c remain outstanding, the commissioner of management
and budget must transfer to the housing infrastructure bond account established under section
462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed $2,800,000
annually. The amounts necessary to make the transfers are appropriated from the general
fund to the commissioner of management and budget.

(e) The agency may pledge to the payment of the housing infrastructure bonds the
payments to be made by the state under this section.

Sec. 11. Laws 2012, chapter 293, section 7, subdivision 3, is amended to read:

Subd. 3. Dam Repair, Reconstruction, and
Removal 3,000,000

To renovate or remove publicly owned dams.

The commissioner shall determine project
priorities as appropriate under Minnesota
Statutes, sections 103G.511 and 103G.515.

Notwithstanding the match requirements in
Minnesota Statutes, section 103G.511, a grant
to the city of Lanesboro does not require any
nonstate match.

Sec. 12. Laws 2014, chapter 294, article 1, section 7, subdivision 15, is amended to read:

Subd. 15. Grant County Trail Grant 100,000

For a grant to Grant County for predesign,
acquisition, and improvements for a trail
from the city of Elbow Lake to Pomme de
Terre Lake. The commissioner of natural
resources may allocate any amount not needed
to complete this project to state trail
acquisition and improvements under
Minnesota Statutes, section 85.015.

Sec. 13. Laws 2014, chapter 294, article 1, section 17, subdivision 6, is amended to read:

Subd. 6. Inver Grove Heights - Heritage Village
Park 2,000,000

$1,500,000 of this appropriation is for a grant
to the city of Inver Grove Heights and
$500,000 of this appropriation is for a grant
to Dakota County. This appropriation is for
public infrastructure improvements and land acquisition in and adjacent to the Heritage Village Park, the Mississippi River Trail, and the Rock Island Swing Bridge. These improvements will include but are not limited to motor vehicle access, utility service, stormwater treatment, and trail and sidewalk connections. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources.

Sec. 14. Laws 2014, chapter 294, article 1, section 17, subdivision 12, is amended to read:

Subd. 12. West St. Paul - North Urban River to River Regional Trail Bridge Greenway 2,000,000

For a grant to the city of West St. Paul to predesign, design, and construct a pedestrian bridge for the North Urban Regional Trail as an overpass grade separated crossing of Robert Street in the area near Wentworth Avenue in West St. Paul for the River to River Regional Greenway. This appropriation may also be used to acquire property or purchase rights-of-way needed for bridge construction. A nonstate match is not required.

Sec. 15. Laws 2015, First Special Session chapter 5, article 1, section 10, subdivision 3, is amended to read:

Subd. 3. Local Road Improvement Fund Grants 8,910,000

(a) From the bond proceeds account in the state transportation fund as provided in Minnesota Statutes, section 174.50, for construction and reconstruction of local roads with statewide or regional significance under Minnesota Statutes, section 174.52,
subdivision 4, or for grants to counties to assist in paying the costs of rural road safety capital improvement projects on county state-aid highways under Minnesota Statutes, section 174.52, subdivision 4a.

(b) This appropriation includes $850,000 for a grant to the city of Sandstone for predesign, design, engineering, and construction of a road extending south off of marked Trunk Highway 23 across from Lundorff Drive to the airport area, and including a bridge over Skunk Creek in Sandstone, in order to facilitate repurposing of an area of the airport into a business park. This appropriation is not available until the commissioner of management and budget determines that sufficient resources to complete the project are committed to it from other sources, including any funds made available from the commissioner of transportation.

(c) This appropriation includes $3,770,000 for a grant to Kandiyohi County for construction and reconstruction of local roads to facilitate the construction of highway-rail grade separations at U.S. Highway 12 and Minnesota Highway 40 as part of one or more of the following highway-rail intersections associated with the Willmar Wye project: U.S. Highway 12, marked Trunk Highway 40, and Kandiyohi County State-Aid Highway 55.

Sec. 16. NATIONAL SPORTS CENTER; LEASE.

Notwithstanding Minnesota Statutes, sections 16A.695, 16B.24, and 240A.03, subdivision 6, the Minnesota Amateur Sports Commission may lease for educational purposes that portion of property described as a portion of the property acquired by the commission...
pursuant to Laws 1987, chapter 400, section 8, subdivision 3, not currently needed for
amateur sports purposes to Independent School District No. 16, Spring Lake Park. The lease
shall be in a form approved by the attorney general and for a term not to exceed 99 years.
The lease may provide for the provision of capital improvements or other performance by
the tenant in lieu of all or some of the payments of rent that would otherwise be required.
Any lease revenues paid to the commission are appropriated to the commission.

Sec. 17. REPORT ON FUTURE OF GLENSHEEN.

The Board of Regents of the University of Minnesota must develop a plan for the future
of Glensheen, the historic Congdon estate in Duluth, in cooperation and consultation with
the city of Duluth, the Minnesota Historical Society, and other interested parties. The plan
must address facility ownership, a multiphased asset renewal plan, programmatic operations,
and cultural interpretation. The plan must be submitted by June 16, 2017, to the chairs and
ranking minority members of the legislative committees with jurisdiction over higher
education policy and finance, and capital investment, and as provided in Minnesota Statutes,
section 3.195.

Sec. 18. COMMISSIONER OF ADMINISTRATION REPORT - FUNDING FOR
ASSET PRESERVATION.

Subdivision 1. Report. By November 15, 2017, the commissioner of administration
shall report to the chairs and ranking minority members of the committees in the senate
with jurisdiction over finance and capital investment and in the house of representatives
with jurisdiction over ways and means and capital investment, with recommendations for
sustainable, reliable, predictable funding for preservation of capital assets owned by agencies.

Subd. 2. Funding options and approaches. The report shall assess the feasibility of
implementing the following options and may include evaluation of other feasible options:

(1) establishing a standing appropriation from the general fund to pay a portion of
certified asset preservation needs;

(2) establishing a standing appropriation from the bond proceeds fund, and authorizing
the sale of general obligation bonds, to pay a portion of certified asset preservation needs;

(3) dedicating a specified portion of fees collected by agencies to use for asset
preservation; and

(4) shifting asset preservation from the capital budget to the operating budget so that
asset preservation is built into the base budget.
Evaluations should include a comparison to current law and practice.

Subd. 3. Demolition. The report shall evaluate whether the metrics and process used by each agency to recommend demolition of capital assets are comprehensive enough to reflect what is in the best interest of the state.

Subd. 4. Definition. "Agencies" as used in this section means all executive branch agencies, the Board of Regents of the University of Minnesota, and the Board of Trustees of Minnesota State Colleges and Universities.

Sec. 19. REAUTHORIZATION OF APPROPRIATION.

Pursuant to Minnesota Statutes, section 16A.642, subdivision 1, paragraph (b), the unencumbered and unobligated balance of the bond authorization and appropriation of bond proceeds in Laws 2006, chapter 258, section 18, subdivision 6, as amended by Laws 2013, chapter 136, section 13, estimated to be $1,991,456.32, is reauthorized.

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

Sec. 20. REPEALER.

Minnesota Statutes 2016, section 123A.446, is repealed.

Sec. 21. EFFECTIVE DATE.

Except as otherwise provided, this article is effective the day following final enactment.

ARTICLE 4

RAIL TRANSPORTATION

Section 1. Minnesota Statutes 2016, section 13.6905, is amended by adding a subdivision to read:

Subd. 34. Oil and other hazardous substances transportation data. Certain data on oil and other hazardous substances transportation by railroads are governed by section 219.925, subdivision 7.

Sec. 2. Minnesota Statutes 2016, section 13.7411, is amended by adding a subdivision to read:

Sec. 3. Minnesota Statutes 2016, section 115E.042, is amended to read:

115E.042 PREPAREDNESS AND RESPONSE FOR CERTAIN RAILROADS.

Subdivision 1. Application. In addition to the requirements of section 115E.04, a person who owns or operates railroad car rolling stock transporting a unit train must comply with this section.

Subd. 2. Training. (a) Each railroad must offer training to each fire department, and each local organization for emergency management under section 12.25, having jurisdiction along the route of unit trains routes over which oil and other hazardous substances are transported. Initial training under this subdivision must be offered to each fire department by June 30, 2016, and Refresher training must be offered to each fire department and local organization for emergency management at least once every three years thereafter.

(b) The training must address the general hazards of oil and hazardous substances, techniques to assess hazards to the environment and to the safety of responders and the public, factors an incident commander must consider in determining whether to attempt to suppress a fire or to evacuate the public and emergency responders from an area, and other strategies for initial response by local emergency responders. The training must include suggested protocol or practices for local responders to safely accomplish these tasks, identification of rail cars and their hazardous substance contents, responder safety issues, rail response tactics, public evacuation considerations, environmental contamination response, coordination of railroad response personnel and resources at an incident, and other protocols and practices for safe initial local response.

Subd. 3. Emergency response planning; coordination. Beginning June 30, 2015, (a)

Each railroad must communicate at least annually with each county or city emergency manager, security qualified safety representatives of railroad employees governed by the Railway Labor Act, and a senior fire department officer of each fire department having jurisdiction along the route of a unit train routes over which oil and other hazardous substances are transported, to:

(1) ensure coordination of emergency response activities between the railroad and local responders;

(2) upon request, assist emergency managers to identify and assess local rail-specific threats, hazards, and risks; and

Article 4 Sec. 3. 82
(3) obtain information from emergency managers regarding specific local natural and technical hazards and threats in the local area that may impact rail operations or public safety.

(b) The coordination under paragraph (a), clauses (2) and (3), must include identification of increased risks and potential special responses due to high population concentration, critical local infrastructure, key facilities, significant venues, or sensitive natural environments.

(c) The commissioner of public safety shall compile and make available to railroads a listing of emergency managers and fire chiefs, which must include contact information.

Subd. 4. Response capabilities; time limits. (a) Following confirmation of a discharge, a railroad must deliver and deploy sufficient equipment and trained personnel to (1) contain and recover discharged oil or hazardous substances, and (2) to protect the environment and assist local public safety officials.

(b) Within 15 minutes of the arrival of local emergency responders on the scene of a rail incident involving oil or other hazardous substances, a railroad must assist the incident commander in determining the nature of hazardous substances known to have been released and hazardous substances transported on the train, by providing information that includes the chemical content of the hazardous substances, contact information for the shipper, and instructions for dealing with release of the material. A railroad may provide information through the train orders on board the train, facsimile, or electronic transmission.

(c) Within one hour of confirmation of a discharge, a railroad must provide a qualified company employee representative to advise the incident commander, help assess the situation, initiate railroad response actions as needed, and provide advice and recommendations to the incident commander regarding the response. The employee may be made available by telephone, and must be authorized to deploy all necessary response resources of the railroad.

(d) Within three hours of confirmation of a discharge, a railroad must be capable of delivering monitoring equipment and a trained operator to assist in protection of responder and public safety. A plan to ensure delivery of monitoring equipment and an operator to a discharge site must be provided each year to the commissioner of public safety.

(e) Within three hours of confirmation of a discharge, a railroad must provide (1) qualified personnel at a discharge site to assess the discharge and to advise the incident commander, and (2) resources to assist the incident commander with ongoing public safety and scene stabilization.
A railroad must be capable of deploying containment boom from land across sewer outfalls, creeks, ditches, and other places where oil or hazardous substances may drain, in order to contain leaked material before it reaches those resources. The arrangement to provide containment boom and staff may be made by:

1. training and caching equipment with local jurisdictions;
2. training and caching equipment with a fire mutual-aid group;
3. means of an industry cooperative or mutual-aid group;
4. deployment of a contractor;
5. deployment of a response organization under state contract; or
6. other dependable means acceptable to the Pollution Control Agency.

Each arrangement under paragraph (e) must be confirmed each year. Each arrangement must be tested by drill at least once every five years.

Within eight hours of confirmation of a discharge, a railroad must be capable of delivering and deploying containment boom, boats, oil recovery equipment, trained staff, and all other materials needed to provide:

1. on-site containment and recovery of a volume of oil equal to ten percent of the calculated worst case discharge at any location along the route; and
2. protection of listed sensitive areas and potable water intakes within one mile of a discharge site and within eight hours of water travel time downstream in any river or stream that the right-of-way intersects.

Within 60 hours of confirmation of a discharge, a railroad must be capable of delivering and deploying additional containment boom, boats, oil recovery equipment, trained staff, and all other materials needed to provide containment and recovery of a worst case discharge and to protect listed sensitive areas and potable water intakes at any location along the route.

Subd. 5. **Railroad drills Environmental response exercises.** (a) Each railroad must conduct at least one oil containment, recovery, and sensitive area protection drill exercises as follows: (1) at least one tabletop exercise every year; and (2) at least one full-scale exercise every three years. Each exercise must be at a location, date, and time and in the manner chosen by the Pollution Control Agency, and attended by safety representatives of railroad employees governed by the Railway Labor Act.
(b) To the extent feasible, the commissioner of the Pollution Control Agency shall coordinate each exercise with exercises required by federal agencies.

Subd. 6. Prevention and response plans; requirements, submission. (a) By June 30, 2015, a railroad shall submit the prevention and response plan required under section 115E.04, as necessary to comply with the requirements of this section, to the commissioner of the Pollution Control Agency on a form designated by the commissioner.

(b) By June 30 of every third year following a plan submission under this subdivision, or sooner as provided under section 115E.04, subdivision 2, a railroad must update and resubmit the prevention and response plan to the commissioner.

Subd. 7. Environmental response plan data. A prevention and response plan provided under this section is nonpublic data, as defined under section 13.02, subdivision 9.

Sec. 4. Minnesota Statutes 2016, section 219.015, is amended to read:

219.015 STATE RAIL SAFETY INSPECTOR INSPECTION PROGRAM.

Subdivision 1. Positions established; duties. (a) The commissioner of transportation shall establish three state rail safety inspector positions in the Office of Freight and Commercial Vehicle Operations of the Minnesota Department of Transportation. On or after July 1, 2015, and the commissioner may establish a fourth up to six state rail safety inspector position inspection program positions following consultation with railroad companies. The commissioner shall apply to and enter into agreements with the Federal Railroad Administration (FRA) of the United States Department of Transportation to participate in the federal State Rail Safety Participation Program for training and certification of an inspector under authority of United States Code, title 49, sections 20103, 20105, 20106, and 20113, and Code of Federal Regulations, title 49, part 212.

(b) A state rail safety inspector shall may inspect mainline track, secondary track, and yard and industry track; inspect railroad right-of-way, including adjacent or intersecting drainage, culverts, bridges, overhead structures, and traffic and other public crossings; inspect yards and physical plants; inspect train equipment; review and enforce safety requirements; review maintenance and repair records; and review railroad security measures.

(c) A state rail safety inspector may perform, but is not limited to, the duties described in the federal State Rail Safety Participation Program. An inspector may train, be certified, and participate in any of the federal State Rail Safety Participation Program disciplines, including: track, signal and train control, motive power and equipment, operating practices compliance, hazardous materials, and highway-rail grade crossings.
(d) To the extent delegated by the Federal Railroad Administration and authorized by the commissioner, an inspector may issue citations for violations of this chapter, or to ensure railroad employee and public safety and welfare.

Subd. 2. Railroad company assessment; account; appropriation. (a) As provided in this subdivision, the commissioner shall annually assess railroad companies that are (1) defined as common carriers under section 218.011; (2) classified by federal law or regulation as Class I Railroads, Class I Rail Carriers, Class II Railroads, or Class II Carriers; and (3) operating in this state.

(b) The assessment must be calculated to allocate state rail safety inspector inspection program costs in equal proportion between carriers based on route miles operated in Minnesota, assessed in equal amounts for 365 days of the calendar year at the time of assessment. The commissioner shall include in the assessment calculation all program or additional position start-up or re-establishment costs; all related costs of initiating the state rail safety inspector inspection program, including but not limited to inspection, administration, supervision, travel, equipment, and training; and costs of ongoing state rail inspector duties.

(c) The assessments collected under this subdivision must be deposited in a special account in the special revenue fund, to be known as the state rail safety inspection account, which is established in the special revenue fund. The account consists of funds as provided by this subdivision, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is appropriated to the commissioner for the establishment and ongoing responsibilities of the state rail safety inspector inspection program.

Subd. 3. Work site safety coaching program. The commissioner may exempt a common carrier not federally classified as Class I from violations for a period of up to two years if the common carrier applies for participation in a work site safety coaching program, such as the "MNSharp" program administered by the Minnesota Department of Labor and Industry, and the commissioner determines such participation to be preferred enforcement for safety or security violations.

Subd. 4. Appeal. Any person aggrieved by an assessment levied under this section may appeal within 90 days any assessment, violation, or administrative penalty to the Office of Administrative Hearings, with further appeal and review by the district court.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 5. [219.925] INCIDENT EMERGENCY RESPONSE; PREPAREDNESS AND INFORMATION.

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

(b) "Emergency manager" means the director of a local organization for emergency management under section 12.25.

(c) "Hazardous substance" has the meaning given in Code of Federal Regulations, title 49, section 171.8.

(d) "Incident commander" means the official who has responsibility, following National Incident Management System guidelines, for all aspects of emergency response operations at an incident scene, including directing and controlling resources.

(e) "Oil" has the meaning given in section 115E.01, subdivision 8.

(f) "Rail carrier" means a railroad company that is:

(1) defined as a common carrier under section 218.011;

(2) classified by federal law or regulation as Class I Railroad, Class I Rail Carrier, Class II Railroad, Class II Carrier, Class III Railroad, or Class III Carrier; and

(3) operating in this state.

Subd. 2. Traffic review. Within ten business days of receiving a written request, a rail carrier shall provide a traffic review to a requesting emergency manager or fire chief having jurisdiction along the routes over which oil and other hazardous substances are transported. The traffic review under this subdivision must include information on the types and volumes of oil and other hazardous substance transported through the requester's jurisdiction during the prior calendar year.

Subd. 3. Emergency response planning; information sharing. Upon written request, a rail carrier shall provide to an emergency manager or fire chief having jurisdiction along the routes over which oil and other hazardous substances are transported:

(1) a complete copy of prevention and response plans submitted under section 115E.042, subdivision 6; and

(2) a copy of the data and information, including risk assessment information, used to develop the rail carrier's route analysis as required under Code of Federal Regulations, title 49, section 172.820, or successor requirements.
Subd. 4. Emergency response planning; coordination meetings. (a) Within 30 days
of receiving a written request, a rail carrier must be available to meet with a requesting
emergency manager or fire chief having jurisdiction along the routes over which oil and
other hazardous substances are transported, concerning emergency response planning and
coordination.

(b) At a meeting held under this subdivision, a rail carrier must provide:

(1) a review of the rail carrier's emergency response planning and capability, including
railroad response timelines and resources to provide (i) technical advice and
recommendations, (ii) trained response personnel, (iii) specialized equipment, and (iv) any
other available resources to support an incident commander who conducts a public safety
emergency response under the National Incident Management System; and

(2) inventory information on emergency response involving oil or other hazardous
substance, consisting of:

(i) equipment owned by the rail carrier, including equipment type and location;
(ii) response personnel of the rail carrier, including contact information and location;
and
(iii) resources available to the rail carrier through contractual agreements.

Subd. 5. Real-time emergency response information. (a) The commissioner of public
safety shall, through the Minnesota Fusion Center, receive and disseminate emergency
response information as provided under section 7302 of the FAST Act of 2015, Public Law
114-94, and federal regulations adopted under that section.

(b) On and after July 1, 2018, all rail carriers subject to this section shall collectively
provide to emergency responders, through an Internet-based format, the information on
transportation of oil and other hazardous substances provided by rail carriers through a
wireless communications device application on the effective date of this section.

Subd. 6. Public safety response exercises. (a) Each rail carrier must conduct one tabletop
public safety emergency response exercise in each emergency management region in which
the rail carrier transports oil and other hazardous substances. The exercises must be conducted
by July 1, 2018, and July 1 every two years thereafter.

(b) Each rail carrier must conduct one full-scale exercise every four years.
In an emergency management region in which more than one rail carrier operates, the rail carriers may conduct the exercises jointly or may alternate among rail carriers to conduct the exercise.

(d) To the extent feasible, the rail carriers shall coordinate the exercises among each other and with exercises under section 115E.042, subdivision 5.

Subd. 7. Transportation and response planning data. Any data provided under subdivisions 3 to 6 to an emergency manager, incident commander, emergency first responder, fire chief, or the commissioner of public safety are nonpublic data, as defined under section 13.02, subdivision 9.

Sec. 6. Minnesota Statutes 2016, section 299A.55, is amended to read:

299A.55 RAILROAD AND PIPELINE SAFETY INCIDENT PREPAREDNESS; OIL AND OTHER HAZARDOUS MATERIALS SUBSTANCES.

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

(b) "Applicable rail carrier" means a railroad company that is subject to an assessment under section 219.015, subdivision 2.

(c) "Hazardous substance" has the meaning given in section 115B.02, subdivision 8 Code of Federal Regulations, title 49, section 171.8.

(d) "Oil" has the meaning given in section 115E.01, subdivision 8.

(e) "Pipeline company" means any individual, partnership, association, or public or private corporation who owns and operates pipeline facilities and is required to show specific preparedness under section 115E.03, subdivision 2.

Subd. 2. Railroad and pipeline safety incident account. (a) A railroad and pipeline safety incident account is created in the special revenue fund. The account consists of funds collected under subdivision 4 and funds donated, allotted, transferred, or otherwise provided to the account.

(b) $104,000 An amount necessary for environmental protection activities related to railroad discharge preparedness under section 115E.042 is annually appropriated from the railroad and pipeline safety incident account to the commissioner of the Pollution Control Agency for environmental protection activities related to railroad discharge preparedness under chapter 115E those purposes.
Following the appropriation in paragraph (b), the remaining money in the account is annually appropriated to the commissioner of public safety for the purposes specified in subdivision 3.

Subd. 3. Allocation of funds. (a) Subject to funding appropriated for this subdivision, the commissioner shall provide funds for training and response preparedness related to (1) derailments, discharge incidents, or spills involving trains carrying oil or other hazardous substances, and (2) pipeline discharge incidents or spills involving oil or other hazardous substances.

(b) The commissioner shall allocate available funds as follows:

1. $100,000 annually for emergency response teams; and
2. the remaining amount to the Board of Firefighter Training and Education under section 299N.02 and the Division of Homeland Security and Emergency Management.

(c) Prior to making allocations under paragraph (b), the commissioner shall consult with the Fire Service Advisory Committee under section 299F.012, subdivision 2.

(d) The commissioner and the entities identified in paragraph (b), clause (2), shall prioritize uses of funds based on:
1. firefighter training needs;
2. community risk from discharge incidents or spills;
3. geographic balance; and
4. risks to the general public; and
5. recommendations of the Fire Service Advisory Committee.

(e) The following are permissible uses of funds provided under this subdivision:
1. training costs, which may include, but are not limited to, training curriculum, trainers, trainee overtime salary, other personnel overtime salary, and tuition;
2. costs of gear and equipment related to hazardous materials readiness, response, and management, which may include, but are not limited to, original purchase, maintenance, and replacement;
3. supplies related to the uses under clauses (1) and (2); and
4. emergency preparedness planning and coordination.
(5) public safety emergency response exercises under section 219.925, subdivision 6;

and

(6) public education and outreach, including but not limited to:

(i) informing and engaging the public regarding hazards of derailments and discharge incidents;

(ii) assisting in development of evacuation readiness;

(iii) undertaking public information campaigns; and

(iv) providing accurate information to the media on likelihood and consequences of derailments and discharge incidents.

(f) Notwithstanding paragraph (b), clause (2), from funds in the railroad and pipeline safety incident account provided for the purposes under this subdivision, the commissioner may retain a balance in the account for budgeting in subsequent fiscal years.

Subd. 4. Assessments. (a) The commissioner of public safety shall annually assess $2,500,000 to railroad and pipeline companies based on the formula specified in paragraph (b). The commissioner shall deposit funds collected under this subdivision in the railroad and pipeline safety incident account under subdivision 2.

(b) The assessment for each railroad is 50 percent of the total annual assessment amount, divided in equal proportion between applicable rail carriers based on route miles operated in Minnesota. The assessment for each pipeline company is 50 percent of the total annual assessment amount, divided in equal proportion between companies based on the yearly aggregate gallons of oil and hazardous substance transported by pipeline in Minnesota.

(c) The assessments under this subdivision expire July 1, 2017.

Sec. 7. REVISOR’S INSTRUCTION.

The revisor of statutes shall recodify Minnesota Statutes, section 115E.042, subdivision 2, as Minnesota Statutes, section 219.925, subdivision 8, and Minnesota Statutes, section 115E.042, subdivision 3, as Minnesota Statutes, section 219.925, subdivision 4. The revisor shall correct any cross-references made necessary by this recodification.
APPENDIX
Article locations in S0210-2

ARTICLE 1  APPROPRIATIONS .................................................................  Page.Ln 1.17
ARTICLE 2  TRANSPORTATION FINANCE AND POLICY ...........................  Page.Ln 49.1
ARTICLE 3  MISCELLANEOUS .................................................................  Page.Ln 60.17
ARTICLE 4  RAIL TRANSPORTATION .....................................................  Page.Ln 81.18
123A.446 STATE BOND AUTHORIZATION.
To provide money for the cooperative secondary facilities grant program, the commissioner of management and budget, upon the request of the commissioner of education, shall issue and sell bonds of the state up to the amount of $14,000,000 in the manner, upon the terms and with the effect prescribed by sections 16A.631 to 16A.675 and the Minnesota Constitution, article XI, sections 4 to 7.