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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4433

03/21/2022 Authored by Hansen, R., and Lee

The bill was read for the first time and referred to the Committee on Industrial Education and Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to Public Facilities Authority; requiring certain amounts of federal funds
1.3 to be spent on green infrastructure; creating a green infrastructure grant program;
1.4 appropriating money; authorizing the sale and issuance of state bonds; amending
1.5 Minnesota Statutes 2020, sections 446A.07, subdivision 8; 446A.081, subdivision
1.6 9; proposing coding for new law in Minnesota Statutes, chapter 446A.

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

1.8 Section 1. Minnesota Statutes 2020, section 446A.07, subdivision 8, is amended to read:

1.9 Subd. 8. Other uses of revolving fund. (a) The clean water revolving fund may be used
1.10 as provided in title VI of the Federal Water Pollution Control Act, including the following
1.11 uses:

1.12 (1) to buy or refinance the debt obligation of governmental units for treatment works
1.13 where debt was incurred and construction begun after March 7, 1985, at or below market
1.14 rates;

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

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

1.20 (4) to provide loan guarantees, loans, or set-aside for similar revolving funds established
1.21 by a governmental unit other than state agencies, or state agencies under sections 17.117,
1.22 103F.725, subdivision 1a, and 116J.617;

1.23 (5) to earn interest on fund accounts;

2.1 (6) to pay the reasonable costs incurred by the authority and the Pollution Control Agency
 2.2 of administering the fund and conducting activities required under the Federal Water Pollution
 2.3 Control Act, including water quality management planning under section 205(j) of the act
 2.4 and water quality standards continuing planning under section 303(e) of the act;

2.5 (7) to provide principal forgiveness or grants to the extent permitted under the Federal
 2.6 Water Pollution Control Act and other federal law, based on the criteria and requirements
 2.7 established for the wastewater infrastructure funding program under section 446A.072; and

2.8 (8) to provide loans, principal forgiveness, or grants to the extent permitted under the
 2.9 Federal Water Pollution Control Act and other federal law to address green infrastructure,
 2.10 water or energy efficiency improvements, or other environmentally innovative activities.

2.11 (b) Amounts spent under paragraph (a), clause (6), may not exceed the amount allowed
 2.12 under the Federal Water Pollution Control Act.

2.13 (c) Principal forgiveness or grants provided under paragraph (a), clause (8), may not
 2.14 exceed 25 percent of the eligible project costs as determined by the Pollution Control Agency
 2.15 for project components directly related to green infrastructure, water or energy efficiency
 2.16 improvements, or other environmentally innovative activities, up to a maximum of
 2.17 \$1,000,000. The authority must use the maximum amount of federal funds available for the
 2.18 purposes of paragraph (a), clause (8), each fiscal year beginning in fiscal year 2023. If in
 2.19 any fiscal year there is no maximum amount stated in federal law, regulation, or guidance
 2.20 as being available for the purposes of paragraph (a), clause (8), the authority must use no
 2.21 less than 20 percent of the federal funds in the clean water revolving fund for such purposes.

2.22 **EFFECTIVE DATE.** This section is effective July 1, 2022.

2.23 **Sec. 2. [446A.077] GREEN INFRASTRUCTURE GRANT PROGRAM.**

2.24 **Subdivision 1. Establishment of program.** The authority shall establish a green
 2.25 infrastructure grant program to provide grants for green infrastructure projects.

2.26 **Subd. 2. Definitions.** (a) For the purposes of this section, the following terms have the
 2.27 meanings given.

2.28 (b) "Green infrastructure" has the meaning given in United States Code, title 33, section
 2.29 1362, as amended through December 31, 2019, and also includes trails, bridges, roads, and
 2.30 recreational amenities designed to mitigate stormwater impacts.

2.31 (c) "Political subdivision" means a county, home rule charter or statutory city, town, or
 2.32 other political subdivision of the state.

3.1 (d) "Project" means a green infrastructure project to be owned and administered by a
 3.2 political subdivision.

3.3 Subd. 3. **Creation of accounts.** Two green infrastructure grant program accounts are
 3.4 created. One account is created in the special revenue fund and one in the bond proceeds
 3.5 fund. Money in the accounts is appropriated to the commissioner to make grants under this
 3.6 section. Money in the green infrastructure grant program accounts is available until
 3.7 encumbered or spent subject to section 16A.642.

3.8 Subd. 4. **Eligibility.** A political subdivision is eligible to apply for and receive a grant
 3.9 from either green infrastructure grant program account established in this section.

3.10 Subd. 5. **Application.** An application by a political subdivision for a grant under this
 3.11 section must be made at the time and in the form and manner prescribed by the authority.
 3.12 The authority must consult with the commissioner of management and budget on the form
 3.13 of the application, the content of a request for proposals published to solicit applications
 3.14 for the program under this section, and any prioritization criteria the authority intends to
 3.15 apply to the program.

3.16 Subd. 6. **Eligible project.** A grant may be used to acquire land or an interest in land,
 3.17 predesign, design, renovate, construct, furnish, and equip a project that is qualified to be
 3.18 funded by state general obligation bonds under the Minnesota Constitution, article XI,
 3.19 section 5, paragraph (a). Money from the account in the general fund may also be used for
 3.20 green infrastructure that would not qualify to be funded by state general obligation bonds.

3.21 Subd. 7. **Grants.** (a) To be eligible for a grant under this section, a political subdivision
 3.22 must timely submit an application to the authority and pass a resolution in support of the
 3.23 project. The authority may give priority to a political subdivision that provides a local match
 3.24 of funds for the project.

3.25 (b) A grant awarded under this section must be no less than the amount required to
 3.26 complete the project, less any local funds committed to the project as required by section
 3.27 16A.502.

3.28 (c) A grant under this section is in addition to any loan, principal forgiveness, or grant
 3.29 awarded by the authority under section 446A.07, subdivision 8, paragraph (a), clause (8),
 3.30 or 446A.081, subdivision 9, paragraph (a), clause (9).

3.31 Subd. 8. **Cancellation.** A grant under this section is available until the project is
 3.32 completed or abandoned subject to section 16A.642.

3.33 **EFFECTIVE DATE.** This section is effective July 1, 2022.

4.1 Sec. 3. Minnesota Statutes 2020, section 446A.081, subdivision 9, is amended to read:

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

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

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

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

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

4.15 (5) to earn interest on fund accounts;

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

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

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

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

4.28 (10) to provide principal forgiveness, or grants for 80 percent of project costs up to a
4.29 maximum of \$100,000 for projects needed to comply with national primary drinking water
4.30 standards for an existing nonmunicipal community public water system; and

4.31 (11) to provide principal forgiveness or grants to the extent permitted under the federal
4.32 Safe Drinking Water Act and other federal laws for 50 percent of the project costs up to a

5.1 maximum of \$250,000 for projects to replace the privately owned portion of drinking water
5.2 lead service lines.

5.3 (b) Principal forgiveness or grants provided under paragraph (a), clause (9), may not
5.4 exceed 25 percent of the eligible project costs as determined by the Department of Health
5.5 for project components directly related to green infrastructure, water or energy efficiency
5.6 improvements, or other environmentally innovative activities, up to a maximum of
5.7 \$1,000,000. The authority must use the maximum amount of federal funds available for the
5.8 purposes of paragraph (a), clause (9), each fiscal year beginning in fiscal year 2023. If in
5.9 any fiscal year there is no maximum amount stated in federal law, regulation, or guidance
5.10 as being available for the purposes of paragraph (a), clause (9), the authority must use no
5.11 less than 20 percent of the federal funds in the drinking water revolving loan fund for such
5.12 purposes.

5.13 **EFFECTIVE DATE.** This section is effective July 1, 2022.

5.14 Sec. 4. **GREEN INFRASTRUCTURE PROGRAM.**

5.15 Subdivision 1. **Appropriation; state general obligation bonds.** \$20,000,000 is
5.16 appropriated from the bond proceeds fund to the Public Facilities Authority for grants under
5.17 Minnesota Statutes, section 446A.077.

5.18 Subd. 2. **Appropriation; general fund.** \$20,000,000 in fiscal year 2023 is appropriated
5.19 from the general fund to the Public Facilities Authority for grants under Minnesota Statutes,
5.20 section 446A.077.

5.21 Subd. 3. **Bond sale.** To provide the money appropriated in this section from the bond
5.22 proceeds fund, the commissioner of management and budget shall sell and issue bonds of
5.23 the state in an amount up to \$20,000,000 in the manner, upon the terms, and with the effect
5.24 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
5.25 Constitution, article XI, sections 4 to 7.

5.26 **EFFECTIVE DATE.** This section is effective July 1, 2022.

5.27 Sec. 5. **APPROPRIATION; GREEN INFRASTRUCTURE PROJECTS.**

5.28 (a) Of an appropriation in fiscal year 2023 for the green infrastructure grant program
5.29 under Minnesota Statutes, section 446A.077, the Public Facilities Authority must award
5.30 grants to:

6.1 (1) the Minneapolis Park and Recreation Board to replace, relocate, and improve public
6.2 park and water management infrastructure along Shingle, Bassett's, and Minnehaha Creeks
6.3 in Minneapolis; and

6.4 (2) Dakota County for a green infrastructure pilot project on a 2.4-mile segment of the
6.5 Mississippi River Greenway.

6.6 (b) A grant issued pursuant to this section must be no less than the amount required to
6.7 complete the project, less any local funds committed to the project as required by section
6.8 16A.502.

6.9 (c) The issuance of a grant pursuant to this section is conditioned on the completion of
6.10 an application required under Minnesota Statutes, section 446A.077, subdivision 5.

6.11 **EFFECTIVE DATE.** This section is effective July 1, 2022.