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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3768

02/14/2024 Authored by Lislegard The bill was read for the first time and referred to the Committee on Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to the Public Facilities Authority; increasing the maximum grant amount
1.3 for the water infrastructure funding program; amending Minnesota Statutes 2022,
1.4 section 446A.072, subdivision 5a.

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

1.6 Section 1. Minnesota Statutes 2022, section 446A.072, subdivision 5a, is amended to read:

1.7 Subd. 5a. Type and amount of assistance. (a) For a governmental unit receiving grant
1.8 funding from the USDA/RECD, the authority may provide assistance in the form of a grant
1.9 of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental
1.10 unit may not receive a grant under this paragraph for more than \$5,000,000 \$10,000,000
1.11 per project or \$20,000 per existing connection, whichever is less, unless specifically approved
1.12 by law.

1.13 (b) For a governmental unit receiving a loan from the clean water revolving fund under
1.14 section 446A.07, the authority may provide assistance under this section in the form of a
1.15 grant if the average annual residential wastewater system cost after completion of the project
1.16 would otherwise exceed 1.4 percent of the median household income of the project service
1.17 area. In determining whether the average annual residential wastewater system cost would
1.18 exceed 1.4 percent, the authority must consider the total costs associated with building,
1.19 operating, and maintaining the wastewater system, including existing wastewater debt
1.20 service, debt service on the eligible project cost, and operation and maintenance costs. Debt
1.21 service costs for the proposed project are calculated based on the maximum loan term
1.22 permitted for the clean water revolving fund loan under section 446A.07, subdivision 7.

1.23 The amount of the grant is equal to 80 percent of the amount needed to reduce the average

2.1 annual residential wastewater system cost to 1.4 percent of median household income in
2.2 the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000
2.3 per existing connection, whichever is less, unless specifically approved by law. The eligible
2.4 project cost is determined by multiplying the total project costs minus any other grants by
2.5 the essential project component percentage calculated under subdivision 3, paragraph (c),
2.6 clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project
2.7 cost.

2.8 (c) For a governmental unit receiving a loan from the drinking water revolving fund
2.9 under section 446A.081, the authority may provide assistance under this section in the form
2.10 of a grant if the average annual residential drinking water system cost after completion of
2.11 the project would otherwise exceed 1.2 percent of the median household income of the
2.12 project service area. In determining whether the average annual residential drinking water
2.13 system cost would exceed 1.2 percent, the authority must consider the total costs associated
2.14 with building, operating, and maintaining the drinking water system, including existing
2.15 drinking water debt service, debt service on the eligible project cost, and operation and
2.16 maintenance costs. Debt service costs for the proposed project are calculated based on the
2.17 maximum loan term permitted for the drinking water revolving fund loan under section
2.18 446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of
2.19 the amount needed to reduce the average annual residential drinking water system cost to
2.20 1.2 percent of median household income in the project service area, to a maximum of
2.21 ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less,
2.22 unless specifically approved by law. The eligible project cost is determined by multiplying
2.23 the total project costs minus any other grants by the essential project component percentage
2.24 calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the
2.25 grant exceed 80 percent of the eligible project cost.

2.26 (d) Notwithstanding the limits in paragraphs (a), (b), and (c), for a governmental unit
2.27 receiving supplemental assistance under this section after January 1, 2002, if the authority
2.28 determines that the governmental unit's construction and installation costs are significantly
2.29 increased due to geological conditions of crystalline bedrock or karst areas and discharge
2.30 limits that are more stringent than secondary treatment, the maximum award under this
2.31 section shall not be more than \$25,000 per existing connection.