

116X.03 ENVIRONMENT AND NATURAL RESOURCES TRUST FUND COMMUNITY GRANT PROGRAM.

Subdivision 1. **Grants.** (a) Beginning July 1, 2025, each fiscal year 1.5 percent of the market value of the environment and natural resources trust fund on June 30 one year before the start of the biennium is available for appropriation to the commissioner of natural resources to provide grants under this section for the benefit of current residents and future generations. The commissioner must award grants under this section for purposes authorized under the Minnesota Constitution, article XI, section 14, and expand the number and diversity of recipients who benefit from the environment and natural resources trust fund, especially in communities that have been adversely affected by pollution and environmental degradation.

(b) Grants awarded under this section must be expended for benefits across all regions and residents of the state. A grant may be awarded under this section only for:

(1) helping adversely impacted communities respond to environmental degradation and related health concerns;

(2) education and awareness related to stewardship of air, land, water, forests, fish, wildlife, and other natural resources;

(3) preserving or enhancing air, land, water, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state;

(4) trail maintenance and improvement on state, regional, or local trails. No money allocated under this clause may be used to construct new trails or new trail segments; or

(5) aquatic invasive species management.

(c) A grant awarded under this section must provide measurable results.

(d) Money appropriated from the trust fund under this subdivision must supplement the traditional sources of funding for environment and natural resources activities and may not be used as a substitute.

(e) Any appropriated funds under this subdivision that are not encumbered before the appropriation expires must be credited to the principal of the trust fund.

Subd. 1a. **Grant awards; maximum amounts.** (a) A grant awarded under this section may not exceed:

(1) \$2,000,000, if the grant is for trail maintenance; or

(2) \$750,000, if the grant is for a purpose other than trail maintenance.

(b) The commissioner must award grants under this section in each fiscal year for more than one purpose under subdivision 1, paragraph (b).

(c) Paragraph (a), clause (1), is a limitation on the total amount of money that can be awarded in a single grant cycle under this section to a grantee for work on the same trail.

(d) This subdivision expires June 30, 2028.

Subd. 2. **Capital projects and land acquisition.** Notwithstanding section 116P.011, the requirements of sections 116P.15 to 116P.21 apply to grants awarded under this section, except that where those sections require a grantee to obtain approval of the Legislative-Citizen Commission on Minnesota Resources for a proposed action a grantee must instead obtain the approval of the commissioner of natural resources.

Subd. 3. **Administrative expenses.** Up to five percent of the money appropriated to the commissioner for grants under this section may be used by the commissioner for administration, outreach, grant monitoring, and advisory council operational support.

Subd. 3a. **Staff training requirements.** All Department of Natural Resources staff who are assigned grants management responsibilities for grants awarded under this section must complete annual training on financial reconciliation and fraud prevention in addition to the training required under section 16B.98, subdivision 6a.

Subd. 3b. **Grants monitoring.** The commissioner must conduct at least one in-person unannounced monitoring visit before final payment is made on all grants awarded under this section that are for an amount of \$50,000 or more. For grant amounts under \$50,000, the commissioner must select a sample from the grants awarded each year and conduct at least one unannounced monitoring visit on the selected grants before final payment is made.

Subd. 3c. **Small grant administration requirements.** (a) The commissioner must conduct a preaward risk assessment under section 16B.981 for a grant awarded under this section that is for an amount less than \$50,000.

(b) The commissioner must conduct a financial reconciliation of grantees' expenditures on a sample of grants under \$50,000 before final payments are made.

Subd. 4. **Return of grant money.** The commissioner must require a recipient of a grant under this section to return all money awarded to the recipient if the recipient does not use the money in accordance with the applicable agreement.

Subd. 4a. **Advance payment.** (a) Except as provided under paragraph (b), a grant awarded under this section must be administered on a reimbursement basis.

(b) The commissioner may provide an advance payment to a recipient of a grant administered under this section if:

(1) the recipient has obtained a surety bond in an amount and in a form approved by the commissioner; or

(2) a fiscal agent has been designated and approved by the commissioner under paragraph (c).

(c) The commissioner may designate and approve a fiscal agent for purposes of this subdivision if the fiscal agent is subject to the requirements under sections 16B.97 to 16B.991.

Subd. 5. **Reporting.** By February 1 each year, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources on the administration of this section during the previous fiscal year, including administrative expenses and the grants awarded.

Subd. 5a. **Grant recipient reporting.** A recipient of a grant awarded under this section must submit a quarterly written progress report on the grant to the commissioner in a form and manner approved by the commissioner until all grant funds have been expended and all of the terms in the grant contract agreement have been met.

Subd. 6. **Prohibitions.** The commissioner may not award a grant under this section:

(1) to a state agency;

(2) to the Board of Regents of the University of Minnesota;

(3) to a for-profit business; or

(4) for a scientific research project.

History: 2023 c 67 art 2 s 4; 1Sp2025 c 1 art 3 s 1,2; 2026 c 104 s 6-11