CHAPTER 116X

ENVIRONMENT AND NATURAL RESOURCES TRUST FUND COMMUNITY GRANTS

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116X.01 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Advisory council.** "Advisory council" means the council created under section 116X.05.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of natural resources.

Subd. 4. **Grant program.** "Grant program" means the program established under section 116X.03.

History: *2023 c 67 art 2 s 3*

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*

116X.05 ENVIRONMENT AND NATURAL RESOURCES TRUST FUND COMMUNITY GRANT ADVISORY COUNCIL; REPORTING.

Subdivision 1. **Establishment.** The commissioner of natural resources must establish an Environment and Natural Resources Trust Fund Community Grant Advisory Council.

Subd. 2. **Membership; terms.** (a) The commissioner, in consultation with the commissioners of health and the Pollution Control Agency, must appoint 11 residents of Minnesota to the advisory council, and the appointees must include:

(1) two members who are members of the Minnesota Ojibwe Tribe;

(2) two members who are members of the Minnesota Dakota Tribe; and

(3) four members who identify as Black or African American, Hispanic or Latino, Asian, or Pacific Islander or as members of a community of color.

(b) In addition to the members appointed under paragraph (a), the commissioner, in consultation with the commissioners of health and the Pollution Control Agency, may appoint up to eight additional residents of Minnesota to the advisory council when, in the commissioner's discretion, it is necessary to ensure that the advisory council is sufficiently representative of various Minnesota communities.

(c) The commissioner must make appointments to the advisory council under this subdivision that result in substantially equal representation of rural, suburban, and urban communities.

(d) The membership appointed under paragraphs (a) and (b) must include persons who:

(1) have experience or expertise in the science, policy, or practice of the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources, including expertise in understanding the cultural context in which these activities are undertaken from the perspective of Tribal communities;

(2) have strong knowledge of environment and natural resource issues around the state, including those that are of particular importance to Tribal communities; and

(3) have demonstrated the ability to work in a collaborative environment.

(e) Members serve staggered three-year terms, beginning in January of the first year and continuing through the end of December of the final year. Members continue to serve until their replacement is named. Initial appointees may be appointed to terms of less than three years to establish a structure of staggered terms.

(f) A member appointed under this subdivision may not be a registered lobbyist.

Subd. 3. **Duties.** (a) The advisory council must:

(1) advise the commissioner on developing forms and applications and reporting for grants awarded under the grant program;

(2) review proposed grant program policies and budgets for the upcoming year;

(3) propose changes to the grant program, as needed;

(4) review other relevant information;

(5) make recommendations to the legislature and the commissioner for improving management of the grant program; and

(6) review and advise on recipient eligibility.

(b) The commissioner must provide the council with the information required to perform its duties under this subdivision.

Subd. 4. **Per diem.** Members of the council are entitled to per diem and reimbursement for expenses incurred in the services of the commission, as provided in section 15.059, subdivision 3.

Subd. 5. **Open meetings.** Meetings of the advisory council must be open to the public and are subject to chapter 13D.

History: *2023 c 67 art 2 s 5*