

Laws 2025, 1st Special Session - Chapter 15 (H.F. No. 18) – Omnibus Capital Investment Bill

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Article 1 – Appropriations

Section 1 [Capital Improvement Appropriations] specifies terms and conditions for appropriations in the bill. Appropriations are from the bond proceeds fund, unless otherwise specified. Appropriations of bond proceeds must be spent as permitted under certain provisions of the Constitution that permit the state to incur public debt. Unless otherwise specified, the money in the act can be used for certain agency staff costs and is available until a project is completed or abandoned or canceled, subject to a statutory cancellation procedure after four years. Money appropriated in this bill must not be used for asset preservation if the work can be done in a reasonable time using existing energy improvement financing programs. The commissioner of management and budget is authorized to make the appropriations in this act available when amounts sufficient to complete the project are committed to the project.

Sections 2 through 23 appropriate proceeds of general obligation bonds for projects and programs as listed on the spreadsheet prepared by Hannah Grunewald Noeldner, Fiscal Analyst, with Senate Counsel, Research, and Fiscal Analysis. The following table is an aid to find sections within the bill:

Section Number	Agency
2	University of Minnesota
3	Minnesota State Colleges and University
4	Education
5	Minnesota State Academies
6	Perpich Center for Arts Education
7	Natural Resources
8	Pollution Control Agency
9	Board of Water and Soil Resources
10	Minnesota Zoological Garden

11	Administration
12	Amateur Sports Commission
13	Public Safety
14	Transportation
15	Metropolitan Council
16	Direct Care and Treatment
17	Children, Youth, and Families
18	Veterans Affairs
19	Corrections
20	Employment and Economic Development
21	Public Facilities Authority
22	Minnesota Housing Finance Agency
23	Minnesota Historical Society

Section 24 [Bond Sale Authorization] authorizes the sale of bonds.

Paragraph (a) authorizes the sale of general obligation bonds in an amount up to a specified amount to provide money appropriated in this bill from the bond proceeds fund and to provide for bond sale expenses.

Paragraph (b) authorizes the sale of general obligation bonds in an amount up to a specified maximum to provide money appropriated in this bill from the bond proceeds account in the state transportation fund and to provide for bond sale expenses.

Section 25 [Cancellations; Bond Sale Authorization Reductions] cancels unencumbered appropriations that appeared on the cancellation report in 2025, unless extended in this bill. Reduces the bond sale authorizations accordingly. Cancellations have effect once.

Section 26 [Bond Sale Schedule] sets the cap on the amount to be transferred from the general fund to the state bond fund to pay principal and interest on outstanding bonds and bonds scheduled to be sold during the biennium. Requires the commissioner of management and budget to adjust the amount of bonds scheduled to be sold so that the debt service does not exceed the cap. Appropriates from the general fund the amount necessary to make debt service payments, as required by statute.

Section 27 [Effective Date] sets the day after enactment as the effective date of Article 1.

Article 2 – Policy

Section 1 [Report on Expenditure of Bond Proceeds; 16A.501] changes the deadline from January 1 to January 15 for an annual report by Minnesota Management and Budget to the legislature on the expended and encumbered status of earlier appropriations for capital projects.

Section 2 [Statewide Drinking Water Contamination Mitigation Program; 115B.245] creates a new grant program for state funding for projects to provide safe drinking water where drinking water is contaminated by hazardous substances.

Subd. 1 [Program established] authorizes the commissioner of the Pollution Control Agency to design and construct projects to provide safe drinking water where water is contaminated by hazardous substances. Examples of eligible projects include treatment systems, new drinking water wells, sealing contaminated wells, and connecting to alternative drinking water sources. Criteria and rules for project selection will be the same as for the existing grant program to fund projects in response to release or pollutants or contaminants that present an imminent and substantial danger to public health or welfare or the environment or when a hazardous substance is released or threatened to be released.

Subd. 2 [Definitions] defines “eligible grantee,” “private infrastructure projects,” and “public infrastructure projects.”

Subd. 3 [Accounts] establishes one account in the bond proceeds fund and another in the general fund from which projects may be funded under this program. Specifies and constrains uses for money in the accounts.

Section 3 [Rules; 116.182, subd. 5] requires the commissioner of the Pollution Control Agency to assign 40 points for a wastewater treatment project proposed by a municipality to address emerging contaminants. This section expires June 30, 2030.

Section 4 [Other uses of revolving fund; 446A.07, subd. 8] adds a cap for grants and loan forgiveness for emerging contaminant projects through the Clean Water Revolving Fund program. Makes other nonsubstantive formatting changes to the statute.

Section 5 [Type and amount of assistance; 446A.072, subd. 5a] increases the cap on grants under the water infrastructure program from \$5,000,000 to \$10,000,000.

Section 6 [Program established; 446A.073, subd. 1] raises the cap on grants under the point source implementation grant program (PSIG) from \$7,000,000 to \$12,000,000.

Section 7 [Other uses of fund; 446A.081, subd. 9] adds a cap for grants and loan forgiveness for projects needed to comply with contaminant levels set by the federal Safe Drinking Water Act, under the Drinking Water Revolving Fund program. Makes other nonsubstantive formatting changes to the statute.

Section 8 [Emerging Contaminants Grants; 446A.082] establishes a new grant program for governmental units for up to 50 percent of the cost of drinking water infrastructure projects to address a confirmed exceedance of a health advisory level for a drinking water emerging contaminant.

Subd. 1. Program established. Describes the allowed uses of grant money under this program.

Subd. 2. Eligibility. Specifies requirements for eligibility for a grant under this program. The applicant must be listed on the Drinking Water Revolving Fund Project Priority List; receive priority points under a department of health rule that awards priority points based on history of violations of federal rules; and be certified by the commissioner of health as an eligible project.

Subd. 3. Application and reservation of funds. Requires the commissioner of health to review applications and certify qualifying projects.

Subd. 4. Grant amount. Sets a maximum grant amount under this program at up to 50% of the eligible as-bid project cost up to \$5,000,000 less the amount of federal money the project receives under a federal emerging contaminant grant program.

Subd. 5. Grant approval. Requires the PFA to award a grant for an eligible project only after certain conditions are met, including submitting an as-bid project cost, certification by the commissioner of health, and the PFA has determined that there is sufficient funding committed from other sources to the project for completion.

Subd. 6. Grant disbursement. Requires grants to be disbursed as project costs are incurred, in accord with agreements and laws governing disbursements.

Subd. 7. Recovering expenses. Allows money granted under this program to be recovered in a civil action by the attorney general against a person strictly liable for costs and damages that result from releasing or threatening release of a hazardous substance from a facility under another statute. To be eligible for recovery, the expenses must be reasonable and necessary. The PFA, department of health, and PCA's certification of expenses is prima facie evidence that the expenses are reasonable and necessary. Money recovered in a civil action for a project financed with bonds under this section must be transferred to MMB for deposit in the state bond proceeds fund and applied toward principal interest on outstanding bonds.

Section 9 [Cooperative Manufactured Housing Infrastructure Grant Program; 462A.2036] creates a new program to fund housing infrastructure to support cooperative manufactured housing development projects.

Subd.1 [Grant program established] authorizes the Housing Finance Agency to make grants to counties and cities for up to 50 percent of the capital costs of housing infrastructure necessary for an eligible cooperative manufactured housing development project. Requires the agency to prioritize a grant where nonstate resources sufficient to complete the project are committed. Allows in-kind contributions to count toward the nonstate resources.

Subd. 2 [Definition] defines "housing infrastructure" to mean publicly owned physical infrastructure necessary to support cooperative manufactured housing development projects.

Subd. 3 [Eligible projects] specifies that eligible housing infrastructure must serve manufactured housing cooperatives as identified in the property tax statutes.

Subd. 4 [Application] requires the Housing Finance Agency to develop forms and procedures for soliciting, reviewing, and prioritizing applications for grants. Specifies factors the Agency must make in evaluating applications. Gives the Agency authority to determine whether to make a grant and precludes judicial review of the agency's decisions, other than for abuse of discretion.

Subd. 5 [Maximum grant amount] sets a cap for a grant under this program of \$60,000 per manufactured housing lot.

Section 10 [Legislative Office Facilities] authorizes refinancing through lease revenue bonds or certificates of participation of the debt issued to construct the Minnesota Senate Building.

Section 11 [Department of Public Safety Land Acquisition] authorizes the commissioner of administration, at the request of the commissioner of public safety, to acquire land adjacent the Bureau of Criminal Apprehension facility in Bemidji.

Section 12 [Repealer] repeals:

- (a) A section that enabled infrastructure development bonds;
- (b) A subdivision that directed that cancellation of an appropriation to the Greater Minnesota Child Care Facility Capital Program be treated differently than a typical cancellation of an appropriation for a capital grant. This subdivision provided for the appropriation to this program to cancel after five years if unencumbered or spent and to cancel back to the program to be used for other grants under the program. Further, the subdivision provided for the cancelled money when reappropriated to be subject to cancellation after about four years like other capital appropriations.

Section 13 [Effective Date] sets the effective date for the article as the day after enactment.

Article 3 – Modifications

Article 3 amends earlier appropriations and makes related changes. Appropriations amended in these sections were made from the general fund and enacted in 2023, unless otherwise specified.

Section 1 [Chisago County; U.S. Highway 8 Reconstruction] sets the availability of an appropriation to December 31, 2029, for a grant to Chisago County for improvements to Highway 8. This is an appropriation from bond proceeds enacted in 2020.

Section 2 [White Bear Lake Communities; Lake Links Trail] allows the city of Dellwood to break its project for the Lake Links Trail into components and to have separate grant agreements for each segment. This amends an appropriation of bond proceeds enacted in 2020 as amended in 2023.

Section 3 [Alexandria; Runestone Community Center Expansion] exempts the Runestone Community Center expansion project in Alexandria from the B3 sustainable building requirements. This is an appropriation from bond proceeds enacted in 2020 as amended in 2024. This section is effective retroactively to June 1, 2023.

Section 4 [Marshall; MERIT Training Center] eliminates firearms support buildings and a live burn buildout structure from the allowed uses of a grant to the city of Marshall for a MERIT training center.

Section 5 [Dellwood; Lake Links Trail] extends an appropriation to December 31, 2028, and authorizes the money to be granted through more than one grant to the city of Dellwood for a portion of the Lake Links Trail.

Section 6 [Maple Grove; Community Center] adds construction as an allowed use of an appropriation for grant to Maple Grove for a community center.

Section 7 [St. Cloud; CentraCare] adds allowed construction activities for an appropriation for medical school facilities in St. Cloud through a grant to CentraCare.

Section 8 [Isuroon] authorizes amounts remaining from an appropriation after renovating one property to be used to acquire property and to renovate and construct a specialty care center for women's maternal health in Ramsey County, through a grant to Isuroon.

Section 9 [Open Arms] adds HVAC improvements at a nutrition counseling center building in Minneapolis to the allowed uses of an appropriation for a grant to Open Arms.

Section 10 [Somali Museum] eliminates predesign as an allowed use for an appropriation for a grant to the Somali Museum.

Section 11 [The Link] eliminates "construct, furnish, and equip" from the funded actions for a multiuse facility in North Minneapolis through a grant to The Link.

Section 12 [First District Association; Wastewater Industrial Pretreatment Facility] adds acquisition of land to the allowed uses for the appropriation.

Section 13 [Western Lake Superior Sanitary District; Clarifiers] extends the availability of an appropriation from 2023 through 2029 for clarifiers for the wastewater treatment system in the Western Lake Superior Sanitary District.

Section 14 [Education] exempts the Redwood Falls library project from the B3 sustainable buildings requirements. This was a grant to the city of Redwood Falls from an appropriation to the library construction grant program. This section is effective retroactively to June 1, 2023.

Section 15 [Heartland State Trail] allows an unspent portion of an appropriation for the Heartland Trail to be used for environmental review, engineering, and design of additional segments of the trail.

Section 16 [Savage; Road and Bridge Improvements] extends an appropriation for a grant to the city of Savage for road and bridge improvements to December 31, 2029.

Section 17 [Minnesota State Colleges and Universities] adds replacement of a portion of a roof to the allowed uses of an appropriation for the Heintz Center at the Rochester Community and Technical College.

Section 18 [Effective date] sets the effective date for the modifications article at the day after enactment, unless a section has a different specified effective date.



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