

S.F. No. 2404 – Constitutional Amendment Providing for the Renewal of the Environment and Natural Resources Trust Fund (As Amended by the A-4 Amendment)

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ARTICLE 1 – CONSTITUTIONAL AMENDMENT

Section 1 [Modifications to Constitutional Language] proposes amending article XI, section 14, of the Minnesota Constitution, which creates the environment and natural resources trust fund (ENRTF), by:

- Repealing language authorizing loans of ENRTF money for water system improvements
- Clarifying that ENRTF money may not be used to pay principal or interest of any bonds
- Clarifying that ENRTF money may not be used to pay for construction, repair, improvement, or operation of wastewater facilities
- Raising the amount that may be appropriated from the trust fund each fiscal year from 5.5% per year to 7%
- Increasing the percentage of net proceeds of the state lottery that must be credited to the fund from the current 40% to 50%
- Removing the expiration of the transfer of lottery proceeds to the ENRTF. The transfer is currently set to expire in 2025.

Section 2 [Ballot Question] requires submission of the proposed amendment to the people at the 2024 general election.

ARTICLE 2 – OTHER CHANGES

Section 1 [Grant Program Is Not Subject to Chapter 116P] makes clear that the grant program created by this article is not subject to the statutory chapter that governs other appropriations from the ENRTF (Chapter 116P).

Section 2 [Definitions] defines various terms used in the new statutory chapter created by this article (Chapter 116X).

Section 3 [Environment and Natural Resources Trust Fund Community Grant Program] requires the commissioner of natural resources (DNR) to establish the Environment and Natural Resources Trust Fund Community Grant Program.

Subd. 1 [Establishment] Requires establishment of the grant program, under which the DNR will make awards to partner organizations that will select projects that are eligible to be funded from the ENRTF but which have traditionally not been funded from that source.

Subd. 2 [Priority] requires the commissioner to prioritize providing grants to partner organizations that will fund projects that will be undertaken in overburdened or underserved census tracts and those that will provide multiple public benefits.

Subd. 3 [Appropriation] statutorily appropriates the additional 1.5% that is authorized to be appropriated from the ENRTF each year under the changes made in article 1, section 1 of the bill to the DNR to provide grants under the grant program.

Subd. 4 [Administrative Expenses] provides that no more than four percent of a grant may be used by a partner organization for administration and monitoring of a grant.

Subd. 5 [Improper Expenditure of Funds] authorizes DNR to require a recipient of a grant to return money awarded under the grant if the recipient does not use the money to complete the project in accordance with the applicable agreement.

Section 4 [Advisory Council; Reporting] requires creation of an Environment and Natural Resources Trust Fund Community Grant Advisory Council to advise the DNR on administration of the grant program.

Subd. 1 [Establishment] requires the DNR to establish the advisory council.

Subd. 2 [Membership] requires the DNR, in consultation with the commissioner of health, to appoint 11 residents of Minnesota to the advisory council as follows:

- 3 members must represent various demographics from rural Minnesota
- 3 members must represent various demographics from urban Minnesota
- 2 members must be members of the Ojibwe Tribe
- 2 members must be members of the Dakota Tribe

- 1 member must identify as Black or African American, Hispanic or Latino, Asian, Pacific Islander, or as a member of a community of color.

This subdivision also allows the DNR, in consultation with the commissioner of health, to appoint up to 8 additional residents of Minnesota to the advisory council when necessary to ensure that the advisory council is sufficiently representative of various Minnesota communities.

Members must meet certain qualifications and are appointed for staggered three-year terms.

Subd. 3 [Duties] provides that the advisory council must advise the DNR on administration of the grant program, review proposed budgets and policies of the program for the coming year, propose changes to the grant program as needed, and review and advise on partner organization eligibility.

Subd. 4 [Per Diem] authorizes members to receive per diem and reimbursement for expenses.

Subd. 5 [Reporting] requires partner organizations to annually report to the DNR and the advisory council on the use of grant money during the previous fiscal year. Requires the DNR to annual report to the legislature on the activities of the grant program during the previous year.

Section 5 [Unclaimed Prize Money] requires the director of the state lottery to transfer all unclaimed prize money at the end of each fiscal year from the lottery cash flow account to the ENRTF.

Section 6 [Technical Change] adjusts initial reporting dates to account for effective date of bill sections.