

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 2404

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| DATE | D-PG | OFFICIAL STATUS |
|------------|-------|--|
| 03/02/2023 | 1270 | Introduction and first reading Referred to Environment, Climate, and Legacy |
| 03/13/2023 | 1703 | Authors added Morrison; Abeler |
| 03/15/2023 | 1799 | Authors added Hoffman; Hauschild |
| 03/16/2023 | 1809a | Comm report: To pass as amended and re-refer to State and Local Government and Veterans |
| | 1812 | Rule 12.10: report of votes in committee |
| 05/04/2023 | 7010a | Comm report: To pass as amended and re-refer to Rules and Administration |
| | 7017 | Joint rule 2.03, referred to Rules and Administration |
| 05/11/2023 | | Comm report: Amend previous comm report Jt rule 2.03 suspended Re-referred to Finance |

1.1 A bill for an act

1.2 relating to natural resources; proposing an amendment to the Minnesota

1.3 Constitution, article XI, section 14; providing for the renewal of the environment

1.4 and natural resources trust fund; establishing the environment and natural resources

1.5 trust fund community grant program; appropriating money; amending Minnesota

1.6 Statutes 2022, section 349A.08, subdivision 5; proposing coding for new law in

1.7 Minnesota Statutes, chapter 116P; proposing coding for new law as Minnesota

1.8 Statutes, chapter 116X.

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

1.10 **ARTICLE 1**

1.11 **CONSTITUTIONAL AMENDMENT**

1.12 Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

1.13 An amendment to the Minnesota Constitution is proposed to the people. If the amendment

1.14 is adopted, article XI, section 14, will read:

1.15 Sec. 14. A permanent environment and natural resources trust fund is established in the

1.16 state treasury. ~~Loans may be made of up to five percent of the principal of the fund for water~~

1.17 ~~system improvements as provided by law.~~ The assets of the fund shall be appropriated by

1.18 law for the public purpose of protection, conservation, preservation, and enhancement of

1.19 the state's air, water, land, fish, wildlife, and other natural resources. The assets of the fund

1.20 shall not be used to pay the principal or interest of any bonds. The assets of the fund shall

1.21 not be used to pay for any costs related to the construction, repair, improvement, or operation

1.22 of any facility or system that processes wastewater, but may be used to pay for research

1.23 related to wastewater. The amount appropriated each year of a biennium, commencing on

1.24 July 1 in each odd-numbered year and ending on and including June 30 in the next

2.1 odd-numbered year, may be up to ~~5-1/2~~ seven percent of the market value of the fund on
 2.2 June 30 one year before the start of the biennium. Not less than ~~40~~ 50 percent of the net
 2.3 proceeds from any state-operated lottery must be credited to the fund ~~until the year 2025~~.

2.4 Sec. 2. **SUBMISSION TO VOTERS.**

2.5 (a) The proposed amendment must be submitted to the people at the 2024 general election.
 2.6 The question submitted must be:

2.7 "Shall the Minnesota Constitution be amended to protect drinking water sources; protect
 2.8 the water quality of lakes, rivers, and streams; and protect forests to improve air quality,
 2.9 wildlife habitat, natural areas, parks, and trails by extending the transfer of proceeds from
 2.10 the state-operated lottery to the environment and natural resources trust fund, to increase
 2.11 the portion of lottery proceeds transferred to the fund from the lottery from 40 to 50 percent,
 2.12 and to limit the uses of trust fund money?

2.13 Yes
 2.14 No "

2.15 (b) The title required under Minnesota Statutes, section 204D.15, subdivision 1, for the
 2.16 question submitted to the people under paragraph (a) shall be: "Environment and Natural
 2.17 Resources Trust Fund Renewal."

2.18 **ARTICLE 2**
 2.19 **STATUTORY CHANGES**

2.20 Section 1. **[116P.011] CHAPTER DOES NOT APPLY TO CERTAIN**
 2.21 **APPROPRIATIONS.**

2.22 This chapter does not apply to appropriations from the environment and natural resources
 2.23 trust fund under section 116X.03 or to projects funded with those appropriations.

2.24 **EFFECTIVE DATE.** If the constitutional amendment in article 1, section 1, of this act
 2.25 is approved by the voters at the 2024 general election, this section is effective January 1,
 2.26 2025.

2.27 Sec. 2. **[116X.01] DEFINITIONS.**

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

2.29 Subd. 2. **Advisory council.** "Advisory council" means the council created under section
 2.30 116X.05.

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

3.2 Subd. 4. **Grant program.** "Grant program" means the program established under section
 3.3 116X.03.

3.4 **EFFECTIVE DATE.** This section is effective the date following the day on which the
 3.5 constitutional amendment in article 1, section 1, of this act is approved by the voters at the
 3.6 2024 general election.

3.7 Sec. 3. **[116X.03] ENVIRONMENT AND NATURAL RESOURCES TRUST FUND**
 3.8 **COMMUNITY GRANT PROGRAM.**

3.9 Subdivision 1. **Establishment.** The commissioner must establish the environment and
 3.10 natural resources trust fund community grant program for the benefit of current residents
 3.11 and future generations. The commissioner must make awards under the program to partner
 3.12 organizations that will select and fund projects that are eligible to be funded under the terms
 3.13 of the Minnesota Constitution, article XI, section 14, but have not traditionally been funded
 3.14 from that source.

3.15 Subd. 2. **Priority.** In awarding grants under this section, the commissioner must give
 3.16 priority to awarding grants to partner organizations that will fund projects that will:

3.17 (1) be undertaken in census tracts that are overburdened or underserved, including
 3.18 communities disproportionately affected by agriculture loss, building loss, wildfire risk,
 3.19 low incomes, high energy costs, rates of asthma, rates of diabetes, rates of heart disease,
 3.20 low life expectancy, high housing costs, lack of green space, lack of indoor plumbing,
 3.21 presence of lead paint, proximity to hazardous waste and related facilities, particulate matter
 3.22 exposure, linguistic isolation, or unemployment; and

3.23 (2) provide multiple public benefits.

3.24 Subd. 3. **Appropriation.** Each year of a biennium, commencing on July 1 in each
 3.25 odd-numbered year and ending on and including June 30 in the next odd-numbered year,
 3.26 1.5 percent of the market value of the environment and natural resources trust fund on June
 3.27 30 one year before the start of the biennium is appropriated to the commissioner of natural
 3.28 resources to provide grants under the grant program.

3.29 Subd. 4. **Administrative expenses.** No more than four percent of a grant made under
 3.30 the grant program may be used by the partner organization for administration and monitoring
 3.31 of the grant.

4.1 Subd. 5. **Improper expenditure of funds.** The commissioner may require a recipient
 4.2 of a grant under this section to return all money awarded to the recipient if the recipient
 4.3 does not use the money to complete the project in accordance with the applicable agreement.

4.4 **EFFECTIVE DATE.** If the constitutional amendment in article 1, section 1, of this act
 4.5 is approved by the voters at the 2024 general election, this section is effective January 1,
 4.6 2025.

4.7 Sec. 4. **[116X.05] ENVIRONMENT AND NATURAL RESOURCES TRUST FUND**
 4.8 **COMMUNITY GRANT ADVISORY COUNCIL; REPORTING.**

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

4.11 Subd. 2. **Membership; terms.** (a) The commissioner, in consultation with the
 4.12 commissioner of health, must appoint 11 residents of Minnesota to the advisory council as
 4.13 follows:

4.14 (1) three members who reside in and represent various genders, ethnicities, ages, and
 4.15 other demographics from rural communities in Minnesota;

4.16 (2) three members who reside in and represent various genders, ethnicities, ages, and
 4.17 other demographics from urban or suburban communities in Minnesota;

4.18 (3) two members who are members of the Ojibwe Tribe;

4.19 (4) two members who are members of the Dakota Tribe; and

4.20 (5) one member who identifies as Black or African American, Hispanic or Latino, Asian,
 4.21 or Pacific Islander or as a member of a community of color.

4.22 (b) In addition to the members appointed under paragraph (a), the commissioner, in
 4.23 consultation with the commissioner of health, may appoint up to eight additional residents
 4.24 of Minnesota to the advisory council when, in the commissioner's discretion, it is necessary
 4.25 in order to ensure that the advisory council is sufficiently representative of various Minnesota
 4.26 communities.

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

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

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

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

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

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

5.9 (1) advise the commissioner on the development of criteria, forms, applications, and
 5.10 reporting for grants awarded under the grant program created in section 116X.03;

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

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

5.13 (4) review other relevant information;

5.14 (5) make recommendations to the legislature and the commissioner for improvements
 5.15 in the management of the grant program; and

5.16 (6) review and advise on partner organization eligibility.

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

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

5.22 Subd. 5. **Reporting.** (a) By October 1 each year, a partner organization that receives a
 5.23 grant under this section must report to the commissioner and the advisory council on the
 5.24 use of the grant money during the previous fiscal year. The report must include information
 5.25 about projects funded with the grant, the purpose and amount funded for each project, and
 5.26 the amount of administrative expenses for each project.

5.27 (b) By February 1 each year, the commissioner must report to the chairs and ranking
 5.28 minority members of the house of representatives and senate committees and divisions with
 5.29 jurisdiction over the environment and natural resources on the activities of the grant program
 5.30 during the previous fiscal year. The report must summarize the information received under
 5.31 paragraph (a) and must present additional relevant information about the functioning and
 5.32 outcomes of the program.

6.1 **EFFECTIVE DATE.** This section is effective the date following the day on which the
6.2 constitutional amendment in article 1, section 1, of this act is approved by the voters at the
6.3 2024 general election.

6.4 Sec. 5. Minnesota Statutes 2022, section 349A.08, subdivision 5, is amended to read:

6.5 Subd. 5. **Payment; unclaimed prizes.** A prize in the state lottery must be claimed by
6.6 the winner within one year of the date of the drawing at which the prize was awarded or
6.7 the last day sales were authorized for a game where a prize was determined in a manner
6.8 other than by means of a drawing. If a valid claim is not made for a prize payable directly
6.9 by the lottery by the end of this period, the prize money is considered unclaimed and the
6.10 winner of the prize shall have no further claim to the prize. A prize won by a person who
6.11 purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a
6.12 person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed
6.13 prize under this section. The director must transfer all unclaimed prize money at the end of
6.14 each fiscal year from the lottery cash flow account to the ~~general~~ environment and natural
6.15 resources trust fund.

6.16 Sec. 6. **INITIAL REPORTING DATES.**

6.17 Notwithstanding Minnesota Statutes, section 116X.05, subdivision 5, a partner
6.18 organization is not required to submit a report before October 1, 2026, and the commissioner
6.19 of natural resources is not required to submit a report before February 1, 2027.