

1.1 **Senator Dibble from the Committee on Transportation, to which was re-referred**

1.2 **S.F. No. 2156:** A bill for an act relating to state purchasing; requiring the establishment
1.3 of global warming impact standards for certain construction materials used in state buildings
1.4 and roads; integrating those global warming standards into the procurement process;
1.5 establishing pilot programs to report greenhouse gas emissions from the manufacture of
1.6 certain products; establishing a grant program; establishing a technical advisory committee;
1.7 establishing an environmental standards procurement task force; requiring reports;
1.8 appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16B.

1.9 Reports the same back with the recommendation that the bill be amended as follows:

1.10 Delete everything after the enacting clause and insert:

1.11 "Section 1. [16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL
1.12 ANALYSIS.

1.13 Subdivision 1. Definitions. For purposes of this section, the following terms have the
1.14 meanings given.

1.15 (a) "Carbon steel" means steel in which the main alloying element is carbon and whose
1.16 properties are chiefly dependent on the percentage of carbon present.

1.17 (b) "Commissioner" means the commissioner of administration.

1.18 (c) "Electric arc furnace" means a furnace that produces molten alloy metal and heats
1.19 the charge materials with electric arcs from carbon electrodes.

1.20 (d) "Eligible material" means:

1.21 (1) carbon steel rebar;

1.22 (2) structural steel;

1.23 (3) concrete; or

1.24 (4) asphalt paving mixtures.

1.25 (e) "Eligible project" means:

1.26 (1) new construction of a state building larger than 50,000 gross square feet of occupied
1.27 or conditioned space;

1.28 (2) renovation of more than 50,000 gross square feet of occupied or conditioned space
1.29 in a state building whose renovation cost exceeds 50 percent of the building's assessed value;

1.30 or

1.31 (3) new construction or reconstruction of two or more lane-miles of a trunk highway.

2.1 (f) "Environmental product declaration" means a supply chain specific type III
2.2 environmental product declaration that:

2.3 (1) contains a lifecycle assessment of the environmental impacts of manufacturing a
2.4 specific product by a specific firm, including the impacts of extracting and producing the
2.5 raw materials and components that compose the product;

2.6 (2) is verified by a third party; and

2.7 (3) meets the ISO 14025 standard developed and maintained by the International
2.8 Organization for Standardization (ISO).

2.9 (g) "Global warming potential" has the meaning given in section 216H.10, subdivision
2.10 6.

2.11 (h) "Greenhouse gas" has the meaning given to "statewide greenhouse gas emissions"
2.12 in section 216H.01, subdivision 2.

2.13 (i) "Integrated steel manufacturing" means the production of iron and subsequently steel
2.14 from primarily iron ore or iron ore pellets. An integrated steel manufacturing process can
2.15 include a blast furnace, a basic oxygen furnace for refining molten iron into steel, but may
2.16 also include furnaces that continuously feed direct-reduced iron ore pellets as the primary
2.17 source of iron.

2.18 (j) "Lifecycle" means an analysis that includes the environmental impacts of all stages
2.19 of a specific product's production, from mining and processing its raw materials to the
2.20 process of manufacturing the product itself.

2.21 (k) "Rebar" means a steel reinforcing bar or rod encased in concrete.

2.22 (l) "Secondary steel manufacturing" means the production of steel where primarily
2.23 ferrous scrap and other metallic inputs are recycled by melting and refining in electric arc
2.24 furnaces.

2.25 (m) "State building" means a building which is owned by the state of Minnesota or a
2.26 Minnesota state agency.

2.27 (n) "Structural steel" means steel that is classified by the shapes of its cross-sections,
2.28 such as I, T, and C shapes.

2.29 (o) "Supply chain specific" means an environmental product declaration that includes
2.30 specific data for the production processes of the materials and components composing a
2.31 product that contribute at least 80 percent of the product's lifecycle global warming potential,
2.32 as defined in International Organization for Standardization standard 21930.

3.1 Subd. 2. **Standard; maximum global warming potential.** (a) The commissioner must,
3.2 based upon a recommendation from the Environmental Standards Procurement Task Force
3.3 in subdivision 5, establish and publish a maximum acceptable global warming potential for
3.4 each eligible material used in an eligible project, in accordance with the following schedule:

3.5 (1) for concrete used in buildings, no later than January 15, 2026; and

3.6 (2) for carbon steel rebar and structural steel and, after conferring with the commissioner
3.7 of transportation, for asphalt paving mixtures and concrete pavement, no later than January
3.8 15, 2028.

3.9 (b) The commissioner must, after considering nationally or internationally recognized
3.10 databases of environmental product declarations for an eligible material, establish the
3.11 maximum acceptable global warming potential for that eligible material.

3.12 (c) The commissioner may set different maximum global warming potentials for different
3.13 specific products and sub product categories that are examples of the same eligible material
3.14 based on distinctions between eligible material production and manufacturing processes
3.15 such as integrated versus secondary steel production.

3.16 (d) The commissioner must establish maximum global warming potentials that are
3.17 consistent with criteria in an environmental product declaration.

3.18 (e) Not later than three years after establishing the maximum global warming potential
3.19 for an eligible material under paragraph (a), and not longer than every three years thereafter,
3.20 the commissioner, after conferring with the commissioner of transportation with respect to
3.21 asphalt paving mixtures and concrete pavement, must review the maximum acceptable
3.22 global warming potential for each eligible material and for specific eligible material products.
3.23 The commissioner may adjust any of those values downward to reflect industry improvements
3.24 if, based on the process described in paragraph (b), the commissioner determines that the
3.25 industry average has declined.

3.26 Subd. 3. **Procurement process.** The commissioners of administration and transportation
3.27 must, based upon the recommendations of the Environmental Procurement Task Force,
3.28 establish processes for incorporating the maximum allowable global warming potential of
3.29 eligible materials into their bidding processes by the effective dates established in subdivision
3.30 2.

3.31 Subd. 4. **Pilot program.** (a) No later than July 1, 2024, the commissioner of
3.32 administration must establish a pilot program that seeks to obtain from vendors an estimate
3.33 of the lifecycle greenhouse gas emissions of products selected by the department from

4.1 among those procured. The pilot program must encourage, but may not require, a vendor
4.2 to submit the following data for each selected product that represents at least 90 percent of
4.3 the total cost of the materials or components composing the selected product:

4.4 (1) the quantity of the product purchased by the department;

4.5 (2) a current environmental product declaration for the product;

4.6 (3) the name and location of the product's manufacturer;

4.7 (4) a copy of the vendor's Supplier Code of Conduct, if any;

4.8 (5) the names and locations of the product's actual production facilities; and

4.9 (6) an assessment of employee working conditions at the product's production facilities.

4.10 (b) The commissioner must construct a publicly accessible or adopt an existing publicly
4.11 accessible database which must be posted on the department's website and must contain the
4.12 data reported to the department under this subdivision. The data must be reported in a manner
4.13 that does not disclose, directly or in combination with other publicly available data, the
4.14 identification of the product manufacturer.

4.15 Subd. 5. **Environmental Standards Procurement Task Force.** (a) No later than October
4.16 1, 2023, the commissioners of administration and transportation must establish an
4.17 Environmental Standards Procurement Task Force to examine issues surrounding the
4.18 implementation of a program requiring vendors of certain construction materials purchased
4.19 by the state to:

4.20 (1) submit environmental product declarations that assess the lifecycle environmental
4.21 impacts of those materials to state officials as part of the procurement process; and

4.22 (2) meet standards established by the commissioner that limit greenhouse gas emission
4.23 impacts of those materials.

4.24 (b) The task force must examine, at a minimum, the following:

4.25 (1) which construction materials should be subject to the program requirements;

4.26 (2) what factors should be considered in establishing greenhouse gas emission standards
4.27 including distinctions between eligible material production and manufacturing processes
4.28 such as integrated versus secondary steel production;

4.29 (3) a schedule for the development of standards for specific materials and for
4.30 incorporating the standards into the purchasing process including distinctions between
4.31 eligible material production and manufacturing processes;

5.1 (4) the development and use of financial incentives to reward vendors for developing
5.2 products whose greenhouse gas emissions are below the standards;

5.3 (5) the provision of grants to defer a vendor's cost to obtain environmental product
5.4 declarations;

5.5 (6) how the issues in clauses (1) to (5) are addressed by existing programs in other states
5.6 and countries;

5.7 (7) how to coordinate with the federal Buy Clean Task Force established under Executive
5.8 Order 14057 and representatives of the United States Departments of Commerce, Energy,
5.9 Housing and Urban Development, Transportation; the Environmental Protection Agency;
5.10 the General Services Administration; the White House Office of Management and Budget;
5.11 and the White House Domestic Climate Policy Council; and

5.12 (8) any other issues the task force deems relevant.

5.13 (c) The task force must make recommendations to the commissioners of administration
5.14 and transportation regarding:

5.15 (1) how the agencies must implement requirements requiring maximum global warming
5.16 impacts for eligible materials are integrated into the bidding process for eligible projects;

5.17 (2) what incentive structures can be included in bidding processes to encourage the use
5.18 of materials below the maximum global warming potential;

5.19 (3) how a successful bidder for a contract will notify the commissioner of the specific
5.20 environmental product declaration for a material used on a project;

5.21 (4) a process for waiving the requirements to procure materials below the maximum
5.22 global warming potential in case of product supply problems, geographic impracticability,
5.23 or financial hardship;

5.24 (5) a system for awarding grants to manufacturers of eligible materials located in
5.25 Minnesota to offset the cost of obtaining environmental product declarations or otherwise
5.26 collect environmental product declaration data from manufacturers based in Minnesota;

5.27 (6) whether to use an industry average or a different method to set the maximum allowable
5.28 global warming potential, or whether that average could be used for some materials but not
5.29 others; and

5.30 (7) any other items it deems appropriate for the implementation of this section.

5.31 (d) Members of the task force must include, but may not be limited to, representatives
5.32 of:

- 6.1 (1) the Departments of Administration and Transportation;
- 6.2 (2) the Center for Sustainable Building Research at the University of Minnesota;
- 6.3 (3) the Aggregate and Ready Mix Association of Minnesota;
- 6.4 (4) the Concrete Paving Association of Minnesota;
- 6.5 (5) the Minnesota Asphalt Pavement Association;
- 6.6 (6) the Minnesota Board of Architecture, Engineering, Land Surveying, Landscape
- 6.7 Architecture, Geoscience, and Interior Design;
- 6.8 (7) a representative of the Minnesota steel industry;
- 6.9 (8) building and transportation construction firms;
- 6.10 (9) suppliers of eligible materials;
- 6.11 (10) organized labor in the construction trades;
- 6.12 (11) organized labor in the manufacturing or industrial sectors;
- 6.13 (12) environmental advocacy organizations; and
- 6.14 (13) environmental justice organizations.
- 6.15 (e) The Department of Administration must provide meeting space and serve as staff to
- 6.16 the task force.
- 6.17 (f) The commissioner, or the commissioner's designee, must serve as chair of the task
- 6.18 force. The task force must meet at least four times annually, and must convene additional
- 6.19 meetings at the call of the chair.
- 6.20 (g) The commissioner must summarize the findings and recommendations of the task
- 6.21 force in a report submitted to the chairs and ranking minority members of the senate and
- 6.22 house of representatives committees with primary jurisdiction for state government,
- 6.23 transportation, and energy no later than December 1, 2025, and annually thereafter until the
- 6.24 task force expires.
- 6.25 (h) The task force is subject to section 15.059, subdivision 6.
- 6.26 (i) The task force must sunset on January 1, 2029.
- 6.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.1 Sec. 2. APPROPRIATION.

7.2 (a) \$300,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
7.3 of transportation for the requirements under section 1. This is a onetime appropriation and
7.4 is available until June 30, 2025.

7.5 (b) \$200,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
7.6 of administration for the requirements under section 1. This is a onetime appropriation and
7.7 is available until June 30, 2025."

7.8 Delete the title and insert:

7.9 "A bill for an act
7.10 relating to state purchasing; requiring the establishment of global warming impact
7.11 standards for certain construction materials used in state buildings and roads;
7.12 creates an environmental procurement task force; requires the commissioners of
7.13 transportation and administration to establish processes for incorporating
7.14 recommendations of environmental procurement task force; establishing pilot
7.15 program to encourage submission environmental product data from vendors;
7.16 requiring a report; appropriating money; proposing coding for new law in Minnesota
7.17 Statutes, chapter 16B."

7.18 And when so amended the bill do pass and be re-referred to the Committee on Energy,
7.19 Utilities, Environment, and Climate. Amendments adopted. Report adopted.

D. Scott Dibble

7.20
7.21 (Committee Chair)

7.22 March 22, 2023.....
7.23 (Date of Committee recommendation)