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S.F. No. 5251 – Omnibus Capital Investment, bonds issued (1st Engrossment)

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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. Appropriations from the general fund are in fiscal year 2025 and are onetime appropriations.

Sections 2 through 24 appropriate proceeds of general obligation bonds and money from the general fund for state-owned projects 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	Starts at line
2	University of Minnesota	2.17
3	Minnesota State Colleges and University	3.17
4	Education	3.27
5	Minnesota State Academies	4.1
6	Perpich Center for Arts Education	4.11
7	Natural Resources	4.18
8	Pollution Control Agency	6.27
9	Board of Water and Soil Resources	7.3
10	Minnesota Zoological Garden	8.25

11	Administration	8.31
12	Amateur Sports Commission	10.5
13	Military Affairs	10.20
14	Public Safety	10.30
15	Transportation	11.8
16	Metropolitan Council	12.12
17	Human Services	12.29
18	Veterans Affairs	13.21
19	Corrections	14.4
20	Employment and Economic Development	14.30
21	Public Facilities Authority	15.12
22	Minnesota Housing Finance Agency	16.22
23	Minnesota Historical Society	17.16
24	Minnesota Management and Budget	18.1

Section 25 [Bond Sale Authorization] authorizes the sale of bonds.

Subdivision 1 [Bond proceeds fund] 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.

Subdivision 2 [Transportation fund] authorizes the sale of general obligation bonds in an amount up to a specified maximum to provide money appropriated in this bill from the state transportation fund.

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 the necessary debt service to the commissioner from the general fund, as required by statute.

Section 27 [Cancellations; Bond Sale Authorization Reductions], paragraph (a) cancels unencumbered appropriations that appeared on the cancellation report of January 2024. **Paragraph (b)** cancels an appropriation of bond proceeds enacted in the 2023 capital investment bill for a behavioral health crisis facility in Duluth. This behavioral health crisis facility is owned by a nonprofit organization, so the project is not eligible for bond proceeds.

Section 29 [Effective Date] sets the day after enactment as the effective date of Article 1.

Article 2 – Miscellaneous

Section 1 [Accessibility Account; Minn. Stat. section 16B.308] establishes a new account and specifies uses of the account for accessibility improvements at state-owned property.

Subd. 1 [Establishment] establishes an accessibility account in the state bond proceeds fund.

Subd. 2 [Standards] authorizes expenditures from the accessibility account only for a capital expenditure on a capital asset owned by the state. Requires the commissioner of administration to consult with the commissioner of management and budget to the extent necessary to ensure that the expenditure falls within a specified category for which the constitution permits the state to incur general obligation debt. Authorizes an expenditure from the account for specified phases for accessibility improvements for state-owned property that is not controlled or managed by the University of Minnesota. Identifies likely categories of project.

Subd. 3 [Application; project selection] requires the commissioner of administration to provide instructions to state agencies to apply for funding of capital expenditures from the accessibility

account, review applications for funding, make initial allocations among eligible projects; determine priorities for funding in collaboration with the Minnesota Council on Disability; and allocate money in priority order.

Subd. 4 [Report] requires the commissioner of administration to report annually with a list of projects funded with money from the accessibility account.

Section 2 [Community Tree-Planting Grants; 84.705] establishes a new program for funding the planting of trees in cities of the first class through the Department of Natural Resources.

Subd. 1 [Definition] defines “shade tree.”

Subd. 2 [Grants] requires the commissioner of natural resources to provide grants to cities, counties, townships, Tribal governments, and park and recreation boards in cities of the first class for:

- (1) removing and planting shade trees on public or Tribal land to provide environmental benefits;
- (2) replacing trees lost to forest pests, disease, or storms; or
- (3) establishing a more diverse community forest better able to withstand disease and forest pests.

A tree planted with a grant from this program must be a climate-adapted species to Minnesota.

Subd. 3 [Priority] specifies criteria for prioritizing projects to receive grants and precludes prioritizing projects on any other criteria.

Subd. 4 [Eligible projects] authorizes appropriations from the proceeds of general obligation bonds to be expended for grants to cities, townships, and park and recreation boards in cities of the first class. Authorizes appropriations from the general fund to be expended for grants to cities, townships, park recreations boards in cities of the first class, and tribal governments.

Section 3 [Statewide Drinking Water Contamination Mitigation Program; Minn. Stat. section 115B.245] establishes a new grant program to fund projects to provide safe drinking water.

Subd. 1 [Program established] requires the commissioner of the Pollution Control Agency to design and construct, or make grants to design and construct, projects to provide safe drinking water, where water is unsafe to drink due to contamination by hazardous substances. The projects can include treatment systems, new drinking water wells, sealing contaminated wells, and connecting to alternative drinking water sources. The criteria and rules for selecting projects are the same as for an existing program for addressing water safety when a hazardous substance or pollutant has been released.

The commissioner is required to prioritize projects located in a census block or blocks with a supplemental demographic index score of 70 percent or higher within the state. This index is based on socioeconomic indicators, including low income, unemployment, less than high school education, limited English speaking, and low life expectancy.

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

Subd. 3 [Eligible projects] authorizes the proceeds from general obligation bonds to be expended only to acquire land or an interest in land and to predesign, design, construct, and improve public infrastructure projects that further the purposes of this section. Requires private infrastructure projects to be funded from the general fund, special revenue fund, or another source of state funding. Money recovered in a civil action for a project financed with bonds under this section must be deposited by the commissioner of management and budget in the statewide drinking water contamination account in the special revenue fund for the purpose of funding additional projects. Appropriations from the general fund may be expended on public or private infrastructure projects.

Section 4 [Grant authority; 256E.37] adds entities (nonprofit organizations, Indian Tribal governments, private childcare providers licensed as a childcare center or to provide in-home family childcare) to the list of

those eligible for grants to construct or rehabilitate facilities for early childhood programs, crisis nurseries, or parenting time centers. Delineates entities that may receive funding from general obligation bonds and from the general fund. Reduces the amount of required match from 50 to 25 percent, on a program-wide basis.

Section 5 [Emerging Contaminants Grants; 446A.082] establishes a new program to award grants to governmental units for drinking water infrastructure projects to address a confirmed exceedance of a health advisory level for a drinking water emerging contaminant.

Subd. 1 [Definition] defines “supplemental demographic index.”

Subd. 2 [Program established] requires the Public Facilities Authority to award grants to governmental units for up to 80 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 as defined by the U.S. Environmental Protection Agency.

Subd. 3 [Eligibility] defines criteria to be eligible for funding under this program, including being listed on the Drinking Water Revolving Fund Project Priority List, receiving priority points under PCA rules, and being certified by the commissioner of health.

Subd. 4 [Application and reservation of funds] allows grant applications to be filed at any time on forms prescribed by the authority, with a project schedule, cost estimate, and supplemental demographic index score. Requires the commissioner of health to review and certify to the Public Facilities authority those projects that have plans and specification that are approved under certain existing rules. When the commissioner of health certifies a project, the authority must reserve grant funds for projects in a census block group with a supplemental demographic index score of 70 percent or higher within the state. Remaining funds are for projects in a priority order determined by the commissioner of health, based on the cost estimate in the certification or the as-bid costs, whichever is less.

Subd. 5 [Grant amount] authorizes grants for up to 80 percent of the as-bid project cost, up to \$12,000,000 less funds received through a grant from a federal emerging contaminant fund.

Subd. 6 [Grant approval] specifies process and parameters to determine eligibility for a grant.

Subd. 7 [Grant disbursement] authorizes grant funds to be disbursed as costs are incurred, in accordance with a project financing agreement and applicable laws governing the disbursements.

Section 6 [Greater Minnesota Housing Infrastructure Grant Program; 462A.395] modifies the existing grant program that funds housing infrastructure projects in greater Minnesota. This section adds counties as eligible entities for grants under the program. Adds a manufactured home development qualifying for homestead treatment when owned by a cooperative or cooperative association. Increases the cap on grants under the program from \$30,000 to \$40,000 per lot for single-family, duplex, triplex or fourplex housing, sets a limit of \$60,000 per manufactured housing lot. Exempts manufactured housing developments from a \$500,000 cap on the amount a city or county may receive in a two-year period.

Sections 7, 8, and 9 [473.5491] amend the Metropolitan Cities Inflow and Infiltration grant program to replace the use of affordability criteria in prioritizing grants with a supplemental demographic index score of the 70th percentile or higher.

Section 10 [Inver Grove Heights; Heritage Village] amends a 2023 appropriation for the Heritage Village Park in Inver Grove Heights, by removing “predesign” and “design” from the project description, to eliminate accessible restrooms and water fountains as part of the project, and to allow the money to be used on more than one play structure and shade structure.

Section 11 [Cloquet Forestry Center; Land Transfer] requires the commissioner of administration to convey all state-owned land within the Cloquet Forestry Center, in Carlton County on the Fond du Lac Reservation, to the University of Minnesota, for no consideration to facilitate the university’s goal of transferring this land, and similarly situated land, to the Fond du Lac Band of Lake Superior Chippewa. Specifies that the conveyance must be in a form approved by the attorney general. Provides a description of

the land to be conveyed and allows the attorney general to correct errors and ensure accuracy of the description.

Section 12 [Allocations; Minnesota’s Multipurpose Community Facility Projects to Support Community Revitalization, Connectedness and Equity by Promoting Education, Work and Health]

limits those who may receive a grant of money allocated to the state from the federal capital projects fund for Minnesota Multipurpose Community Facility Projects to Support Community Revitalization, Connectedness and Equity by Promoting Education, Work and Health program to local government units. Requires that the commissioner of education prioritize funding for underserved communities.

Section 13 [Repealer] Paragraph (a) repeals a statute that authorized Infrastructure Development bonds, a form of general obligation bond, which have not been issued since the 1990s.

Paragraph (b) repeals a provision that made grants under the Greater Minnesota Child Care Facility Capital Grant program available for five years.