

- 1.1 A bill for an act
- 1.2 relating to capital investment; policy changes related to capital investment;
- 1.3 amending Minnesota Statutes 2024, sections 16A.86, subdivisions 3a, 4; 142A.46,
- 1.4 subdivision 1; 193.143, as amended; proposing coding for new law in Minnesota
- 1.5 Statutes, chapters 16A; 16B; 84.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Minnesota Statutes 2024, section 16A.86, subdivision 3a, is amended to read:
- 1.8 Subd. 3a. **Information provided.** All requests for state assistance under this section
- 1.9 must include the following information:
- 1.10 (1) the name of the political subdivision that will own the capital project for which state
- 1.11 assistance is being requested;
- 1.12 (2) the public purpose of the project;
- 1.13 (3) the extent to which the political subdivision has or expects to provide local, private,
- 1.14 user financing, or other nonstate funding for the project;
- 1.15 (4) a list of the bondable activities that the project encompasses; examples of bondable
- 1.16 activities are public improvements of a capital nature for land acquisition, predesign, design,
- 1.17 construction, and furnishing and equipping for occupancy;
- 1.18 (5) whether the project will require new or additional state operating subsidies;
- 1.19 (6) whether the governing body of the political subdivision requesting the project has
- 1.20 passed a resolution in support of the project and has established priorities for all projects
- 1.21 within its jurisdiction for which bonding appropriations are requested when submitting
- 1.22 multiple requests;

(7) whether the political subdivision has a plan for maintenance and preservation of the project, including safety and security, maintenance and utility costs, availability of repair parts and materials, sustainability, and any other criteria the political subdivision deems relevant;

~~(7)~~ (8) if the project requires a predesign under section 16B.335, whether the predesign has been completed at the time the capital project request is submitted, and whether the political subdivision has submitted the project predesign to the commissioner of administration for review and approval; and

~~(8)~~ (9) if applicable, the information required under section 473.4485, subdivision 1a.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 16A.86, subdivision 4, is amended to read:

Subd. 4. **Funding.** (a) The state share of a project covered by this section and any capital project grant to a nonprofit organization subject to section 16A.642 must be no more than half the total cost of the project, including predesign, design, construction, furnishings, and equipment, except as provided in paragraph (b) or (c). This subdivision does not apply to a project proposed by a school district or other school organization. The state share of a project includes any manner of state assistance other than loans, including but not limited to a direct appropriation, a grant awarded through a grant program administered by a state entity, or a combination of state assistance appropriated and granted by multiple state entities. The nonstate share of a project may be funded by federal, local, private, or other funds, or a combination thereof, from nonstate sources.

(b) The state share may be more than half the total cost of a project if the project is deemed needed as a result of a disaster or to prevent a disaster or is located in a political subdivision with a very low average net tax capacity. Nothing in this subdivision affects another state program of assistance to political subdivisions that is authorized to fund more than half of a project's cost.

(c) Nothing in this section prevents the governor from recommending, or the legislature from considering or funding, projects that do not meet the deadline in subdivision 2 or a state share that is greater than half the total cost of the project when the governor or the legislature determines that there is a compelling reason for the recommendation or funding.

3.1 Sec. 3. **[16A.865] NOTICE OF STATE CONTRIBUTION.**

3.2 Subdivision 1. **Notice required.** When practicable, a recipient of a grant of state bond
3.3 proceeds for a capital project or a direct recipient of an appropriation from any state funds
3.4 for a capital project must prominently display a notice on the property stating that the project
3.5 was funded with state taxes collected statewide. This section does not apply to projects
3.6 funded through a state asset preservation program, including section 16A.632, 16B.307,
3.7 84.946, or 135A.046.

3.8 Subd. 2. **Content of notice.** The notice must display the logo provided by the
3.9 commissioner under subdivision 5, and identify the project as "funded with a grant of state
3.10 money from taxes collected statewide." The notice may include a brief name for the project
3.11 and may specify the proportion of the funding from state money compared to money from
3.12 nonstate sources. The notice may include logos, seals, or marks of other contributors to the
3.13 cost of the project.

3.14 Subd. 3. **Water infrastructure project.** For a drinking water or wastewater infrastructure
3.15 project, the notice required under this section must be included on city utility billing
3.16 statements in all formats that the city provides billing statements to customers.

3.17 Subd. 4. **Performance venues.** For performance venue projects, the notice must be
3.18 included in programs and on the venue's website where performances are advertised, in
3.19 addition to on a sign posted at the venue.

3.20 Subd. 5. **Logo.** The commissioner must develop a logo for use on signs required under
3.21 subdivision 1.

3.22 Subd. 6. **Sign templates.** The commissioner must post on its website downloadable,
3.23 print-ready PDF files of sign templates that meet the requirements of subdivision 1.

3.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.25 applies to projects receiving a grant from an appropriation enacted after January 1, 2024.

3.26 Sec. 4. **[16B.308] ACCESSIBILITY ACCOUNT.**

3.27 Subdivision 1. **Establishment.** An accessibility account is established in the state bond
3.28 proceeds fund to receive state bond proceeds appropriated to the commissioner of
3.29 administration to be expended for the purpose and in accordance with the standards and
3.30 criteria in this section.

3.31 Subd. 2. **Standards.** (a) An expenditure may be made from the account only when it is
3.32 a capital expenditure on a capital asset owned by the state, within the meaning of accepted

accounting principles as applied to public expenditures. The commissioner of administration must consult with the commissioner of management and budget to the extent necessary to ensure that an expenditure meets the criteria of the Minnesota Constitution, article XI, section 5, clause (a).

(b) An expenditure may be made from the account to predesign, design, construct, renovate, furnish, and equip accessibility improvements on state-owned property. For purposes of this section, "state-owned property" does not include property controlled or managed by the University of Minnesota.

(c) Categories of projects considered likely to be most needed and appropriate for financing are:

(1) removal of architectural barriers from a building or site; and

(2) improvements to meet state and federal requirements for accessibility for people with disabilities.

Subd. 3. **Applications; project selection.** (a) The commissioner of administration must:

(1) provide instructions to state agencies to apply for funding of capital expenditures from the accessibility account;

(2) review applications for funding;

(3) make initial allocations among eligible projects;

(4) determine priorities for funding in collaboration with the Minnesota Council on Disability; and

(5) allocate money in priority order until the available appropriation has been committed.

Subd. 4. **Report.** On or before January 15 annually the commissioner of administration must submit to the commissioner of management and budget and the chairs and ranking minority members of the committees in the senate and the house of representatives with jurisdiction over capital investment a list of the projects that were funded with money from the accessibility account during the preceding calendar year, as well as a list of priority projects for which accessibility appropriations will be requested in that year's legislative session.

Sec. 5. **[84.705] COMMUNITY TREE-PLANTING GRANTS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes with minimal to residual timber value.

(c) "Supplemental demographic index" means an index in the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency that is based on socioeconomic indicators, including low income, unemployment, less than high school education, limited English speaking, and low life expectancy.

Subd. 2. **Grants.** (a) The commissioner must establish a grant program to provide grants to cities, counties, townships, Tribal governments, park and recreation boards in cities of the first class, and owners of private property for the following purposes:

(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; and

(3) establishing a more diverse community forest better able to withstand disease and forest pests.

(b) Any tree planted with money granted under this section must be a climate-adapted species to Minnesota.

Subd. 3. **Priority.** (a) Priority for grants awarded under this section must be given to:

(1) projects removing and replacing ash trees that pose significant public safety concerns; and

(2) projects located in a census block group with a supplemental demographic index score in the 70th percentile or higher within the state of Minnesota.

(b) The commissioner may not prioritize projects based on criteria other than the criteria established under paragraph (a).

Subd. 4. **Eligible projects.** (a) The proceeds of state general obligation bonds may only be expended for grants to cities, counties, townships, and park and recreation boards in cities of the first class.

(b) Appropriations from the general fund may be expended for grants to Tribal governments, cities, counties, townships, park and recreation boards in cities of the first class, and owners of private property.

Sec. 6. Minnesota Statutes 2024, section 142A.46, subdivision 1, is amended to read:

Subdivision 1. **Grant authority.** The commissioner may make grants to state agencies ~~and~~, political subdivisions, nonprofit organizations, Indian Tribal governments, or private child care providers licensed as a child care center or to provide in-home family child care to construct or rehabilitate facilities for early childhood programs, crisis nurseries, or parenting time centers. The following requirements apply:

(1) For grants funded with general obligation bonds, the facilities must be owned by the state or a political subdivision, but may be leased under section 16A.695 to organizations that operate the programs. The commissioner must prescribe the terms and conditions of the leases.

(2) For grants funded with general fund appropriations, the facilities may be owned by a political subdivision, nonprofit organization, Tribal government, or private child care provider licensed as a child care center or to provide in-home family child care.

~~(2)~~ (3) A grant for an individual facility must not exceed \$500,000 for each program that is housed in the facility, up to a maximum of \$2,000,000 for a facility that houses three programs or more. Programs include Head Start, School Readiness, Early Childhood Family Education, licensed child care, and other early childhood intervention programs.

~~(3)~~ (4) State appropriations must be matched on a ~~50~~ 25 percent basis with nonstate funds. The matching requirement must apply program wide and not to individual grants.

Sec. 7. Minnesota Statutes 2024, section 193.143, as amended by Laws 2024, chapter 100, section 8, is amended to read:

193.143 STATE ARMORY BUILDING COMMISSION, POWERS.

Such corporation, subject to the conditions and limitations prescribed in sections 193.141 to 193.149, shall possess all the powers of a body corporate necessary and convenient to accomplish the objectives and perform the duties prescribed by sections 193.141 to 193.149, including the following, which shall not be construed as a limitation upon the general powers hereby conferred:

(1) To acquire by lease, purchase, gift, or condemnation proceedings all necessary right, title, and interest in and to the lands required for a site for a new armory and all other real or personal property required for the purposes contemplated by the Military Code and to hold and dispose of the same, subject to the conditions and limitations herein prescribed; provided that any such real or personal property or interest therein may be so acquired or accepted subject to any condition which may be imposed thereon by the grantor or donor

and agreed to by such corporation not inconsistent with the proper use of such property by the state for armory or military purposes as herein provided.

(2) To exercise the power of eminent domain in the manner provided by chapter 117, for the purpose of acquiring any property which such corporation is herein authorized to acquire by condemnation; provided, that the corporation may take possession of any such property so to be acquired at any time after the filing of the petition describing the same in condemnation proceedings; provided further, that this shall not preclude the corporation from abandoning the condemnation of any such property in any case where possession thereof has not been taken.

(3) To construct and equip new armories as authorized herein; to pay therefor out of the funds obtained as hereinafter provided and to hold, manage, and dispose of such armory, equipment, and site as hereinafter provided. The total amount of bonds issued on account of such armories shall not exceed the amount of the cost thereof; provided also, that the total bonded indebtedness of the commission shall not at any time exceed the aggregate sum of ~~\$15,000,000~~ \$45,000,000.

(4) To provide partnerships with federal and state governments and to match federal and local funds, when available.

(5) To sue and be sued.

(6) To contract and be contracted with in any matter connected with any purpose or activity within the powers of such corporations as herein specified; provided, that no officer or member of such corporation shall be personally interested, directly or indirectly, in any contract in which such corporation is interested.

(7) To employ any and all professional and nonprofessional services and all agents, employees, workers, and servants necessary and proper for the purposes and activities of such corporation as authorized or contemplated herein and to pay for the same out of any portion of the income of the corporation available for such purposes or activities. The officers and members of such corporation shall not receive any compensation therefrom, but may receive their reasonable and necessary expenses incurred in connection with the performance of their duties; provided however, that whenever the duties of any member of the commission require full time and attention the commission may compensate the member therefor at such rates as it may determine.

(8) To borrow money and issue bonds for the purposes and in the manner and within the limitations herein specified, and to pledge any and all property and income of such corporation acquired or received as herein provided to secure the payment of such bonds,

8.1 subject to the provisions and limitations herein prescribed, and to redeem any such bonds
8.2 if so provided therein or in the mortgage or trust deed accompanying the same.

8.3 (9) To use for the following purposes any available money received by such corporation
8.4 from any source as herein provided in excess of those required for the payment of the cost
8.5 of such armory and for the payment of any bonds issued by the corporation and interest
8.6 thereon according to the terms of such bonds or of any mortgage or trust deed accompanying
8.7 the same:

8.8 (a) to pay the necessary incidental expenses of carrying on the business and activities
8.9 of the corporation as herein authorized;

8.10 (b) to pay the cost of operating, maintaining, repairing, and improving such new armories;

8.11 (c) if any further excess money remains, to purchase upon the open market at or above
8.12 or below the face or par value thereof any bonds issued by the corporation as herein
8.13 authorized, provided that any bonds so purchased shall thereupon be canceled.

8.14 (10) To adopt and use a corporate seal.

8.15 (11) To adopt all needful bylaws and rules for the conduct of business and affairs of
8.16 such corporation and for the management and use of all armories while under the ownership
8.17 and control of such corporation as herein provided, not inconsistent with the use of such
8.18 armory for armory or military purposes.

8.19 (12) Such corporation shall issue no stock.

8.20 (13) No officer or member of such corporation shall have any personal share or interest
8.21 in any funds or property of the corporation or be subject to any personal liability by reason
8.22 of any liability of the corporation.

8.23 (14) The Minnesota State Armory Building Commission created under section 193.142
8.24 shall keep all money and credits received by it as a single fund, to be designated as the
8.25 "Minnesota State Armory Building Commission fund," with separate accounts for each
8.26 armory; and the commission may make transfers of money from funds appertaining to any
8.27 armory under its control for use for any other such armory; provided such transfers shall
8.28 be made only from money on hand, from time to time, in excess of the amounts required
8.29 to meet payments of interest or principal on bonds or other obligations appertaining to the
8.30 armory to which such funds pertain and only when necessary to pay expenses of construction,
8.31 operation, maintenance, debt service, and other obligations reasonable and necessary, of
8.32 such other armory; provided further, no such transfer of any money paid for the support of

9.1 any armory by the municipality in which such armory is situated shall be made by the
9.2 commission.

9.3 (15) The corporation created under section 193.142 may designate one or more state or
9.4 national banks as depositories of its funds, and may provide, upon such conditions as the
9.5 corporation may determine, that the treasurer of the corporation shall be exempt from
9.6 personal liability for loss of funds deposited in any such depository due to the insolvency
9.7 or other acts or omissions of such depository.

9.8 (16) The governor is empowered to apply for grants of money, equipment, and materials
9.9 which may be made available to the states by the federal government for leasing, building,
9.10 and equipping armories for the use of the military forces of the state which are reserve
9.11 components of the armed forces of the United States, whenever the governor is satisfied
9.12 that the conditions under which such grants are offered by the federal government, are for
9.13 the best interests of the state and are not inconsistent with the laws of the state relating to
9.14 armories, and to accept such grants in the name of the state. The Minnesota State Armory
9.15 Building Commission is designated as the agency of the state to receive such grants and to
9.16 use them for armory purposes as prescribed in this chapter, and by federal laws, and
9.17 regulations not inconsistent therewith.