



S.F. No. 862 – PFA CLEAN WATER GRANT PROGRAMS - POLICY CHANGES AND APPROPRIATIONS (as proposed to be amended by the A-1 amendment)

Author: Senator Ann M. Johnson Stewart

Prepared by: Stephanie James, Senate Counsel (stephanie.james@mnsenate.gov)

Date: May 8, 2025

Section 1. Type and amount of assistance; 446A.072, subd. 5a. Increases the cap from \$5,000 to \$10,000 on the amount per project that a governmental unit may receive in a grant under the Water Infrastructure grant program.

Section 2. Program established; 446A.073, subd. 1. Increases the cap on the amount of a grant under the Point Source Implemental Grant program.

Section 3. Other uses of fund; 446A.081, subd. 9. Increases the cap on the amount of a grant for loan forgiveness for a project to comply with national primary drinking water standards for an existing nonmunicipal community public water system, from the drinking water revolving fund grant program.

Section 4. Emerging Contaminants Grants; 446A.082. Establishes a new grant program for 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.

Subd. 1. Definition. This section is deleted in the A-1 amendment.

Subd. 2. Program established. Describes the allowed uses of grant money under this program.

Subd. 3. Eligibility. Specifies requirements for eligibility for a grant under this program. The applicant must be listed on the Drinking Water Revolving Fund Project Priority List; receive priority points under a department of health rule that awards priority points based on history of violations of federal rules; and be certified by the commissioner of health as an eligible project.

Subd. 4. Application and reservation of funds. Requires the commissioner of health to review applications and certify qualifying projects.

Subd. 5. Grant amount. Sets a maximum grant amount under this program at up to 80% of the eligible as-bid project cost up to \$12,000,000 less the amount of federal money the project receives under a federal emerging contaminant grant program.

Subd. 6. Grant approval. Requires the PFA to award a grant for an eligible project only after certain conditions are met, including submitting an as-bid project cost, certification by the commissioner of health, and the PFA has determined that there is sufficient funding committed from other sources to the project for completion.

Subd. 7. Recovering expenses. Allows money granted under this program to be recovered in a civil action by the attorney general against a person strictly liable for costs and damages that result from releasing or threatening release of a hazardous substance from a facility under another statute. To be eligible for recovery, the expenses must be reasonable and necessary. The PFA, department of health, and PCA's certification of expenses is prima facie evidence that the expenses are reasonable and necessary. Money recovered in a civil action for a project financed with bonds under this section must be transferred to MMB for deposit in the state bond proceeds fund and applied toward principal interest on outstanding bonds.

Section 4. Clean Water Appropriations; General Obligation Bonds.

Subd. 1. Total appropriation. Appropriates \$299,000,000 in general obligation bond proceeds for the following grant and loan programs:

Subd. 2. Emerging contaminants grants. \$18,000,000.

Subd. 3. State match for revolving loan funds. \$39,000,000.

Subd. 4. Water infrastructure funding program. \$121,000,000

Subd. 5. Point source implementation grants program. \$121,000,000.

Subd. 6. Bond sale. Authorizes the sale and issuance of \$299,000,000 in general obligation bonds.



Senate Counsel, Research, and Fiscal Analysis provides nonpartisan legislative, legal, fiscal, and analytical services to the Minnesota Senate. This document can be made available in different formats upon request.

www.senate.mn/scrfa/home | 651-296-4791
95 University Ave. W., STE 3300, Saint Paul, MN, 55155