

SENATE  
STATE OF MINNESOTA  
NINETY-FOURTH SESSION

S.F. No. 3056

(SENATE AUTHORS: PAPPAS)

DATE	D-PG	OFFICIAL STATUS
03/27/2025	1104	Introduction and first reading Referred to Capital Investment

1.1A bill for an act

1.2relating to capital investment; authorizing spending to acquire and better public

1.3land and buildings and for other improvements of a capital nature with certain

1.4conditions; establishing new programs and modifying existing programs;

1.5authorizing the sale and issuance of state bonds; appropriating money; amending

1.6Minnesota Statutes 2024, sections 16A.501; 16B.97, subdivision 1; 16B.98,

1.7subdivision 1; 116.182, subdivision 5; 142A.46, subdivision 1; 446A.07,

1.8subdivision 8; 446A.072, subdivision 5a; 446A.073, subdivision 1; 446A.081,

1.9subdivision 9; Laws 2013, chapter 143, article 12, section 21; proposing coding

1.10for new law in Minnesota Statutes, chapters 16B; 115B; 446A; repealing Minnesota

1.11Statutes 2024, sections 16A.662; 116J.417, subdivision 9.

1.12BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.13ARTICLE 1

1.14APPROPRIATIONS

1.15Section 1. CAPITAL IMPROVEMENT APPROPRIATIONS.

1.16(a) The sums shown in the column under "Appropriations" are appropriated from the

1.17bond proceeds fund, or another named fund, to the state agencies or officials indicated, to

1.18be spent for public purposes. Appropriations of bond proceeds must be spent as authorized

1.19by the Minnesota Constitution, article XI, section 5, clause (a), to acquire and better public

1.20land and buildings and other public improvements of a capital nature, or as authorized by

1.21the Minnesota Constitution, article XI, section 5, clauses (b) to (j), or article XIV. Unless

1.22otherwise specified, money appropriated in this act:

1.23(1) may be used to pay state agency staff costs that are attributed directly to the capital

1.24program or project in accordance with accounting policies adopted by the commissioner of

1.25management and budget;

2.1 (2) is available until the project is completed or abandoned subject to Minnesota Statutes,  
2.2 section 16A.642;

2.3 (3) for activities under Minnesota Statutes, sections 16B.307, 84.946, and 135A.046,  
2.4 should not be used for projects that can be financed within a reasonable time frame under  
2.5 Minnesota Statutes, section 16B.322 or 16C.144; and

2.6 (4) is available for a grant to a political subdivision after the commissioner of management  
2.7 and budget determines that an amount sufficient to complete the project as described in this  
2.8 act has been committed to the project, as required by Minnesota Statutes, section 16A.502.

2.9 (b) Unless otherwise specified, appropriations in this article from the general fund or  
2.10 from the trunk highway fund are made in fiscal year 2026 and are onetime appropriations.

2.11 **APPROPRIATIONS**

2.12 **Sec. 2. UNIVERSITY OF MINNESOTA**

2.13 **Subdivision 1. Total Appropriation** **\$ 102,994,000**

2.14 To the Board of Regents of the University of  
2.15 Minnesota for the purposes specified in this  
2.16 section.

2.17 **Subd. 2. Higher Education Asset Preservation**  
2.18 **and Replacement (HEAPR)** **102,994,000**

2.19 To be spent in accordance with Minnesota  
2.20 Statutes, section 135A.046.

2.21 **Sec. 3. MINNESOTA STATE COLLEGES AND**  
2.22 **UNIVERSITIES**

2.23 **Subdivision 1. Total Appropriation** **\$ 102,994,000**

2.24 To the Board of Trustees of the Minnesota  
2.25 State Colleges and Universities for the  
2.26 purposes specified in this section.

2.27 **Subd. 2. Higher Education Asset Preservation**  
2.28 **and Replacement (HEAPR)** **102,994,000**

2.29 To be spent in accordance with Minnesota  
2.30 Statutes, section 135A.046.

2.31 **Sec. 4. EDUCATION** **\$ 900,000**

3.1 To the commissioner of education for library  
 3.2 construction grants under Minnesota Statutes,  
 3.3 section 134.45.

3.4 Sec. 5. **MINNESOTA STATE ACADEMIES**

3.5 **Subdivision 1. Total Appropriation** **\$ 1,950,000**

3.6 To the commissioner of administration for the  
 3.7 purposes specified in this section.

3.8 **Subd. 2. Asset Preservation** **1,150,000**

3.9 For capital asset preservation improvements  
 3.10 and betterments on both campuses of the  
 3.11 Minnesota State Academies, to be spent in  
 3.12 accordance with Minnesota Statutes, section  
 3.13 16B.307.

3.14 **Subd. 3. Student Center Predesign** **400,000**

3.15 To predesign the renovation or replacement  
 3.16 of existing spaces for a new student center on  
 3.17 the Deaf School Campus.

3.18 **Subd. 4. Therapy Pool Improvements Predesign** **400,000**

3.19 To predesign the construction of the  
 3.20 replacement and relocation of the therapy pool  
 3.21 and therapeutic hot tub and renovations to the  
 3.22 existing pool area, including related building  
 3.23 and site improvements.

3.24 Sec. 6. **PERPICH CENTER FOR ARTS**  
 3.25 **EDUCATION** **\$ 1,530,000**

3.26 To the commissioner of administration for  
 3.27 capital asset preservation improvements and  
 3.28 betterments at the Perpich Center for Arts  
 3.29 Education, to be spent in accordance with  
 3.30 Minnesota Statutes, section 16B.307.

3.31 Sec. 7. **NATURAL RESOURCES**

3.32 **Subdivision 1. Total Appropriation** **\$ 98,000,000**

4.1 (a) To the commissioner of natural resources  
4.2 for the purposes specified in this section.

4.3 (b) The appropriations in this section are  
4.4 subject to the requirements of the natural  
4.5 resources capital improvement program under  
4.6 Minnesota Statutes, section 86A.12, unless  
4.7 this section or the statutes referred to in this  
4.8 section provide more specific standards,  
4.9 criteria, or priorities for projects than  
4.10 Minnesota Statutes, section 86A.12.

4.11 **Subd. 2. Natural Resources Asset Preservation** 61,000,000

4.12 For the preservation and replacement of  
4.13 state-owned facilities and recreational assets  
4.14 operated by the commissioner of natural  
4.15 resources to be spent in accordance with  
4.16 Minnesota Statutes, section 84.946.

4.17 **Subd. 3. Betterment of Buildings** 11,100,000

4.18 For acquisition, predesign, design, and  
4.19 construction to replace existing facilities that  
4.20 no longer meet the business needs of the  
4.21 department or to acquire or construct new  
4.22 facilities.

4.23 **Subd. 4. Acquisition and Betterment of Public**  
4.24 **Lands** 6,500,000

4.25 (a) For the betterment of public lands and  
4.26 other improvements of a capital nature. The  
4.27 commissioner shall determine project priorities  
4.28 as appropriate under Minnesota Statutes,  
4.29 section 86A.12. Any reforestation shall be  
4.30 conducted in accordance with Minnesota  
4.31 Statutes, section 89.002, subdivision 2.

4.32 (b) For acquisition of public lands for the  
4.33 purposes described in Minnesota Statutes,  
4.34 section 86A.12, subdivision 2. The

5.1 commissioner shall determine project priorities  
5.2 as appropriate under Minnesota Statutes,  
5.3 section 86A.12.

5.4 Subd. 5. **Accessibility** 1,900,000

5.5 For the design and construction of accessibility  
5.6 improvements at state parks, recreation areas,  
5.7 and wildlife management areas.

5.8 Subd. 6. **Flood Hazard Mitigation** 5,600,000

5.9 (a) For the state share of flood hazard  
5.10 mitigation grants for publicly owned capital  
5.11 improvements to prevent or alleviate flood  
5.12 damage under Minnesota Statutes, section  
5.13 103F.161.

5.14 (b) Project priorities shall be determined by  
5.15 the commissioner as appropriate, based on  
5.16 need and consideration of available leveraging  
5.17 of federal, state, and local funds.

5.18 (c) To the extent practicable and consistent  
5.19 with the project, recipients of appropriations  
5.20 for flood control projects in this subdivision  
5.21 shall create wetlands that are eligible for  
5.22 wetland replacement credit to replace wetlands  
5.23 drained or filled as the result of repair,  
5.24 reconstruction, replacement, or rehabilitation  
5.25 of an existing public road under Minnesota  
5.26 Statutes, section 103G.222, subdivision 1,  
5.27 paragraphs (l) and (m).

5.28 (d) To the extent that the cost of a municipal  
5.29 project exceeds two percent of the median  
5.30 household income in the municipality  
5.31 multiplied by the number of households in the  
5.32 municipality, this appropriation is also for the  
5.33 local share of the project.

6.1	<b><u>Subd. 7. Parks and Trails Local and Regional</u></b>	
6.2	<b><u>Recreation Grants</u></b>	<b><u>1,900,000</u></b>
6.3	<u>For matching grants under Minnesota Statutes,</u>	
6.4	<u>section 85.019.</u>	
6.5	<b><u>Subd. 8. Dam Renovation, Repair, Removal</u></b>	<b><u>10,000,000</u></b>
6.6	<u>(a) For design, engineering, and construction</u>	
6.7	<u>to repair, reconstruct, or remove publicly</u>	
6.8	<u>owned dams and respond to dam safety</u>	
6.9	<u>emergencies on publicly owned dams. The</u>	
6.10	<u>commissioner shall determine project priorities</u>	
6.11	<u>as appropriate under Minnesota Statutes,</u>	
6.12	<u>sections 103G.511 and 103G.515.</u>	
6.13	<u>(b) This appropriation includes money for the</u>	
6.14	<u>Rapidan Dam removal and bank stabilization</u>	
6.15	<u>project in Blue Earth County.</u>	
6.16	<u>(c) If the commissioner determines that a</u>	
6.17	<u>project is not ready to proceed, this</u>	
6.18	<u>appropriation may be used for other projects</u>	
6.19	<u>on the commissioner's priority list.</u>	
6.20	<b><u>Subd. 9. Unspent Appropriations</u></b>	
6.21	<u>The unspent portion of an appropriation for a</u>	
6.22	<u>project in this section that is complete, upon</u>	
6.23	<u>written notice to the commissioner of</u>	
6.24	<u>management and budget, is available for asset</u>	
6.25	<u>preservation under Minnesota Statutes, section</u>	
6.26	<u>84.946. Minnesota Statutes, section 16A.642,</u>	
6.27	<u>applies from the date of the original</u>	
6.28	<u>appropriation to the unspent amount</u>	
6.29	<u>transferred.</u>	
6.30	<b><u>Sec. 8. POLLUTION CONTROL AGENCY</u></b>	
6.31	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$ 8,000,000</u></b>
6.32	<u>To the Pollution Control Agency for the</u>	
6.33	<u>purposes specified in this section.</u>	

7.1	<u>Subd. 2. <b>Statewide Drinking Water</b></u>	
7.2	<u><b>Contamination Mitigation Program</b></u>	<u>8,000,000</u>
7.3	<u>For projects or grants under Minnesota</u>	
7.4	<u>Statutes, section 115B.245.</u>	
7.5	<u>Sec. 9. <b>BOARD OF WATER AND SOIL</b></u>	
7.6	<u><b>RESOURCES</b></u>	
7.7	<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$ 12,900,000</u>
7.8	<u>To the Board of Water and Soil Resources for</u>	
7.9	<u>the purposes specified in this section.</u>	
7.10	<u>Subd. 2. <b>Local Government Roads Wetland</b></u>	
7.11	<u><b>Replacement Program</b></u>	<u>3,600,000</u>
7.12	<u>To acquire land or permanent easements and</u>	
7.13	<u>to restore, create, enhance, and preserve</u>	
7.14	<u>wetlands to replace those wetlands drained or</u>	
7.15	<u>filled as a result of the repair, reconstruction,</u>	
7.16	<u>replacement, or rehabilitation of existing</u>	
7.17	<u>public roads as required by Minnesota</u>	
7.18	<u>Statutes, section 103G.222, subdivision 1,</u>	
7.19	<u>paragraphs (l) and (m). Notwithstanding</u>	
7.20	<u>Minnesota Statutes, section 103G.222,</u>	
7.21	<u>subdivision 3, the board may implement the</u>	
7.22	<u>wetland replacement program statewide. The</u>	
7.23	<u>purchase price paid for acquisition of land or</u>	
7.24	<u>perpetual easement must be a fair market value</u>	
7.25	<u>as determined by the board. The board may</u>	
7.26	<u>enter into agreements with the federal</u>	
7.27	<u>government, other state agencies, political</u>	
7.28	<u>subdivisions, nonprofit organizations, fee title</u>	
7.29	<u>owners, or other qualified private entities to</u>	
7.30	<u>acquire wetland replacement credits in</u>	
7.31	<u>accordance with Minnesota Rules, chapter</u>	
7.32	<u>8420. Up to five percent of this appropriation</u>	
7.33	<u>may be used for restoration and enhancement.</u>	

8.1 **Subd. 3. Reinvest in Minnesota (RIM) Reserve**  
8.2 **Program**

9,300,000

8.3 To acquire conservation easements from  
8.4 landowners to preserve, restore, create, and  
8.5 enhance wetlands and associated uplands of  
8.6 prairie and grasslands, and to restore and  
8.7 enhance rivers and streams, riparian lands, and  
8.8 uplands of prairie and grasslands, in order to  
8.9 protect soil and water quality, support fish and  
8.10 wildlife habitat, reduce flood damage, and  
8.11 provide other public benefits. The provisions  
8.12 of Minnesota Statutes, section 103F.515, apply  
8.13 to this program. The board shall give priority  
8.14 to leveraging federal money by enrolling  
8.15 targeted new lands or enrolling  
8.16 environmentally sensitive lands that have  
8.17 expiring federal conservation agreements. The  
8.18 board is authorized to enter into new  
8.19 agreements and amend past agreements with  
8.20 landowners as required by Minnesota Statutes,  
8.21 section 103F.515, subdivision 5, to allow for  
8.22 restoration. Up to five percent of this  
8.23 appropriation may be used for restoration and  
8.24 enhancement.

8.25 **Sec. 10. MINNESOTA ZOOLOGICAL**  
8.26 **GARDEN**

8.27 **Subdivision 1. Total Appropriation**

**\$ 3,810,000**

8.28 To the Minnesota Zoological Board for the  
8.29 purposes specified in this section.

8.30 **Subd. 2. Asset Preservation**

3,810,000

8.31 For capital asset preservation improvements  
8.32 and betterments to infrastructure and exhibits  
8.33 at the Minnesota Zoo, to be spent in  
8.34 accordance with Minnesota Statutes, section  
8.35 16B.307. Notwithstanding the specified uses



9.1

of money under Minnesota Statutes, section

9.2

16B.307, this appropriation may be used to

9.3

replace buildings that are in poor condition,

9.4

outdated, and no longer support the work of

9.5

the Minnesota Zoological Garden; to construct

9.6

and renovate trails and roads on the Minnesota

9.7

Zoological Garden site; and to renovate animal

9.8

exhibits to meet modern animal welfare

9.9

standards, address animal and staff safety

9.10

issues, and improve the viewing experience

9.11

for guests.

9.12

Sec. 11. ADMINISTRATION

9.13

Subdivision 1. Total Appropriation

\$

5,600,000

9.14

To the commissioner of administration for the

9.15

purposes specified in this section.

9.16

Subd. 2. Capital Asset Preservation and

9.17

Replacement Account

1,900,000

9.18

To be spent in accordance with Minnesota

9.19

Statutes, section 16A.632.

9.20

Subd. 3. Capitol Complex - Physical Security

9.21

Upgrades Phase III

3,700,000

9.22

For the continuation of the design,

9.23

construction, and equipping required to

9.24

upgrade the physical security elements and

9.25

systems for the Capitol Mall and the buildings

9.26

listed in this subdivision, their attached tunnel

9.27

systems, their surrounding grounds, and

9.28

parking facilities as identified in the 2017

9.29

Minnesota State Capitol Complex Physical

9.30

Security Predesign completed by Miller

9.31

Dunwiddie and an updated assessment

9.32

completed in 2022. Upgrades include but are

9.33

not limited to the installation of bollards, blast

9.34

protection, infrastructure security screen walls,

9.35

door access controls, emergency call stations,

10.1 surveillance systems, security kiosks, lighting  
10.2 system upgrades, locking devices, and traffic  
10.3 and crowd control devices. This appropriation  
10.4 includes money for work associated with the  
10.5 following buildings: Administration,  
10.6 Ag/Health Lab, Andersen, BCA Maryland,  
10.7 Capitol, Centennial, Freeman, Governor's  
10.8 Residence, Judicial Center, Minnesota History  
10.9 Center, Capitol Complex Power Plant and  
10.10 Shops, Stassen, Senate, and Veterans Service.

10.11 Sec. 12. **AMATEUR SPORTS COMMISSION**

10.12 Subdivision 1. **Total Appropriation** **\$ 9,500,000**

10.13 To the Minnesota Amateur Sports  
10.14 Commission for the purposes specified in this  
10.15 section.

10.16 Subd. 2. **Asset Preservation** **8,600,000**

10.17 For asset preservation improvements and  
10.18 betterments of a capital nature at the National  
10.19 Sports Center in Blaine, to be spent in  
10.20 accordance with Minnesota Statutes, section  
10.21 16B.307.

10.22 Subd. 3. **Mighty Ducks** **900,000**

10.23 For grants to local units of government under  
10.24 Minnesota Statutes, section 240A.09,  
10.25 paragraph (b), to improve indoor air quality  
10.26 or eliminate R-22. This appropriation must  
10.27 not be used to acquire ice resurfacing or  
10.28 edging equipment.

10.29 Sec. 13. **MILITARY AFFAIRS**

10.30 Subdivision 1. **Total Appropriation** **\$ 3,000,000**

10.31 To the adjutant general for the purposes  
10.32 specified in this section.

10.33 Subd. 2. **Duluth Hangar Design** **3,000,000**

11.1	<u>To predesign and design the construction of</u>		
11.2	<u>a new hangar to hold aircraft at the Duluth</u>		
11.3	<u>International Airport in support of the 148th</u>		
11.4	<u>Fighter Wing of the Minnesota Air National</u>		
11.5	<u>Guard to replace existing hangars.</u>		
11.6	Sec. 14. <b><u>PUBLIC SAFETY</u></b>		
11.7	<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$</b>	<b><u>72,887,000</u></b>
11.8	<u>To the commissioner of administration for the</u>		
11.9	<u>purposes specified in this section.</u>		
11.10	<b><u>Subd. 2. Southern Minnesota BCA Regional</u></b>		
11.11	<b><u>Office and Laboratory</u></b>		<u>68,684,000</u>
11.12	<u>To complete design, construct, furnish, and</u>		
11.13	<u>equip a new Bureau of Criminal Apprehension</u>		
11.14	<u>regional office and laboratory facility in</u>		
11.15	<u>Mankato. This appropriation may also be used</u>		
11.16	<u>to design and complete hazardous materials</u>		
11.17	<u>abatement. This appropriation may also be</u>		
11.18	<u>used to fund the state's portion of the cost to</u>		
11.19	<u>extend Bassett Drive to serve the project site.</u>		
11.20	<b><u>Subd. 3. Bemidji BCA Regional Office and</u></b>		
11.21	<b><u>Laboratory Expansion</u></b>		<u>4,203,000</u>
11.22	<u>For predesign, design, and land acquisition</u>		
11.23	<u>for the renovation and expansion of the Bureau</u>		
11.24	<u>of Criminal Apprehension's Bemidji Regional</u>		
11.25	<u>Office and Forensic Science Laboratory.</u>		
11.26	Sec. 15. <b><u>TRANSPORTATION</u></b>		
11.27	<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$</b>	<b><u>4,600,000</u></b>
11.28	<u>To the commissioner of transportation for the</u>		
11.29	<u>purposes specified in this section.</u>		
11.30	<b><u>Subd. 2. Highway Rail Grade Crossings</u></b>		<u>1,800,000</u>
11.31	<u>To design, construct, and equip the</u>		
11.32	<u>replacement of active highway rail grade</u>		
11.33	<u>warning devices that have reached the end of</u>		

12.1 their useful life or new highway rail grade

12.2 warning devices.

12.3 **Subd. 3. Port Development Assistance Program**

**2,800,000**

12.4 For grants under Minnesota Statutes, chapter

12.5 457A. Any improvements made with the

12.6 proceeds of these grants must be publicly

12.7 owned.

12.8 **Sec. 16. METROPOLITAN COUNCIL**

12.9 **Subdivision 1. Total Appropriation**

**\$ 21,900,000**

12.10 To the Metropolitan Council for the purposes

12.11 specified in this section.

12.12 **Subd. 2. Metropolitan Cities Inflow and**

12.13 **Infiltration Grants**

**4,600,000**

12.14 For grants to cities and townships within the

12.15 metropolitan area, as defined in Minnesota

12.16 Statutes, section 473.121, subdivision 2, for

12.17 capital improvements in municipal wastewater

12.18 collection systems to reduce the amount of

12.19 inflow and infiltration to the Metropolitan

12.20 Council's metropolitan sanitary sewer disposal

12.21 system. Grants from this appropriation are for

12.22 up to 50 percent of the cost to mitigate inflow

12.23 and infiltration in the publicly owned

12.24 municipal wastewater collection systems. To

12.25 be eligible for a grant, a city or township must

12.26 be identified by the council as a contributor

12.27 of excessive inflow and infiltration in the

12.28 metropolitan disposal system or have a

12.29 measured flow rate within 20 percent of its

12.30 allowable council-determined inflow and

12.31 infiltration limits. The council must award

12.32 grants based on applications from cities or

12.33 townships that identify eligible capital costs

12.34 and include a timeline for inflow and

13.1 infiltration mitigation construction, pursuant  
13.2 to guidelines established by the council.

13.3 **Subd. 3. Metropolitan Regional Parks and Trails** 2,300,000

13.4 For the cost of improvements and betterments  
13.5 of a capital nature and acquisition by the  
13.6 council and metropolitan parks implementing  
13.7 agencies as defined in Minnesota Statutes,  
13.8 section 473.351, of regional recreational  
13.9 open-space lands in accordance with the  
13.10 council's policy plan as provided in Minnesota  
13.11 Statutes, section 473.147. This appropriation  
13.12 must not be used to purchase easements.

13.13 **Subd. 4. Arterial Bus Rapid Transit** 15,000,000

13.14 For real property acquisition, predesign,  
13.15 design, engineering, and construction of  
13.16 arterial bus rapid transit, including utility  
13.17 relocation, demolition, and furnishing and  
13.18 equipping facilities for arterial bus rapid transit  
13.19 projects. The council must allocate the money  
13.20 among projects based on criteria in its  
13.21 transitway capital improvement plan  
13.22 including: consistency with the council's  
13.23 transportation policy plan; project readiness;  
13.24 potential current and forecasted ridership;  
13.25 expansion of the bus rapid transit system;  
13.26 availability of federal or other matching funds;  
13.27 coordination with other major projects; and  
13.28 additional criteria for priorities otherwise  
13.29 specified in state law or rule applicable to bus  
13.30 rapid transit, including state law authorizing  
13.31 state bond fund appropriations for a bus rapid  
13.32 transit project.

13.33 **Sec. 17. DIRECT CARE AND TREATMENT**

13.34 **Subdivision 1. Total Appropriation** **\$ 26,430,000**

14.1	<u>To the commissioner of administration for the</u>		
14.2	<u>purposes specified in this section.</u>		
14.3	<b><u>Subd. 2. Asset Preservation</u></b>		<b><u>11,430,000</u></b>
14.4	<u>For asset preservation improvements and</u>		
14.5	<u>betterments of a capital nature, to be spent in</u>		
14.6	<u>accordance with Minnesota Statutes, section</u>		
14.7	<u>16B.307, at facilities operated by Direct Care</u>		
14.8	<u>and Treatment following the department's</u>		
14.9	<u>separation from the Department of Human</u>		
14.10	<u>Services.</u>		
14.11	<b><u>Subd. 3. St. Peter Water and Sewer</u></b>		
14.12	<b><u>Construction</u></b>		<b><u>15,000,000</u></b>
14.13	<u>To design, construct, and equip upgrades and</u>		
14.14	<u>the replacement of water, sanitary, and storm</u>		
14.15	<u>sewer infrastructure at the St. Peter Campus.</u>		
14.16	<u>This appropriation may also be used to design</u>		
14.17	<u>and complete hazardous materials abatement.</u>		
14.18	<b><u>Sec. 18. CHILDREN, YOUTH, AND</u></b>		
14.19	<b><u>FAMILIES</u></b>		
14.20	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>2,700,000</u></b>
14.21	<u>To the commissioner of Children, Youth, and</u>		
14.22	<u>Families for the purposes specified in this</u>		
14.23	<u>section.</u>		
14.24	<b><u>Subd. 2. Early Childhood Facilities Grants</u></b>		<b><u>2,700,000</u></b>
14.25	<u>For grants under Minnesota Statutes, section</u>		
14.26	<u>142A.46, to predesign, design, construct,</u>		
14.27	<u>renovate, furnish, and equip early childhood</u>		
14.28	<u>learning facilities.</u>		
14.29	<b><u>Sec. 19. VETERANS AFFAIRS</u></b>		
14.30	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>29,344,000</u></b>
14.31	<u>To the commissioner of administration for the</u>		
14.32	<u>purposes specified in this section.</u>		

15.1	<u>Subd. 2. <b>Asset Preservation</b></u>	<u>11,940,000</u>
15.2	<u>For asset preservation improvements and</u>	
15.3	<u>betterments of a capital nature at the veterans</u>	
15.4	<u>homes in Minneapolis, Hastings, Fergus Falls,</u>	
15.5	<u>Silver Bay, and Luverne, and the state veterans</u>	
15.6	<u>cemeteries at Little Falls, Preston, and Duluth,</u>	
15.7	<u>to be spent in accordance with Minnesota</u>	
15.8	<u>Statutes, section 16B.307.</u>	
15.9	<u>Subd. 3. <b>Minneapolis Veterans Home - Building</b></u>	
15.10	<u><b>16 Remodel</b></u>	<u>17,404,000</u>
15.11	<u>To design, construct, furnish, and equip the</u>	
15.12	<u>renovation of the Minneapolis Veterans Home</u>	
15.13	<u>Building 16. This appropriation may also be</u>	
15.14	<u>used to design and complete hazardous</u>	
15.15	<u>materials abatement.</u>	
15.16	<u>Sec. 20. <b>CORRECTIONS</b></u>	
15.17	<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$ 123,544,000</u>
15.18	<u>To the commissioner of administration for the</u>	
15.19	<u>purposes specified in this section.</u>	
15.20	<u>Subd. 2. <b>Asset Preservation</b></u>	<u>65,574,000</u>
15.21	<u>For asset preservation improvement and</u>	
15.22	<u>betterments of a capital nature at the</u>	
15.23	<u>Minnesota correctional facilities statewide to</u>	
15.24	<u>be spent in accordance with Minnesota</u>	
15.25	<u>Statutes, section 16B.307.</u>	
15.26	<u>Subd. 3. <b>Minnesota Correctional Facility - Rush</b></u>	
15.27	<u><b>City</b></u>	<u>57,970,000</u>
15.28	<u>To update predesign, design, construct,</u>	
15.29	<u>furnish, and equip a new building addition and</u>	
15.30	<u>to design, renovate, and equip existing space</u>	
15.31	<u>to provide incarcerated persons services at the</u>	
15.32	<u>Rush City Correctional Facility. This</u>	
15.33	<u>appropriation may also be used to design and</u>	
15.34	<u>complete hazardous materials abatement.</u>	

16.1 Subd. 4. **Unspent Appropriations**

16.2 The unspent portion of an appropriation for a  
16.3 Department of Corrections project in this  
16.4 section that is complete, upon written notice  
16.5 to the commissioner of management and  
16.6 budget, is available for asset preservation  
16.7 under Minnesota Statutes, section 16B.307.  
16.8 Minnesota Statutes, section 16A.642, applies  
16.9 from the date of the original appropriation to  
16.10 the unspent amount transferred.

16.11 Sec. 21. **EMPLOYMENT AND ECONOMIC**  
16.12 **DEVELOPMENT**

16.13 Subdivision 1. **Total Appropriation** \$ **4,500,000**

16.14 To the commissioner of employment and  
16.15 economic development for the purposes  
16.16 specified in this section.

16.17 Subd. 2. **Greater Minnesota Business**  
16.18 **Development Public Infrastructure** 2,700,000

16.19 For grants under Minnesota Statutes, section  
16.20 116J.431.

16.21 Subd. 3. **Transportation Economic Development**  
16.22 **Infrastructure** 1,800,000

16.23 For grants under Minnesota Statutes, section  
16.24 116J.436.

16.25 Sec. 22. **PUBLIC FACILITIES AUTHORITY**

16.26 Subdivision 1. **Total Appropriation** \$ **99,012,000**

16.27 To the Public Facilities Authority for the  
16.28 purposes specified in this section.

16.29 Subd. 2. **State Match for Federal Grants to State**  
16.30 **Revolving Loan Programs** 39,000,000

16.31 To match federal capitalization grants for the  
16.32 clean water revolving fund under Minnesota  
16.33 Statutes, section 446A.07, and the drinking  
16.34 water revolving fund under Minnesota



17.1 Statutes, section 446A.081. This appropriation  
17.2 must be used for qualified capital projects.

17.3 **Subd. 3. Water Infrastructure Funding Program** 23,485,000

17.4 (a) For grants to eligible municipalities under  
17.5 the water infrastructure funding program under  
17.6 Minnesota Statutes, section 446A.072.

17.7 (b) \$10,000,000 is for wastewater projects  
17.8 listed on the Pollution Control Agency's  
17.9 project priority list in the fundable range under  
17.10 the clean water revolving fund program.

17.11 (c) \$13,485,000 is for drinking water projects  
17.12 listed on the commissioner of health's project  
17.13 priority list in the fundable range under the  
17.14 drinking water revolving fund program.

17.15 (d) After all eligible projects under paragraph  
17.16 (b) or (c) have been funded in a fiscal year,  
17.17 the Public Facilities Authority may transfer  
17.18 any remaining, uncommitted money to eligible  
17.19 projects under a program defined in paragraph  
17.20 (b) or (c) based on that program's project  
17.21 priority list.

17.22 **Subd. 4. Point Source Implementation Grants**  
17.23 **Program** 18,527,000

17.24 For grants to eligible municipalities under the  
17.25 point source implementation grants program  
17.26 under Minnesota Statutes, section 446A.073.  
17.27 This appropriation must be used for qualified  
17.28 capital projects.

17.29 **Subd. 5. Emerging Contaminants Grant**  
17.30 **Program** 18,000,000

17.31 For grants to eligible municipalities under the  
17.32 Emerging Contaminants Grant Program under  
17.33 Minnesota Statutes, section 446A.082.

18.1 **Sec. 23. MINNESOTA HOUSING FINANCE**  
18.2 **AGENCY**

**\$ 7,000,000**

18.3 To the Minnesota Housing Finance Agency  
18.4 to finance the costs of rehabilitation to  
18.5 preserve public housing under Minnesota  
18.6 Statutes, section 462A.202, subdivision 3a.  
18.7 For purposes of this section, "public housing"  
18.8 means housing for low-income persons and  
18.9 households financed by the federal  
18.10 government and publicly owned. Priority may  
18.11 be given to proposals that maximize nonstate  
18.12 resources to finance the capital costs and  
18.13 requests that prioritize health, safety, and  
18.14 energy improvements. The priority in  
18.15 Minnesota Statutes, section 462A.202,  
18.16 subdivision 3a, for projects to increase the  
18.17 supply of affordable housing and the  
18.18 restrictions of Minnesota Statutes, section  
18.19 462A.202, subdivision 7, do not apply to this  
18.20 appropriation.

18.21 **Sec. 24. MINNESOTA HISTORICAL**  
18.22 **SOCIETY**

18.23 **Subdivision 1. Total Appropriation**

**\$ 6,115,000**

18.24 To the Minnesota Historical Society for the  
18.25 purposes specified in this section.

18.26 **Subd. 2. Historic Sites Asset Preservation**

**5,215,000**

18.27 For capital improvements and betterments at  
18.28 state historic sites, buildings, landscaping at  
18.29 historic buildings, exhibits, markers, and  
18.30 monuments, to be spent in accordance with  
18.31 Minnesota Statutes, section 16B.307. The  
18.32 society shall determine project priorities as  
18.33 appropriate based on need.

18.34 **Subd. 3. County and Local Preservation Grants**

**900,000**

19.1 For grants to county and local jurisdictions as  
19.2 matching money for historic preservation  
19.3 projects of a capital nature, as provided in  
19.4 Minnesota Statutes, section 138.0525.

19.5 Sec. 25. **BOND SALE AUTHORIZATION.**

19.6 To provide the money appropriated in this act from the bond proceeds fund, and to  
19.7 provide for expenses authorized in Minnesota Statutes, section 16A.641, subdivision 8,  
19.8 paragraph (c), the commissioner of management and budget shall sell and issue bonds of  
19.9 the state in an amount up to \$790,000,000 in the manner, upon the terms, and with the effect  
19.10 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota  
19.11 Constitution, article XI, sections 4 to 7.

19.12 Sec. 26. **BOND SALE SCHEDULE.**

19.13 The commissioner of management and budget shall schedule the sale of state general  
19.14 obligation bonds so that, during the biennium ending June 30, 2027, no more than  
19.15 \$1,228,858,000 will need to be transferred from the general fund to the state bond fund to  
19.16 pay principal and interest due and to become due on outstanding state general obligation  
19.17 bonds. During the biennium, before each sale of state general obligation bonds, the  
19.18 commissioner of management and budget shall calculate the amount of debt service payments  
19.19 needed on bonds previously issued and shall estimate the amount of debt service payments  
19.20 that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the  
19.21 amount of bonds scheduled to be sold so as to remain within the limit set by this section.  
19.22 The amount needed to make the debt service payments is appropriated from the general  
19.23 fund as provided in Minnesota Statutes, section 16A.641.

19.24 Sec. 27. **EFFECTIVE DATE.**

19.25 This article is effective the day following final enactment.

19.26 **ARTICLE 2**

19.27 **MISCELLANEOUS**

19.28 Section 1. Minnesota Statutes 2024, section 16A.501, is amended to read:

19.29 **16A.501 REPORT ON EXPENDITURE OF BOND PROCEEDS.**

19.30 (a) The commissioner of management and budget must report annually to the legislature  
19.31 on the degree to which entities receiving appropriations for capital projects in previous

omnibus capital improvement acts have encumbered or expended that money. The report must be submitted to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee by January ~~1~~ 15 of each year.

(b) The commissioner of management and budget must report by January 15 of each year to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over capital investment, finance, and ways and means on the amount and percentage of each agency's capital appropriation that is used to pay for the costs of staff directly attributable to capital programs or projects funded with state general obligation bond proceeds. The report must also include information on agencies' compliance with the commissioner's policies governing the use of general obligation bond proceeds to pay staff costs and any changes to the commissioner's policies.

Sec. 2. **[16B.851] STATE BUILDING RENEWABLE ENERGY, STORAGE, AND ELECTRIC VEHICLE ACCOUNT.**

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

(b) "State agency" has the meaning given in section 16B.321, subdivision 5, and, in addition to the agencies listed in section 15.01, includes the Office of Higher Education, Housing Finance Agency, Pollution Control Agency, and Bureau of Mediation Services. It also includes agencies, boards, commissions, committees, councils, and authorities as defined in section 15.012.

(c) "State building" means a building or facility owned by the state of Minnesota.

(d) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), and includes thermal energy.

(e) "Renewable energy improvement" means the predesign, design, acquisition, construction, or installation of a renewable energy production system or energy storage equipment or system, and associated infrastructure and facilities that is designed to result in a demand-side net reduction in energy use by the state building's electrical, heating, ventilating, air-conditioning, or hot water systems.

(f) "Energy storage" means the predesign, design, acquisition, construction, or installation of technology which stores and delivers electric or thermal energy.

(g) "Electric vehicle service equipment" or "EVSE" means electric vehicle service equipment, including charging equipment and associated infrastructure and site upgrades.

21.1 Subd. 2. **Establishment.** A state building renewable energy, storage, and electric vehicle  
21.2 account is established in the special revenue fund to provide money to:

21.3 (1) state agencies to design, construct, and equip renewable energy improvement and  
21.4 renewable energy storage projects at state buildings;

21.5 (2) state agencies to purchase state fleet electric vehicles in accordance with section  
21.6 16C.135;

21.7 (3) state agencies to purchase and install EVSE;

21.8 (4) the commissioner of administration to manage the program;

21.9 Subd. 3. **Account management.** The commissioner shall manage and administer the  
21.10 state building renewable energy, storage, and electric vehicle account.

21.11 Subd. 4. **Accepting funds.** (a) The commissioner or state agency designated by the  
21.12 commissioner shall be responsible for making application to the federal government on  
21.13 behalf of the state of Minnesota for state projects eligible for elective payments under  
21.14 sections 6417 and 6418 of the Internal Revenue Code, as added by Public Law 117-169.

21.15 (b) The commissioner may apply for, receive, and expend money made available from  
21.16 federal, state, or other sources for the purposes of carrying out the duties in this section.

21.17 (c) Notwithstanding section 16A.72, all funds received under this subdivision shall be  
21.18 deposited into the state building renewable energy, storage, and electric vehicle account  
21.19 and appropriated to the commissioner for the purposes of subdivision 2 and as permitted  
21.20 under this section.

21.21 (d) Money in the state building renewable energy, storage, and electric vehicle account  
21.22 does not cancel and is available until expended.

21.23 Subd. 5. **Application.** A state agency applying for state building renewable energy,  
21.24 storage, EVSE, and electric fleet vehicle funds must submit an application to the  
21.25 commissioner on a form, in the manner, and at the time prescribed by the commissioner.

21.26 Subd. 6. **Treatment of certain payments received from federal government.** (a)  
21.27 Federal payments received for eligible renewable energy improvement and storage projects,  
21.28 and EVSE projects, made with appropriations from general obligation bonds, may be  
21.29 transferred to the state bond fund if consistent with federal treasury regulations.

21.30 (b) Federal payments received for eligible electric fleet vehicle purchases by the  
21.31 Department of Administration's fleet division shall be transferred to the motor pool revolving  
21.32 account established in section 16B.54, subdivision 8.

22.1 (c) Federal payments received for eligible electric fleet vehicle purchases made directly  
22.2 by a state agency shall be transferred to the fund from which the purchase was made.

22.3 Sec. 3. Minnesota Statutes 2024, section 16B.97, subdivision 1, is amended to read:

22.4 Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or  
22.5 electronic document defining a legal relationship between a granting agency and a grantee  
22.6 when the principal purpose of the relationship is to transfer cash or something of value to  
22.7 the recipient to support a public purpose authorized by law instead of acquiring by  
22.8 professional or technical contract, purchase, lease, or barter property or services for the  
22.9 direct benefit or use of the granting agency.

22.10 (b) This section does not apply to general obligation grants as defined by section 16A.695  
22.11 ~~and~~<sub>2</sub> capital project grants to political subdivisions as defined by section 16A.86, or capital  
22.12 project grants otherwise subject to section 16A.642, which grants shall be subject to the  
22.13 policies and procedures adopted by the commissioner of management and budget or otherwise  
22.14 specified in applicable law.

22.15 Sec. 4. Minnesota Statutes 2024, section 16B.98, subdivision 1, is amended to read:

22.16 Subdivision 1. **Limitation.** (a) As a condition of receiving a grant from an appropriation  
22.17 of state funds, the recipient of the grant must agree to minimize administrative costs. The  
22.18 granting agency is responsible for negotiating appropriate limits to these costs so that the  
22.19 state derives the optimum benefit for grant funding.

22.20 (b) This section does not apply to general obligation grants as defined by section 16A.695  
22.21 ~~and also~~<sub>2</sub> capital project grants to political subdivisions as defined by section 16A.86, or  
22.22 capital project grants otherwise subject to section 16A.642.

22.23 Sec. 5. [115B.245] STATEWIDE DRINKING WATER CONTAMINATION  
22.24 MITIGATION PROGRAM.

22.25 Subdivision 1. **Program established.** The commissioner may design and construct, or  
22.26 may make grants to eligible grantees as provided under this section to design and construct,  
22.27 projects to provide safe drinking water, due to contamination of drinking water by hazardous  
22.28 substances, through projects such as treatment systems, new drinking water wells, sealing  
22.29 contaminated wells, and connecting to alternative drinking water sources. The criteria for  
22.30 selecting projects must follow the criteria and rules established under section 115B.17.

22.31 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the  
22.32 meanings given.

23.1 (b) "Eligible grantee" means:

23.2 (1) for projects funded from the statewide drinking water contamination mitigation  
23.3 account in the bond proceeds fund, a city, county, school district, joint powers board, or  
23.4 other political subdivision of the state; and

23.5 (2) for projects funded from the statewide drinking water contamination mitigation  
23.6 account in the general fund, any person.

23.7 (c) "Private infrastructure projects" means improvements made to nonpublicly owned  
23.8 infrastructure such as sealing of private wells, connecting private properties to water mains,  
23.9 water service fees, treatment systems, and drilling new private wells in an unimpaired  
23.10 drinking water aquifer.

23.11 (d) "Public infrastructure projects" means improvements made to publicly owned  
23.12 infrastructure such as water main installation, public water system improvements, treatment  
23.13 systems, and associated improvements.

23.14 Subd. 3. **Accounts.** (a) A statewide drinking water contamination mitigation account is  
23.15 established in the bond proceeds fund. The account consists of state bond proceeds  
23.16 appropriated to the commissioner for this purpose. Money in the account may only be  
23.17 expended to acquire land or an interest in land and predesign, design, construct, and improve  
23.18 public infrastructure projects that further the purposes of this section. Notwithstanding  
23.19 section 115B.17, subdivision 6 or 16, any money recovered in a civil action for a project  
23.20 financed with bonds under this section shall be transferred to the commissioner of  
23.21 management and budget and applied toward principal and interest on outstanding bonds.

23.22 (b) A statewide drinking water contamination mitigation account is established in the  
23.23 general fund. The account consists of money as provided by law and any other money  
23.24 donated, allotted, transferred, or otherwise provided to the account. Money in the account  
23.25 may only be expended on public or private infrastructure projects that further the purposes  
23.26 of this section.

23.27 Sec. 6. Minnesota Statutes 2024, section 116.182, subdivision 5, is amended to read:

23.28 Subd. 5. **Rules.** (a) The agency shall adopt rules for the administration of the financial  
23.29 assistance program. For wastewater treatment projects, the rules must include:

23.30 (1) application requirements;

(2) criteria for the ranking of projects in order of priority based on factors including the type of project and the degree of environmental impact, and scenic and wild river standards; and

(3) criteria for determining essential project components.

(b) Notwithstanding any provision in Minnesota Rules, chapter 7077, to the contrary, for purposes of Minnesota Rules, parts 7077.0117, 7077.0118, and 7077.0119, the commissioner must assign 40 points if a municipality is proposing a project to address emerging contaminants, as defined by the United States Environmental Protection Agency. This paragraph expires June 30, 2030.

Sec. 7. 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 to construct or rehabilitate facilities for early childhood programs, crisis nurseries, or parenting time centers. The following requirements apply:

(1) 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) 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) 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. 8. Minnesota Statutes 2024, section 446A.07, subdivision 8, is amended to read:

Subd. 8. **Other uses of revolving fund.** (a) The clean water revolving fund may be used as provided in title VI of the Federal Water Pollution Control Act, including the following uses:

(1) to buy or refinance the debt obligation of governmental units for treatment works where debt was incurred and construction begun after March 7, 1985, at or below market rates;

(2) to guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates;



(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loan guarantees, loans, or set-aside for similar revolving funds established by a governmental unit other than state agencies, or state agencies under sections 17.117, 103F.725, subdivision 1a, and 116J.617;

(5) to earn interest on fund accounts; and

(6) to pay the reasonable costs incurred by the authority and the Pollution Control Agency of administering the fund and conducting activities required under the Federal Water Pollution Control Act, including water quality management planning under section 205(j) of the act and water quality standards continuing planning under section 303(e) of the act;

(b) The clean water revolving fund may be used to provide additional subsidization as permitted under the Federal Water Pollution Control Act and other federal laws to provide principal forgiveness or grants:

~~(7) to provide principal forgiveness or grants to the extent permitted under the Federal Water Pollution Control Act and other federal law,~~ (1) based on the affordability criteria and requirements established for the ~~wastewater~~ water infrastructure funding program under section 446A.072; ~~and~~

~~(8) to provide loans, principal forgiveness, or grants to the extent permitted under the Federal Water Pollution Control Act and other federal law~~ (2) for 25 percent of project costs up to a maximum of \$1,000,000 for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities; and

(3) for 50 percent of project costs up to a maximum of \$3,000,000 for projects that address emerging contaminants as defined by the United States Environmental Protection Agency.

~~(b) Amounts spent under paragraph (a), clause (6), may not exceed the amount allowed under the Federal Water Pollution Control Act.~~

~~(c) Principal forgiveness or grants provided under paragraph (a), clause (8), may not exceed 25 percent of the eligible project costs as determined by the Pollution Control Agency for project components directly related to green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, up to a maximum of \$1,000,000.~~

Sec. 9. Minnesota Statutes 2024, section 446A.072, subdivision 5a, is amended to read:

**Subd. 5a. Type and amount of assistance.** (a) For a governmental unit receiving grant funding from the USDA/RECD, the authority may provide assistance in the form of a grant of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental unit may not receive a grant under this paragraph for more than ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less, unless specifically approved by law.

(b) For a governmental unit receiving a loan from the clean water revolving fund under section 446A.07, the authority may provide assistance under this section in the form of a grant if the average annual residential wastewater system cost after completion of the project would otherwise exceed 1.4 percent of the median household income of the project service area. In determining whether the average annual residential wastewater system cost would exceed 1.4 percent, the authority must consider the total costs associated with building, operating, and maintaining the wastewater system, including existing wastewater debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the clean water revolving fund loan under section 446A.07, subdivision 7. The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential wastewater system cost to 1.4 percent of median household income in the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(c) For a governmental unit receiving a loan from the drinking water revolving fund under section 446A.081, the authority may provide assistance under this section in the form of a grant if the average annual residential drinking water system cost after completion of the project would otherwise exceed 1.2 percent of the median household income of the project service area. In determining whether the average annual residential drinking water system cost would exceed 1.2 percent, the authority must consider the total costs associated with building, operating, and maintaining the drinking water system, including existing drinking water debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the drinking water revolving fund loan under section

446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential drinking water system cost to 1.2 percent of median household income in the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(d) Notwithstanding the limits in paragraphs (a), (b), and (c), for a governmental unit receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the governmental unit's construction and installation costs are significantly increased due to geological conditions of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the maximum award under this section shall not be more than \$25,000 per existing connection.

Sec. 10. Minnesota Statutes 2024, section 446A.073, subdivision 1, is amended to read:

Subdivision 1. **Program established.** When money is appropriated for grants under this program, the authority shall award grants up to a maximum of ~~\$7,000,000~~ \$12,000,000 to governmental units to cover 80 percent of the cost of water infrastructure projects made necessary by:

(1) a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

(2) a phosphorus concentration or mass limit which requires discharging one milligram per liter or less at permitted design flow which is incorporated into a permit issued by the Pollution Control Agency;

(3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution Control Agency that exceeds secondary treatment limits; or

(4) a total nitrogen concentration or mass limit that requires discharging ten milligrams per liter or less at permitted design flow.

Sec. 11. Minnesota Statutes 2024, section 446A.081, subdivision 9, is amended to read:

Subd. 9. **Other uses of fund.** (a) The drinking water revolving loan fund may be used as provided in the act, including the following uses:

(1) to buy or refinance the debt obligations, at or below market rates, of public water systems for drinking water systems, where the debt was incurred after the date of enactment of the act, for the purposes of construction of the necessary improvements to comply with the national primary drinking water regulations under the federal Safe Drinking Water Act;

(2) to purchase or guarantee insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loans or loan guarantees for similar revolving funds established by a governmental unit or state agency;

(5) to earn interest on fund accounts;

(6) to pay the reasonable costs incurred by the authority, the Department of Employment and Economic Development, and the Department of Health for conducting activities as authorized and required under the act up to the limits authorized under the act; and

(7) to develop and administer programs for water system supervision, source water protection, and related programs required under the act;

(b) The drinking water revolving fund may be used to provide additional subsidization as permitted under the federal Safe Drinking Water Act and other federal law to disadvantaged communities to provide principal forgiveness or grants:

~~(8) to provide principal forgiveness or grants to the extent permitted under the federal Safe Drinking Water Act and other federal law, (1) based on the affordability criteria and requirements established for drinking water projects under the water infrastructure funding program under section 446A.072;~~

~~(9) to provide loans, principal forgiveness or grants to the extent permitted under the federal Safe Drinking Water Act and other federal law to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities;~~

~~(10) to provide principal forgiveness, or grants (2) for 80 percent of project costs up to a maximum of \$100,000 for projects needed to comply with national primary drinking water standards for an existing nonmunicipal community public water system;~~

(11) to provide principal forgiveness or grants (3) to the extent permitted under the federal Safe Drinking Water Act and other federal laws for projects to replace the privately owned portion of drinking water lead service lines; and

(12) to provide principal forgiveness or grants (4) to the extent permitted under the federal Safe Drinking Water Act and other federal laws for 50 percent of project costs up to a maximum of \$3,000,000 for projects to address emerging contaminants in drinking water as defined by the United States Environmental Protection Agency; and

(5) for 50 percent of project costs up to a maximum of \$3,000,000 for projects needed to comply with a maximum contaminant level as defined by the federal Safe Drinking Water Act.

(b) Principal forgiveness or grants provided under paragraph (a), clause (9), may not exceed 25 percent of the eligible project costs as determined by the Department of Health for project components directly related to green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, up to a maximum of \$1,000,000.

Sec. 12. **[446A.082] EMERGING CONTAMINANTS GRANTS.**

Subdivision 1. **Program established.** When money is appropriated under this program, the authority shall award grants to a governmental unit 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 Environmental Protection Agency.

Subd. 2. **Eligibility.** An eligible project for this program must:

(1) be listed on the Drinking Water Revolving Fund Project Priority List per Minnesota Rules, part 4720.9000;

(2) receive priority points under Minnesota Rules, part 4720.9020, subpart 4a; and

(3) be certified by the Department of Health per Minnesota Rules, part 4720.9060.

Subd. 3. **Application and reservation of funds.** Grant applications to the authority may be made at any time on forms prescribed by the authority, including a project schedule and cost estimate for the work necessary to comply with the purpose described in subdivision 1. The Department of Health shall review and certify to the authority those projects that have plans and specifications approved under Minnesota Rules, part 4720.9060. When a project is certified by the Department of Health, the authority shall reserve grant funds for

the project in the order listed on the Department of Health's project priority list and in an amount based on the cost estimate in the Department of Health certification or the as-bid costs, whichever is less.

**Subd. 4. Grant amount.** The grant amount for an eligible project under this program shall be for an amount up to 80 percent of the eligible as-bid project cost up to \$12,000,000, minus the amount of federal emerging contaminant funds the project receives under section 446A.081, subdivision 9, paragraph (a), clause (12), or other federal emerging contaminant funds.

**Subd. 5. Grant approval.** The authority shall award a grant for an eligible project only after:

(1) the applicant has submitted the as-bid project cost;

(2) the Department of Health has certified the grant eligible portion of the project; and

(3) the authority has determined that the additional financing necessary to complete the project has been committed from other sources.

**Subd. 6. Grant disbursement.** Grant funds shall be disbursed by the authority as eligible project costs are incurred by the governmental unit and in accordance with a project financing agreement and applicable state laws and rules governing the disbursements.

**Subd. 7. Recovering expenses.** Money granted to a grantee under this program may be recovered in a civil action brought by the attorney general against any person who may be liable under section 115B.04 or any other law. To be eligible for recovery, the expenses must be reasonable and necessary expenses, including all response costs, and administrative and legal expenses. The authority, Department of Health, and Pollution Control Agency's certification of expenses shall be prima facie evidence that the expenses are reasonable and necessary. Any money recovered in a civil action for a project financed with bonds under this section shall be transferred to the commissioner of management and budget for deposit in the state bond fund and applied toward principal and interest on outstanding bonds.

Sec. 13. Laws 2013, chapter 143, article 12, section 21, is amended to read:

## Sec. 21. LEGISLATIVE OFFICE FACILITIES.

(a) The commissioner of administration may enter into a long-term lease-purchase agreement for a term of up to 25 years, to predesign, design, construct, and equip offices, hearing rooms, and parking facilities for legislative and other functions. The facility must be located on the block bounded by Sherburne Avenue on the north, Park Street on the west,

University Avenue on the south, and North Capitol Boulevard on the east. The legislative office facility must provide office accommodations for all senators and senate staff who do not have offices in the Capitol building and on-site parking facilities for all members and staff and disabled visitors to senate offices. A parking structure may also be built on the state-owned land located in the block bounded by Sherburne Avenue on the north, Park Street on the east, University Avenue on the south, and Rice Street on the west. The commissioner of management and budget may issue lease revenue bonds or certificates of participation associated with the lease-purchase agreement. The lease-purchase agreements must not be terminated, except for nonappropriation of money. The lease-purchase agreements must provide the state with a unilateral right to purchase the leased premises at specified times for specified amounts. The lease-purchase agreements are exempt from Minnesota Statutes, section 16B.24, subdivisions 6 and 6a.

(b) The facilities under the lease-purchase agreement are exempt from the design competition requirement under Minnesota Statutes, section 15B.10. Notwithstanding anything to the contrary under Minnesota Statutes, sections 16C.32 and 16C.33, if the commissioner of administration elects to use a design-build delivery method to design and construct one or more facilities under this appropriation, the Capitol Area Architectural and Planning Board, in cooperation with the commissioner, shall create a selection committee to act as the board under Minnesota Statutes, sections 16C.32 and 16C.33, for the design and construction of the facilities. Notwithstanding Minnesota Statutes, section 16B.33, if the commissioner elects to contract with a primary designer to design one or more facilities under this appropriation, the Capitol Area Architectural and Planning Board, in cooperation with the commissioner, shall create a selection committee to conduct the selection process in accordance with standards under Minnesota Statutes, chapters 15B, 16B, and 16C. A selection committee created under this section must contain no more than seven members, including at least three representatives designated by the senate Committee on Rules and Administration and three representatives designated by the speaker of the house.

(c) Notwithstanding any provision to the contrary in Minnesota Statutes, sections 16C.32 and 16C.33, if the commissioner of administration elects to use a design-build delivery method to design, construct, and equip one or more facilities and associated infrastructure to provide audio and video broadcast services for the Capitol building, State Office Building, and a new legislative office building, if applicable, the commissioner shall create a selection committee to act as the board under Minnesota Statutes, sections 16C.32 and 16C.33, to design, build, and equip the facilities. The selected design-builder may self-perform trade work or name an audio and video subcontractor as a member of the design-builder's team.

If an audio and video subcontractor is named as a member of the design-builder's team, the design-builder is not required to competitively bid the trade work. Notwithstanding Minnesota Statutes, section 16C.33, subdivision 5, paragraph (b), after obtaining and evaluating qualifications from each design-builder, in accordance with the weighted criteria and subcriteria and procedures provided in the request for qualifications, the selection committee shall select a short list of up to five proposals. If the commissioner does not receive any proposals, the commissioner may either:

(1) solicit new proposals;

(2) revise the request for qualifications and thereafter solicit new proposals using the revised request for qualifications; or

(3) request selection of a primary designer under Minnesota Statutes, section 16B.33, 16C.08, or 16C.095, and proceed with competitive bidding pursuant to Minnesota Statutes, sections 16C.25 to 16C.29.

(d) The commissioner of administration may enter into a ground lease for state-owned property in the capitol area in conjunction with the execution of a lease-purchase agreement entered into under this section for any improvements constructed on that site. Notwithstanding the requirements of Minnesota Statutes, section 16A.695, subdivision 2, paragraph (b), the ground lease must be for a term equal to the term of the lease-purchase agreement, and must include an option to purchase the land at its then fair market value, if the improvements are not purchased by the state at the end of the term of the lease-purchase agreement, or at any earlier time that the lease-purchase agreement is terminated.

(e) The commissioner of administration must not prepare final plans and specifications for any construction authorized under this section until the program plan and cost estimates for all elements necessary to complete the project have been approved by the senate Committee on Rules and Administration.

(f) \$3,000,000 is appropriated in fiscal year 2014 from the general fund to the commissioner of administration for predesign and design of facilities authorized under paragraph (a). This appropriation is available for expenditure the day following final enactment and until June 30, 2015.

(g) The commissioner of administration may reserve a portion of money from appropriations for office space costs of the legislature to fund future repairs for facilities constructed under the authority provided in this section. Money reserved under this paragraph must be credited to a segregated account for each building in the special revenue fund and is appropriated to the commissioner to make the repairs. When the state acquires title to a



building with an account established under this paragraph, the account for that building must be abolished and the balance remaining in the account must be transferred to the appropriate asset preservation and replacement account.

(h) Certificates of participation or lease revenue bonds issued by the commissioner of management and budget may be issued by public or private sale and in one or more series on the terms and conditions the commissioner of management and budget determines to be in the best interests of the state, shall be dated and bear interest at a fixed or variable rate, may be includable in or excludable from the gross income of the owners for federal income tax purposes, and may be sold at any price or percentage of par value. Any bid received may be rejected.

(i) At the time of, or in anticipation of, issuing the lease revenue bonds or certificates of participation, and at any time thereafter, so long as the bonds or certificates are outstanding, the commissioner of management and budget may enter into agreements and ancillary arrangements relating to the bonds or certificates, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner of management and budget included in an interest exchange agreement that the agreement relates to a certificate or bond shall be conclusive.

(j) The commissioner of management and budget may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of the lease-purchase agreement and the related lease revenue bonds or certificates of participation in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of certificates or bonds set forth in the order or resolution authorizing the issuance of the certificates or bonds or in a separate document authorized by the order or resolution.

(k) The commissioner of administration from time to time may enter into a new lease-purchase agreement and the commissioner of management and budget may issue and sell lease revenue bonds or certificates of participation for the purpose of refunding any lease-purchase agreement authorized under this section and related lease revenue bonds or

certificates of participation then outstanding, including the payment of any redemption premiums, any interest accrued or that is to accrue to the redemption date, and costs related to the issuance and sale of such refunding bonds or certificates. The proceeds of any refunding bonds or certificates may, in the discretion of the commissioner of management and budget, be applied to the purchase or payment at maturity of the bonds or certificates to be refunded, to the redemption of the outstanding lease-purchase agreements and bonds or certificates on any redemption date, or to pay interest on the refunding lease-purchase agreements and bonds or certificates and may, pending such application, be placed in escrow to be applied to such purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on any authorized investment may also be applied to the payment of the lease-purchase agreements and bonds or certificates to be refunded, to interest or premiums on the refunded bonds or certificates, or to pay interest on the refunding lease-purchase agreements and bonds or certificates. After the terms of the escrow have been fully satisfied, any balance of proceeds and any investment income may be returned to the general fund for use in a lawful manner. All refunding lease-purchase agreements and bonds or certificates issued under the provisions of this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the lease-purchase agreements and bonds or certificates to be refunded.

(l) The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to lease revenue bonds or certificates of participation issued under this section and any ancillary contracts to which the commissioner is a party.

**Sec. 14. REPEALER.**

(a) Minnesota Statutes 2024, section 16A.662, is repealed.

(b) Minnesota Statutes 2024, section 116J.417, subdivision 9, is repealed effective retroactively from June 2, 2023.

**Sec. 15. EFFECTIVE DATE.**

Except as otherwise specified, this article is effective the day following final enactment.

APPENDIX  
Article locations for 25-03139

ARTICLE 1	APPROPRIATIONS.....	Page.Ln 1.13
ARTICLE 2	MISCELLANEOUS.....	Page.Ln 19.26

**16A.662 INFRASTRUCTURE DEVELOPMENT BONDS.**

Subdivision 1. **Infrastructure development fund.** The infrastructure development fund is created as an account in the state treasury. The commissioner of management and budget shall credit to the fund income from the sources provided by law. The commissioner of management and budget shall from time to time certify to the State Board of Investment the assets of the fund not currently needed. The amount certified must be invested by the State Board of Investment subject to section 11A.24. Investment income and investment losses attributable to investment of fund assets must be credited to or borne by the fund.

Subd. 2. **Bonds authorized.** When authorized by law enacted in accordance with the constitution, article XI, sections 5 and 7, the commissioner may by order sell and issue bonds of the state evidencing public debt incurred for any purpose stated in the law. The bonds are general obligations of the state, and the full faith and credit of the state are pledged for their payment.

Subd. 3. **Manner of issuance; maturities.** The bonds must be issued and sold in accordance with section 16A.641. Sections 16A.672 and 16A.675 apply to the bonds.

Subd. 4. **Debt service account; appropriation of debt service account money.** There is established within the state bond fund a separate and special account designated as the infrastructure development bond debt service account. The money on hand in the debt service account must be used solely for the payment of the principal of and interest on bonds issued under Laws 1990, chapter 610, article 1, section 30, subdivision 2, and is appropriated for this purpose. This appropriation does not cancel as long as any of the bonds remain outstanding.

Subd. 5. **Assessment to higher education systems.** (a) In order to reduce the amount otherwise required to be transferred to the state bond fund with respect to bonds heretofore or hereafter issued under Laws 1990, chapter 610, article 1, section 30, subdivision 2, the commissioner of management and budget shall assess each higher education system for one-third the amount that would otherwise need to be transferred with respect to those bonds sold to finance capital improvement projects at institutions under the control of the system; provided that, to the extent that the amount to be transferred is for payment of principal and interest on bonds sold to finance life safety improvements, the commissioner must not assess the higher education systems for the transfer.

(b) After each sale of the bonds, the commissioner of management and budget shall notify the Board of Trustees of the Minnesota State Colleges and Universities and the regents of the University of Minnesota of the amounts for which each system is responsible for each year for the life of the bonds. The amounts payable each year are reduced by one-third of the net income from investment of those bond proceeds that must be allocated among the systems in proportion to the amount of principal and interest otherwise required to be paid by each. Each higher education system shall pay its annual share of debt service payments to the commissioner of management and budget by December 1 each year. If a higher education system fails to make a payment when due, the commissioner of management and budget shall reduce allotments for appropriations from the general fund otherwise payable to the system to cover the amount of the missed debt service payment. The commissioner of management and budget shall credit the payments received from the higher education systems to the infrastructure development bond debt service account in the state bond fund each December 1 before the transfer is made under subdivision 4.

Subd. 6. **Appropriation from general fund.** There is annually appropriated from the general fund for transfer to the infrastructure development bond debt service account the amount that, added to the amount in the infrastructure development bond debt service account on December 1 each year, after giving effect to subdivisions 4 and 5, is equal to the full amount of principal and interest to come due on all bonds to and including July 1 in the second ensuing year.

Subd. 7. **Constitutional tax levy.** Under the constitution, article XI, section 7, the state auditor must levy each year on all taxable property within the state a tax sufficient, with the amount then on hand in the infrastructure development bond debt service account, to pay all principal and interest on the bonds due and to become due to and including July 1 in the second ensuing year. The tax is not subject to limit as to rate or amount. However, the amount of money appropriated from other sources as provided in subdivisions 4, 5, and 6, and actually received and on hand before the levy in any year, reduces the amount of the tax otherwise required to be levied. The proceeds of the tax must be credited to the infrastructure development bond debt service account.

Subd. 8. **Application and appropriation of proceeds.** The proceeds of the bonds must be deposited and spent as provided in this subdivision and are appropriated for those purposes. Any accrued interest and any premium received on the sale of the bonds must be credited to the infrastructure development bond debt service account. Except as otherwise required by law, the

balance of the bond proceeds shall be credited to the infrastructure development fund and spent for the purposes specified in the law authorizing the issuance of the bonds. So much of the proceeds as is necessary must be used to pay costs incurred in issuing and selling the bonds.

**116J.417 GREATER MINNESOTA CHILD CARE FACILITY CAPITAL GRANT PROGRAM.**

Subd. 9. **Cancellation of grant; return of money.** If the commissioner determines that a grantee is unable to proceed with an approved project or has not expended or obligated the grant money within five years of entering into the grant agreement with the commissioner, the commissioner shall cancel the grant and the money is available for the commissioner to make other grants under this section. Money made available to the commissioner from a canceled grant is subject to cancellation under section 16A.642 as if it had been appropriated to the program in the year in which the grant is canceled.