

Constitution of the State of Minnesota

ARTICLE XI APPROPRIATIONS AND FINANCES

Sec. 14. Environment and natural resources fund.

A permanent environment and natural resources trust fund is established in the state treasury. Loans may be made of up to five percent of the principal of the fund for water system improvements as provided by law. The assets of the fund shall be appropriated by law for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. The amount appropriated each year of a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, may be up to 5-1/2 percent of the market value of the fund on June 30 one year before the start of the biennium. Not less than 40 percent of the net proceeds from any state-operated lottery must be credited to the fund until the year 2025.

116P.08 TRUST FUND EXPENDITURES.

Subdivision 1. Expenditures.

- (a) Money in the trust fund may be spent only for:
- (1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;
 - (2) research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;
 - (3) collection and analysis of information that assists in developing the state's environmental and natural resources policies;
 - (4) enhancement of public education, awareness, and understanding necessary for the protection, conservation, restoration, and enhancement of air, land, water, forests, fish, wildlife, and other natural resources;
 - (5) capital projects for the preservation and protection of unique natural resources;
 - (6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state;
 - (7) administrative and investment expenses incurred by the State Board of Investment in investing deposits to the trust fund; and
 - (8) administrative expenses subject to the limits in section 116P.09.
- (b) In making recommendations for expenditures from the trust fund, the commission shall give priority to funding programs and projects under paragraph (a), clauses (1) and (6). Any requests for proposals issued by the commission shall clearly indicate these priorities.

Subd. 2. Exceptions.

Money from the trust fund may not be spent for:

- (1) purposes of environmental compensation and liability under chapter 115B and response actions under chapter 115C;
- (2) purposes of municipal water pollution control under the authority of chapters 115 and 116;
- (3) costs associated with the decommissioning of nuclear power plants;
- (4) hazardous waste disposal facilities;
- (5) solid waste disposal facilities; or
- (6) projects or purposes inconsistent with the strategic plan.

116P.12 WATER SYSTEM IMPROVEMENT LOAN PROGRAM.

Subdivision 1. Loans authorized.

- (a) If the principal of the trust fund equals or exceeds \$200,000,000, the commission may vote to set aside up to five percent of the principal of the trust fund for water system improvement loans. The purpose of water system improvement loans is to offer below market rate interest loans to local units of government for the purposes of water system improvements.
- (b) The interest on a loan shall be calculated on the declining balance at a rate four percentage points below the secondary market yield of one-year United States Treasury bills calculated according to section 549.09, subdivision 1, paragraph (c).
- (c) An eligible project must prove that existing federal or state loans or grants have not been adequate.
- (d) Payments on the principal and interest of loans under this section must be credited to the trust fund.
- (e) Repayment of loans made under this section must be completed within 20 years.
- (f) The Minnesota Public Facilities Authority must report to the commission each year on the loan program under this section.

Subd. 2. Application and administration.

- (a) The commission must adopt a procedure for the issuance of the water system improvement loans by the Public Facilities Authority.
- (b) The commission also must ensure that the loans are administered according to its fiduciary standards and requirements.

446A.07 CLEAN WATER REVOLVING FUND.

Subdivision 1. Establishment of fund.

The authority shall establish a clean water revolving fund to provide loans for the purposes and eligible costs authorized under title VI of the Federal Water Pollution Control Act. The fund must be credited with repayments.

Subd. 1a. Definitions.

- (a) For the purposes of this section, the terms in this subdivision have the meanings given them.
- (b) "Eligible recipients" means governmental units or other entities eligible to receive loans or other assistance as provided in title VI of the Federal Water Pollution Control Act.
- (c) "Federal Water Pollution Control Act" means the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1251 et seq.

Subd. 2. State funds.

A state matching fund is established to be used in compliance with federal matching requirements specified in the Federal Water Pollution Control Act.

446A.072 WATER INFRASTRUCTURE FUNDING PROGRAM.

Subdivision 1. Establishment of program.

The authority will establish a water infrastructure funding program to provide supplemental assistance to governmental units receiving funding through the clean water revolving fund program, the drinking water revolving fund program, or the United States Department of Agriculture Rural Economic and Community Development's (USDA/RECD) Water and Waste Disposal Loans and Grants program for the predesign, design, and construction of municipal wastewater and drinking water systems, including purchase of land and easements. The purpose of the program is to assist governmental units demonstrating financial need to build cost-effective projects to address existing environmental or public health problems. To implement the program, the authority shall establish a water infrastructure fund to provide grants for the purposes authorized under title VI of the Federal Water Pollution Control Act and the federal Safe Drinking Water Act. The fund shall be credited with all investment income from the fund and all repayments of loans, grants, and penalties.

446A.073 POINT SOURCE IMPLEMENTATION GRANTS.

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 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.

446A.075 SMALL COMMUNITY WASTEWATER TREATMENT PROGRAM.**Subdivision 1. Creation of account.**

A small community wastewater treatment account is created in the special revenue fund. The authority shall make loans and grants from the account as provided in this section. Money in the fund is annually appropriated to the authority and does not lapse. The account shall be credited with all loan repayments and investment income from the account and servicing fees assessed under section 446A.04, subdivision 5. The authority shall manage and administer the small community wastewater treatment account and for these purposes, may exercise all powers provided in this chapter.

446A.081 DRINKING WATER REVOLVING FUND.**Subdivision 1. Definitions.**

- (a) For the purposes of this section, the terms in this subdivision have the meanings given them.
- (b) "Eligible recipient" means governmental units or other entities eligible to receive loans or other assistance as provided in the federal Safe Drinking Water Act.
- (c) "Federal Safe Drinking Water Act" means the federal Safe Drinking Water Act, as amended, United States Code, title 42, sections 300f et seq.

Subd. 2. Establishment of fund.

The authority shall establish a drinking water revolving fund to provide loans and other forms of financial assistance authorized by the federal Safe Drinking Water Act, as determined by the authority under the rules adopted under this section for the purposes and eligible costs authorized under the federal Safe Drinking Water Act. The fund must be credited with repayments. The federal Safe Drinking Water Act requires that the fund corpus must be managed so as to be available in perpetuity for the financing of drinking water systems in the state. At a minimum, 15 percent of the funds received each federal fiscal year shall be available solely for providing loans to public water systems which regularly serve fewer than 10,000 individuals.

Subd. 3. State funds.

A state matching fund is established to be used in compliance with federal matching requirements specified in the federal Safe Drinking Water Act.