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State of Minnesota
HOUSE OF REPRESENTATIVES
First Division Engrossment

NINETY-FIRST SESSION

H. F. No. 80

01/17/2019 Authored by Murphy, Hansen, Lee, Lillie, Davnie and others
 The bill was read for the first time and referred to the Committee on Ways and Means

Division Action

Referred by Chair to the Capital Investment Division

01/29/2019 *Division action, to adopt as amended and return to the Committee on Ways and Means*

01/31/2019 *Referred by Chair to the Environment and Natural Resources Finance Division*

02/07/2019 *Division action, return to the Committee on Ways and Means*

1.1 A bill for an act

1.2 relating to capital investment; changing the source of funding for previously

1.3 authorized capital projects; authorizing spending to acquire and better public land

1.4 and buildings and other improvements of a capital nature with certain conditions;

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

1.6 prior appropriations; amending Minnesota Statutes 2018, section 116P.08,

1.7 subdivision 1; Laws 2018, chapter 214, article 1, sections 16, subdivisions 2, 7;

1.8 17, subdivision 7; 21, subdivision 28; 22, subdivision 4; article 3, sections 7,

1.9 subdivision 1; 14; 15; repealing Minnesota Statutes 2018, section 16A.969; Laws

1.10 2018, chapter 214, article 6, section 4.

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

ARTICLE 1

APPROPRIATIONS

1.14 Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

1.15 The sums shown in the column under "Appropriations" are appropriated from the bond

1.16 proceeds fund, or another named fund, to the state agencies or officials indicated, to be

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

1.18 the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public

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

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

1.21 otherwise specified, money appropriated in this act:

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

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

1.24 management 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 **APPROPRIATIONS**

2.10 **Sec. 2. NATURAL RESOURCES**

2.11 **Subdivision 1. Total Appropriation** **\$ 13,000,000**

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

2.14 (b) The appropriations in this section are
 2.15 subject to the requirements of the natural
 2.16 resources capital improvement program under
 2.17 Minnesota Statutes, section 86A.12, unless
 2.18 this section or the statutes referred to in this
 2.19 section provide more specific standards,
 2.20 criteria, or priorities for projects than
 2.21 Minnesota Statutes, section 86A.12.

2.22 **Subd. 2. Natural Resources Asset Preservation** **3,419,000**

2.23 For the renovation of state-owned facilities
 2.24 and recreational assets operated by the
 2.25 commissioner of natural resources to be spent
 2.26 in accordance with Minnesota Statutes, section
 2.27 84.946. Notwithstanding Minnesota Statutes,
 2.28 section 84.946, the commissioner may use this
 2.29 appropriation to replace buildings if,
 2.30 considering the embedded energy in the
 2.31 building, that is the most energy-efficient and
 2.32 carbon-reducing method of renovation.

2.33 **Subd. 3. Elk River - Lake Orono** **1,500,000**

3.1 For a grant to the city of Elk River to dredge
 3.2 Lake Orono.

3.3 **Subd. 4. Lake Redwood Reclamation** 7,300,000

3.4 For a grant to the Redwood-Cottonwood
 3.5 Rivers Control Area, a joint powers entity, to
 3.6 predesign, design, construct, and equip the
 3.7 reservoir reclamation and enhancement of the
 3.8 66-acre Lake Redwood Reservoir, to remove
 3.9 approximately 650,000 cubic yards of
 3.10 sediment and increase its depth from
 3.11 approximately 2.8 feet to 20 feet in order to
 3.12 secure renewable energy capacity of the
 3.13 hydroelectric dam which is impeded by lack
 3.14 of water capacity, reduce the flow of pollutants
 3.15 to the Minnesota River, increase fish habitat,
 3.16 and enhance recreational opportunities.

3.17 **Subd. 5. South St. Paul - Seidl's Lake** 781,000

3.18 For a grant to the city of South St. Paul for
 3.19 capital improvements to improve the water
 3.20 quality of Seidl's Lake. The capital
 3.21 improvements include design, engineering,
 3.22 construction, and equipping of a storm water
 3.23 lift station to discharge excess storm water
 3.24 into the city of South St. Paul's storm sewer
 3.25 system to minimize the fluctuating water
 3.26 levels of the lake. This project may be
 3.27 implemented jointly by the cities of South St.
 3.28 Paul, Inver Grove Heights, and West St. Paul.

3.29 **Sec. 3. POLLUTION CONTROL AGENCY** \$ 10,300,000

3.30 To the Pollution Control Agency to design
 3.31 and construct remedial systems, including
 3.32 cleanup and removal of a leaking hazardous
 3.33 waste pit and protection of groundwater, at
 3.34 the Waste Disposal Engineering site in Anoka

4.1 County in accordance with the closed landfill
 4.2 program under Minnesota Statutes, sections
 4.3 115B.39 to 115B.42.

4.4 **Sec. 4. BOARD OF WATER AND SOIL**
 4.5 **RESOURCES**

\$ 10,000,000

4.6 (a) To the Board of Water and Soil Resources
 4.7 to acquire conservation easements from
 4.8 landowners to preserve, restore, create, and
 4.9 enhance wetlands and associated uplands of
 4.10 prairie and grasslands, and restore and enhance
 4.11 rivers and streams, riparian lands, and
 4.12 associated uplands of prairie and grasslands
 4.13 in order to protect soil and water quality,
 4.14 support fish and wildlife habitat, reduce flood
 4.15 damage, and provide other public benefits.
 4.16 The provisions of Minnesota Statutes, section
 4.17 103F.515, apply to this program.

4.18 (b) The board shall give priority to leveraging
 4.19 federal money by enrolling targeted new lands
 4.20 or enrolling environmentally sensitive lands
 4.21 that have expiring federal conservation
 4.22 agreements.

4.23 (c) The board is authorized to enter into new
 4.24 agreements and amend past agreements with
 4.25 landowners as required by Minnesota Statutes,
 4.26 section 103F.515, subdivision 5, to allow for
 4.27 restoration.

4.28 (d) Of this appropriation, up to five percent
 4.29 may be used for restoration, rehabilitation, and
 4.30 enhancement, and no more than \$1,000,000
 4.31 may be used to acquire working lands
 4.32 easements.

4.33 **Sec. 5. METROPOLITAN COUNCIL**

\$ 10,000,000

5.1 To the Metropolitan Council for the cost of
 5.2 improvements and betterments of a capital
 5.3 nature and acquisition by the council and local
 5.4 government units of regional recreational
 5.5 open-space lands in accordance with the
 5.6 council's policy plan as provided in Minnesota
 5.7 Statutes, section 473.147. This appropriation
 5.8 must not be used to purchase easements.

5.9 **Sec. 6. PUBLIC FACILITIES AUTHORITY**

5.10 **Subdivision 1. Total Appropriation** **\$ 59,000,000**

5.11 To the Public Facilities Authority for the
 5.12 purposes specified in this section.

5.13 **Subd. 2. State Match for Federal Grants** **6,000,000**

5.14 To match federal grants for the clean water
 5.15 revolving fund for wastewater treatment under
 5.16 Minnesota Statutes, section 446A.07. This
 5.17 appropriation must be used for qualified
 5.18 capital projects.

5.19 **Subd. 3. Water Infrastructure Funding Program** **14,652,000**

5.20 For grants to eligible municipalities under the
 5.21 wastewater infrastructure funding program
 5.22 under Minnesota Statutes, section 446A.072,
 5.23 for wastewater projects listed on the Pollution
 5.24 Control Agency's project priority list in the
 5.25 fundable range under the clean water revolving
 5.26 fund program.

5.27 **Subd. 4. Point Source Implementation Grants**
 5.28 **Program** **38,348,000**

5.29 For grants to eligible municipalities under the
 5.30 point source implementation grants program
 5.31 under Minnesota Statutes, section 446A.073.
 5.32 This appropriation must be used for qualified
 5.33 capital projects.

6.1 Sec. 7. **BOND SALE EXPENSES** § **102,000**

6.2 To the commissioner of management and
6.3 budget for bond sale expenses under
6.4 Minnesota Statutes, section 16A.641,
6.5 subdivision 8.

6.6 Sec. 8. **BOND SALE AUTHORIZATION.**

6.7 To provide the money appropriated in this act from the bond proceeds fund, the
6.8 commissioner of management and budget shall sell and issue bonds of the state in an amount
6.9 up to \$102,402,000 in the manner, upon the terms, and with the effect prescribed by
6.10 Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article
6.11 XI, sections 4 to 7.

6.12 Sec. 9. **REPEALER.**

6.13 Minnesota Statutes 2018, section 16A.969, and Laws 2018, chapter 214, article 6, section
6.14 4, are repealed.

6.15 Sec. 10. Minnesota Statutes 2018, section 116P.08, subdivision 1, is amended to read:

6.16 Subdivision 1. **Expenditures.** (a) Money in the trust fund may be spent only for:

6.17 (1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

6.18 (2) research that contributes to increasing the effectiveness of protecting or managing
6.19 the state's environment or natural resources;

6.20 (3) collection and analysis of information that assists in developing the state's
6.21 environmental and natural resources policies;

6.22 (4) enhancement of public education, awareness, and understanding necessary for the
6.23 protection, conservation, restoration, and enhancement of air, land, water, forests, fish,
6.24 wildlife, and other natural resources;

6.25 (5) capital projects for the preservation and protection of unique natural resources;

6.26 (6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural
6.27 resources that otherwise may be substantially impaired or destroyed in any area of the state;

6.28 (7) administrative and investment expenses incurred by the State Board of Investment
6.29 in investing deposits to the trust fund; and

6.30 (8) administrative expenses subject to the limits in section 116P.09; ~~and.~~

7.1 ~~(9) to pay principal and interest on special appropriation trust fund bonds issued pursuant~~
 7.2 ~~to section 16A.969 and other law.~~

7.3 (b) In making recommendations for expenditures from the trust fund, the commission
 7.4 shall give priority to funding programs and projects under paragraph (a), clauses (1) and
 7.5 (6). Any requests for proposals issued by the commission shall clearly indicate these
 7.6 priorities.

7.7 Sec. 11. EFFECTIVE DATE.

7.8 This article is effective the day following final enactment.

7.9 **ARTICLE 2**
 7.10 **CORRECTIONS TO 2018 ACT**

7.11 Section 1. Laws 2018, chapter 214, article 1, section 16, subdivision 2, is amended to
 7.12 read:

7.13 **Subd. 2. Local Road Improvement Fund Grants** 78,600,000

7.14 (a) From the bond proceeds account in the
 7.15 state transportation fund as provided in
 7.16 Minnesota Statutes, section 174.50, for trunk
 7.17 highway corridor projects under Minnesota
 7.18 Statutes, section 174.52, subdivision 2, for
 7.19 construction and reconstruction of local roads
 7.20 with statewide or regional significance under
 7.21 Minnesota Statutes, section 174.52,
 7.22 subdivision 4, or for grants to counties to assist
 7.23 in paying the costs of rural road safety capital
 7.24 improvement projects on county state-aid
 7.25 highways under Minnesota Statutes, section
 7.26 174.52, subdivision 4a.

7.27 (b) Of this amount, \$13,500,000 is for a grant
 7.28 to the city of Dayton for design, engineering,
 7.29 environmental analysis, property and easement
 7.30 acquisition, construction, and reconstruction
 7.31 of local roads in conjunction with an
 7.32 interchange on marked Interstate Highway 94

8.1 near Hennepin County State-Aid Highway
8.2 101, known as Brockton Lane, in Dayton.

8.3 (c) Of this amount, \$6,100,000 is for a grant
8.4 to the city of Inver Grove Heights to
8.5 predesign, design, engineer, acquire
8.6 right-of-way property and temporary and
8.7 permanent easements, inspect, and construct
8.8 or reconstruct: (1) realignment of Dakota
8.9 County State-Aid Highway 63, known as
8.10 Argenta Trail, in Inver Grove Heights, from
8.11 northerly of its intersection with Amana Trail
8.12 to the anticipated future alignment of 65th
8.13 Street, then west to the existing Argenta Trail
8.14 alignment, and in anticipation of the
8.15 development of an interchange of Argenta
8.16 Trail and marked Interstate Highway 494; and
8.17 (2) expansion from two lanes to four lanes of
8.18 Dakota County State-Aid Highway 26, known
8.19 as 70th Street West, in Inver Grove Heights,
8.20 from the border with Eagan ~~to~~ through the
8.21 intersection with Argenta Trail as realigned,
8.22 to the intersection of Highway 26 with Trunk
8.23 Highway 3, known as Robert Street.

8.24 (d) Of this amount, \$9,000,000 is for a grant
8.25 to Carver County following a jurisdictional
8.26 transfer to Carver County of the affected
8.27 segment of marked Trunk Highway 101. The
8.28 appropriation may be used for design,
8.29 right-of-way acquisition, engineering, and
8.30 reconstruction of the segment transferred to
8.31 the county that is between Pioneer Trail and
8.32 Flying Cloud Drive, including grade
8.33 separation of a multipurpose pedestrian and
8.34 bicycle trail from the segment for the
8.35 Minnesota River Bluffs Regional Trail and a

9.1 regional trail along marked Trunk Highway
 9.2 101.

9.3 Sec. 2. Laws 2018, chapter 214, article 1, section 16, subdivision 7, is amended to read:

9.4 **Subd. 7. Brooklyn Park - Trunk Highway 169**
 9.5 **and 101st Avenue Interchange Project** 4,000,000

9.6 \$4,000,000 is from the bond proceeds account
 9.7 in the state transportation fund for a grant to
 9.8 the city of Brooklyn Park for preliminary and
 9.9 final design, engineering, environmental
 9.10 analysis, right-of-way acquisition, and
 9.11 construction of an interchange located at
 9.12 Trunk Highway 169 and 101st Avenue in the
 9.13 city of Brooklyn Park.

9.14 Sec. 3. Laws 2018, chapter 214, article 1, section 17, subdivision 7, is amended to read:

9.15 **Subd. 7. White Bear Lake Trail and Route** 4,000,000

9.16 (a) To the Metropolitan Council for grants to
 9.17 complete design and construction of a multiuse
 9.18 paved trail and route for pedestrians, bicycles,
 9.19 and wheelchairs around White Bear Lake in
 9.20 Ramsey and Washington Counties.

9.21 (b) \$2,600,000 of this appropriation is for a
 9.22 grant to Ramsey County to design and
 9.23 construct trail improvements, consistent with
 9.24 the completed preliminary engineering, along
 9.25 South Shore Boulevard between White Bear
 9.26 Avenue and marked Trunk Highway 120 and
 9.27 to pave an existing dirt path within the Ramsey
 9.28 County Beach and Water Park from the
 9.29 entrance to the park at Highway 96 to the
 9.30 northeast edge of the park.

9.31 (c) \$1,400,000 of this appropriation is for a
 9.32 grant to the city of Mahtomedi to ~~design and~~
 9.33 ~~construct and~~ design, construct, and equip

10.1 elements of the trail and route along or
 10.2 proximate to Birchwood Road, Wildwood
 10.3 Beach Road, and on or in the proximity of
 10.4 Briarwood Road, consistent with the
 10.5 completed preliminary engineering, and final
 10.6 design and specification, subject to approval
 10.7 of the commissioner of transportation with
 10.8 regard to elements of the trail and route that
 10.9 are within or adjacent to the right-of-way of
 10.10 marked Trunk Highway 244.

10.11 Sec. 4. Laws 2018, chapter 214, article 1, section 21, subdivision 28, is amended to read:

10.12 **Subd. 28. St. Paul - Southeast Asian Language**
 10.13 **Job Training Facilities**

5,500,000

10.14 For a grant to the city of St. Paul to predesign,
 10.15 design, renovate, construct, furnish, and equip
 10.16 a bus driver and mechanics training facility
 10.17 on ~~Aeker~~ Sycamore Street in St. Paul for
 10.18 training drivers and mechanics through
 10.19 programming primarily in the Southeast Asian
 10.20 languages, and to predesign, design, renovate,
 10.21 construct, furnish, and equip a training facility
 10.22 on Plato Avenue in St. Paul ~~to be used during~~
 10.23 ~~renovation of the Aeker Street facility and for~~
 10.24 use as a training facility for health care,
 10.25 manufacturing, and information technology
 10.26 jobs through programming primarily in the
 10.27 Southeast Asian languages. This appropriation
 10.28 may be used to acquire property for these
 10.29 purposes. The city of St. Paul may enter into
 10.30 a lease or management agreement with a
 10.31 nonprofit corporation for either or both of
 10.32 these facilities under Minnesota Statutes,
 10.33 section 16A.695.

10.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

11.1 Sec. 5. Laws 2018, chapter 214, article 1, section 22, subdivision 4, is amended to read:

11.2 Subd. 4. **Arden Hills - Water Main** 500,000

11.3 For a grant to the city of Arden Hills to install
 11.4 a water main extending along Highway ~~96~~ 10,
 11.5 from Highway ~~40~~ 96 to Interstate Highway
 11.6 35W.

11.7 Sec. 6. Laws 2018, chapter 214, article 3, section 7, subdivision 1, is amended to read:

11.8 Subdivision 1. **Appropriation.** \$2,000,000 is appropriated from the bond proceeds
 11.9 account in the state transportation fund to the commissioner of transportation for a grant to
 11.10 the city of Ramsey for engineering, design, and right-of-way acquisition required for
 11.11 construction of an underpass on Anoka County State-Aid Highway 56, otherwise known
 11.12 as Ramsey Boulevard, under the Burlington Northern Santa Fe Railroad in the city of Ramsey
 11.13 and associated improvements on U.S. Trunk Highway 10/169 in the city of Ramsey.

11.14 Sec. 7. Laws 2018, chapter 214, article 3, section 14, is amended to read:

11.15 Sec. 14. **APPLICATION.**

11.16 Appropriations in this article are subject to article 1, section 1. The appropriation in
 11.17 section ~~9~~ 8 is from the local road improvement fund.

11.18 Sec. 8. Laws 2018, chapter 214, article 3, section 15, is amended to read:

11.19 Sec. 15. **REDUCTIONS.**

11.20 The following appropriations are reduced in article 1:

11.21 (1) \$2,900,000 from the Merit Center;

11.22 (2) \$2,000,000 from TED;

11.23 (3) \$2,000,000 from Corrections Asset Prevention; and

11.24 (4) \$15,000,000 from ~~Local Road and Bridge~~ the appropriation in article 1, section 16,
 11.25 subdivision 2.

11.26 Sec. 9. **EFFECTIVE DATE.**

11.27 This article is effective the day following final enactment.

16A.969 ENVIRONMENT AND NATURAL RESOURCES TRUST FUND APPROPRIATION BONDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the environment and natural resources trust fund in any biennium for debt service due with respect to obligations described in subdivision 2;

(2) proceeds of the sale of obligations described in subdivision 2;

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

(d) "Environment and natural resources trust fund" or "trust fund" means the fund established under the Minnesota Constitution, article XI, section 14, and governed by that section and chapter 116P.

Subd. 2. **Authorization to issue appropriation bonds; accounts.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes and in amounts as provided by law. This authorization meets the public purposes established by the Minnesota Constitution, article XI, section 14, and chapter 116P and shall be a supplement to the traditional sources of funding for environment and natural resources activities.

(b) The special appropriation trust fund bond proceeds fund is established in the state treasury. Proceeds of the appropriation bonds issued and sold must be credited to the special appropriation trust fund bond proceeds fund. A bond payments account is established in the special appropriation trust fund bond proceeds fund. All income from investment of the bond proceeds, as estimated by the commissioner, must be deposited into the account and is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

(c) Appropriation bonds may be issued in one or more issues or series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 20 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, 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 included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of appropriation bonds 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 appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

APPENDIX
Repealed Minnesota Statutes: DIVH0080-1

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the 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 the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the trust fund or, if applicable, the special appropriation trust fund bond proceeds fund for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate money sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation for debt service and other purposes.** Notwithstanding section 116P.05, subdivision 2, paragraph (b), the amount needed to pay principal and interest on appropriation bonds issued under this section and as authorized by other law is appropriated each fiscal year from legally available amounts in the environment and natural resources trust fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special appropriation trust fund bond proceeds fund. Investment income earned on proceeds of the appropriation bonds issued under this section shall be deposited in the bond payments account and is appropriated to the commissioner.

Subd. 8. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

Laws 2018, chapter 214, article 6, section 4

Sec. 4. SPECIAL APPROPRIATION TRUST FUND BONDS; AUTHORIZATION; APPROPRIATIONS.

Subdivision 1. Appropriations; general. The sums shown in the column under "Appropriations" are appropriated from the special appropriation trust fund bond proceeds fund to the state agencies or officials indicated, to be spent for public purposes. Money appropriated in this section must be spent as authorized by the Minnesota Constitution, article XI, section 14, Minnesota Statutes, section 16A.969, and unless otherwise specified, as authorized by and subject to the requirements of Minnesota Statutes, chapter 116P. Unless otherwise specified, money appropriated in this section is available until June 30, 2022. Money remaining from an appropriation for a project that is completed or abandoned cancels to the bond payments account established for such purpose in the special appropriation trust fund bond proceeds fund, or if not needed for debt service, to the environment and natural resources trust fund.

Subd. 2. Legislative findings; appropriations supplement other sources of funding for projects. The legislature finds that the appropriations in this section are consistent with the requirement in Minnesota Statutes, section 116P.03, that expenditures of money from the environment and natural resources trust fund are for public purposes that supplement traditional sources of money to pay for expenditures authorized by Minnesota Statutes, section 116P.08, subdivision 1. Further, the legislature finds that notwithstanding any limitation on use of trust fund money in Minnesota Statutes, chapter 116P, the appropriations in this section are for a public purpose and supplement other sources of money to help pay for projects that are consistent with the purposes of the trust fund.

Subd. 3. Bond sale authorization. To provide the money appropriated in this section, and to pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under Minnesota Statutes, section 16A.969, the commissioner of management and budget shall sell and issue up to \$98,000,000, net of costs of issuance, of special appropriation trust fund bonds, in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, section 16A.969.

Subd. 4. Management and budget; bond sale expenses; annual debt service. Up to \$2,940,000 is appropriated in fiscal year 2019 and up to \$7,840,000 is appropriated each fiscal year beginning in fiscal year 2020 and through fiscal year 2039, from the environment and natural resources trust fund to the commissioner of management and budget to pay principal and interest on appropriation bonds issued under this section, as provided in Minnesota Statutes, section 16A.969, subdivision 7.

Subd. 5. Natural Resources

To the commissioner of natural resources for the purposes specified in this section.

(1) Natural Resources Asset Preservation

3,419,000

For the renovation of state-owned facilities and recreational assets within units of the outdoor recreation system classified under Minnesota Statutes, section 86A.05, operated by the commissioner of natural resources to be spent in accordance with Minnesota Statutes, section 84.946. Notwithstanding Minnesota Statutes, section 84.946, the commissioner may use this appropriation to replace buildings if, considering the embedded energy in the building, that is the most energy-efficient and carbon-reducing method of renovation.

(2) Elk River - Lake Orono

1,500,000

For a grant to the city of Elk River to dredge Lake Orono.

(3) South St. Paul - Seidl's Lake

781,000

For a grant to the city of South St. Paul for capital improvements to improve the water quality of Seidl's Lake. The capital improvements include design, engineering, construction, and equipping of a storm water lift station to discharge excess storm water into the city of South St. Paul's storm sewer system to minimize the fluctuating water levels of the lake. This project would be implemented jointly by the cities of South St. Paul, Inver Grove Heights, and West St. Paul.

Subd. 6. Pollution Control Agency

To the Pollution Control Agency for the purposes specified in this section.

(1) Anoka County-Waste Disposal Engineering Closed Landfill

6,000,000

Notwithstanding Minnesota Statutes, section 116P.08, subdivision 2, to design and construct remedial systems, including cleanup and removal of a leaking hazardous waste pit and protection of groundwater, at the Waste Disposal Engineering site in Anoka County in accordance with the closed landfill program under Minnesota Statutes, sections 115B.39 to 115B.42.

(2) Lake Redwood Reclamation

7,300,000

For a grant to the Redwood-Cottonwood Rivers Control Area, a joint powers entity, to predesign, design, construct, and equip the reservoir reclamation and enhancement of the 66-acre Lake Redwood Reservoir, to remove approximately 650,000 cubic yards of sediment and increase its depth from approximately 2.8 feet to 20 feet in order to secure renewable energy capacity of the hydroelectric dam which is impeded by lack of water capacity, reduce the flow of pollutants to the Minnesota River, and increase fish habitat and enhance recreational opportunities.

Subd. 7. Board of Water and Soil Resources

To the Board of Water and Soil Resources for the purposes specified in this section.

Reinvest in Minnesota (RIM) Reserve Program

10,000,000

(a) To acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands and associated uplands of prairie and grasslands, and restore and enhance rivers and streams, riparian lands, and associated uplands of prairie and grasslands in order to protect soil and water quality, support fish and wildlife habitat, reduce flood damage, and provide other public benefits. The provisions of Minnesota Statutes, section 103F.515, apply to this program.

(b) The board shall give priority to leveraging federal money by enrolling targeted new lands or enrolling environmentally sensitive lands that have expiring federal conservation agreements.

(c) The board is authorized to enter into new agreements and amend past agreements with landowners as required by Minnesota Statutes, section 103F.515, subdivision 5, to allow for restoration.

(d) Of this appropriation, up to five percent may be used for restoration, rehabilitation, and enhancement; and no more than \$1,000,000 may be used to acquire working lands easements.

Subd. 8. Public Facilities Authority

Notwithstanding Minnesota Statutes, section 116P.08, subdivision 2, to the Public Facilities Authority for the purposes specified in this section.

(1) State Match for Federal Grants

6,000,000

To match federal grants for the clean water revolving fund for wastewater treatment under Minnesota Statutes, section 446A.07. This appropriation must be used for qualified capital projects.

(2) Water Infrastructure Funding Program

14,652,000

For grants to eligible municipalities under the wastewater infrastructure funding program under Minnesota Statutes, section 446A.072, for wastewater projects listed on the Pollution Control Agency's project priority list in the fundable range under the clean water revolving fund program.

(3) Point Source Implementation Grants Program

38,348,000

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

Subd. 9. Metropolitan Council

To the Metropolitan Council for the purposes specified in this section.

Metropolitan Regional Parks and Trails Capital Improvements

10,000,000

For the cost of improvements and betterments of a capital nature and acquisition by the council and local government units of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.147. This appropriation must not be used to purchase easements.