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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **867**

02/06/2017 Authored by Hansen, Clark, Bly and Slocum
The bill was read for the first time and referred to the Committee on Agriculture Policy

1.1 A bill for an act
1.2 relating to capital investment; providing financial assistance to mitigate nitrates
1.3 and pesticides in drinking water; appropriating money and authorizing sale of
1.4 revenue bonds; proposing coding for new law in Minnesota Statutes, chapter 103H.

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

1.6 Section 1. [103H.301] PRIVATE WELL NITRATE MITIGATION ASSISTANCE;
1.7 REVENUE BONDS.

1.8 Subdivision 1. Financial assistance. The commissioner of agriculture, in consultation
1.9 with the commissioner of health, must provide grants to owners of private domestic wells
1.10 contaminated with nitrates or pesticides. The assistance may be used only to cover the costs
1.11 associated with mitigating nitrate or pesticide contamination of private domestic wells,
1.12 including upgrading or replacing wells, installing water treatment systems, and capping
1.13 wells.

1.14 Subd. 2. Eligibility. To be eligible for financial assistance under this section, an owner
1.15 of a private domestic well must submit an application to the commissioner and:

1.16 (1) provide sufficient evidence that:

1.17 (i) the level of nitrate in the well water is over ten parts per million; or

1.18 (ii) the level of nitrate in the well water is over three parts per million and the well is
1.19 the primary domestic water source for a child under 18 years of age, a pregnant woman, or
1.20 a woman who intends to become pregnant;

1.21 (2) allow the commissioner to access the well for inspection and testing purposes; and

1.22 (3) demonstrate that the nitrate contamination was not caused by the owner of the well.

2.1 Subd. 3. **Bonding authority.** The commissioner of management and budget shall sell
2.2 and issue state revenue bonds to:

2.3 (1) provide financial assistance under this section;

2.4 (2) pay the costs of issuance, debt service, and bond insurance or other credit
2.5 enhancements and to fund reserves; and

2.6 (3) refund bonds issued under this section.

2.7 Subd. 4. **Revenue sources.** The debt service on bonds issued under this section is payable
2.8 only from the following sources:

2.9 (1) money from the fertilizer inspection account under section 18C.131;

2.10 (2) money from the pesticide regulatory account under section 18B.05; and

2.11 (3) other revenues pledged to the payment of the bonds.

2.12 Subd. 5. **Procedure; certain costs of issuance.** (a) The commissioner of management
2.13 and budget may sell and issue the bonds on the terms and conditions the commissioner
2.14 determines to be in the best interests of the state. The bonds may be sold at public or private
2.15 sale. The commissioner may enter any agreements or pledges the commissioner determines
2.16 necessary or useful to sell the bonds that are not inconsistent with this section. Sections
2.17 16A.672 to 16A.675 apply to the bonds. The proceeds of the bonds issued under this section
2.18 must be credited to a private well mitigation assistance bond proceeds account in the state
2.19 treasury.

2.20 (b) Before the proceeds are received in the private well mitigation assistance bond
2.21 proceeds account, the commissioner of management and budget may transfer to the account
2.22 from the fertilizer inspection account and the pesticide regulatory account the amounts not
2.23 exceeding the expected proceeds from the next bond sale. The commissioner of management
2.24 and budget shall return these amounts to the fertilizer inspection account and the pesticide
2.25 regulatory account by transferring proceeds when received. The amounts of these transfers
2.26 are appropriated from the fertilizer inspection account, the pesticide regulatory account,
2.27 and the private well mitigation assistance bond proceeds account.

2.28 Subd. 6. **Refunding bonds.** The commissioner of management and budget may issue
2.29 bonds to refund outstanding bonds issued under this section, including the payment of any
2.30 redemption premiums on the bonds and any interest accrued or to accrue to the first
2.31 redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds
2.32 may, in the discretion of the commissioner, be applied to the purchases or payment at
2.33 maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the

3.1 first redemption date after delivery of the refunding bonds and may, until so used, be placed
3.2 in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued
3.3 under this subdivision must be issued and secured in the manner provided by the
3.4 commissioner.

3.5 Subd. 7. **Not a general or moral obligation.** Bonds issued under this section are not
3.6 public debt, and the full faith, credit, and taxing powers of the state are not pledged for their
3.7 payment. The bonds may not be paid, directly in whole or in part, from a tax of statewide
3.8 application on any class of property, income, transaction, or privilege. Payment of the bonds
3.9 is limited to the revenues explicitly authorized to be pledged under this section. The state
3.10 neither makes nor has a moral obligation to pay the bonds if the pledged revenues and other
3.11 legal security for them is insufficient.

3.12 Subd. 8. **Trustee.** The commissioner may contract with and appoint a trustee for bond
3.13 holders. The trustee has the powers and authority vested in it by the commissioner under
3.14 the bond and trust indentures.

3.15 Subd. 9. **Pledges.** Any pledge made by the commissioner is valid and binding from the
3.16 time the pledge is made. The money or property pledged and later received by the
3.17 commissioner is immediately subject to the lien of the pledge without any physical delivery
3.18 of the property or money or further act, and the lien of any pledge is valid and binding as
3.19 against all parties having claims of any kind in tort, contract, or otherwise against the
3.20 commissioner, whether or not those parties have notice of the lien or pledge. Neither the
3.21 order nor any other instrument by which a pledge is created need be recorded.

3.22 Subd. 10. **Bonds; purchase and cancellation.** The commissioner, subject to agreements
3.23 with bondholders that may then exist, may, out of any money available for the purpose,
3.24 purchase bonds of the commissioner at a price not exceeding:

3.25 (1) if the bonds are then redeemable, the redemption price then applicable plus accrued
3.26 interest to the next interest payment date thereon; or

3.27 (2) if the bonds are not redeemable, the redemption price applicable on the first date
3.28 after the purchase upon which the bonds become subject to redemption plus accrued interest
3.29 to that date.

3.30 Subd. 11. **State pledge against impairment of contracts.** The state pledges and agrees
3.31 with the holders of any bonds that the state will not limit or alter the rights vested in the
3.32 commissioner to fulfill the terms of any agreements made with the bondholders or in any
3.33 way impair the rights and remedies of the holders until the bonds, together with interest on
3.34 them, with interest on any unpaid installments of interest, and all costs and expenses in

4.1 connection with any action or proceeding by or on behalf of the bondholders, are fully met
4.2 and discharged. The commissioner may include this pledge and agreement of the state in
4.3 any agreement with the holders of bonds issued under this section.

4.4 **Sec. 2. PRIVATE WELL NITRATE MITIGATION ASSISTANCE; BOND SALE**
4.5 **AND APPROPRIATION.**

4.6 Subdivision 1. **Appropriation.** \$..... is appropriated from the private well mitigation
4.7 assistance bond proceeds account to the commissioner of agriculture for grants under
4.8 Minnesota Statutes, section 103H.301.

4.9 Subd. 2. **Bond sale.** To provide the money appropriated in subdivision 1, the
4.10 commissioner of management and budget shall sell and issue bonds of the state in an amount
4.11 up to \$..... in the manner, upon the terms, and with the effect prescribed by Minnesota
4.12 Statutes, section 103H.301.

4.13 **Sec. 3. EMERGENCY BOTTLED WATER; APPROPRIATIONS.**

4.14 (a) \$..... in fiscal year 2018 is appropriated from the fertilizer inspection account to the
4.15 commissioner of agriculture to provide bottled water to owners of private domestic wells
4.16 contaminated with nitrates eligible for assistance under Minnesota Statutes, section 103H.301.

4.17 (b) \$..... in fiscal year 2018 is appropriated from the pesticide regulatory account to the
4.18 commissioner of agriculture to provide bottled water to owners of private domestic wells
4.19 contaminated by pesticides eligible for assistance under Minnesota Statutes, section
4.20 103H.301.