

**Subject** Lead service line replacement and inventory; use of federal funds

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### Overview

This bill, as amended by H4674DE3, creates new criteria for consideration by the commissioner of health when developing the drinking water project priority list. The bill also specifies the use of federal funds from the Infrastructure Investment and Jobs Act relating to lead service lines. Finally, the bill appropriates money from state general obligation bond proceeds and the general fund for lead service line replacement and inventory purposes.

## Summary

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1	<b>Lead service line replacement; drinking water project priority list.</b>
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Adds a new subdivision to the drinking water revolving fund statute that requires the commissioner of health to prioritize lead service line replacement projects, in addition to the requirements established by rule, when developing the prioritized list of drinking water projects and other eligible activities. Additional information to accompany a written request for a lead service line replacement project is specified. The term “disadvantaged community” is also defined for purposes of the subdivision.

2	<b>Lead service lines; Infrastructure Investment and Jobs Act.</b>
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Uncodified section which specifies the use of federal funds from Public Law 117-58, the Infrastructure Investment and Job Act (IIJA), relating to lead service lines.

**Subd. 1. Definitions.** Defines “lead service line” and “service line” for purposes of the section.

**Subd. 2. Use of federal funds.** Provides requirements for the distribution of lead service line replacement capitalization grants under the IIJA. Of the lead service line replacement capitalization grants required to be used for principal forgiveness and grants, all of the funds must be used for replacement of the privately owned portions of lead service lines. If the requests for such projects total less than the amount of funds dedicated for such activities by September 30

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of each calendar year, the Public Facilities Authority (PFA) may use the unspent funds for any other qualifying lead service line replacement activity.

Ten percent of the principal forgiveness and grants funds described above must be used for the following activities: (1) planning and design for lead service line infrastructure projects, (2) developing or updating lead service line inventories, (3) providing technical assistance to small water systems undertaking lead service line inventories or construction projects, (4) nonroutine lead sampling, and (5) to fund staff at the state level and contractors for certain lead service line activities.

The PFA is required to transfer ten percent of the federal Safe Drinking Water Act and IJA funds eligible to fund lead service line inventories to the commissioner of health for grants to develop and update such inventories. If the requests for such projects total less than the amount of funds dedicated for such activities by September 30 of each calendar year, the commissioner of health must transfer the unspent amount to the PFA, which may use the funds for any other qualifying lead service line replacement activity.

**Subd. 3. Report.** Requires the PFA, in collaboration with any other relevant state agency, to submit a report to the legislature on January 31 for five years, beginning in 2023, detailing the disbursement of the funds described in this section.

Effective the day following final enactment.

3 **Appropriations; lead service line replacement and inventory.**

**Subd. 1. Definition.** Defines the term “eligible recipients” for the purposes of the section.

**Subd. 2. Appropriation; bond proceeds fund.** An unstated amount of state general obligation bond proceeds is appropriated to the PFA for grants to eligible recipients for lead service line replacement activities related to the publicly owned portions of drinking water lead service lines, subject to the requirements stated in section 2, subdivision 2, of this act.

**Subd. 3. Appropriation; general fund.** An unstated amount is appropriated in fiscal year 2023 from the general fund to the commissioner of health for grants to develop and update lead service line inventories.

**Subd. 4. Bond sale.** Provides the authority for the commissioner of management and budget to sell and issue general obligation bonds for the appropriation under subdivision 2.

**Section** **Description**

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Effective the day following final enactment.



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