

**Subject** Green infrastructure grant program; affordability criteria for clean water and drinking water revolving funds

**Authors** Lee, F. and others

**Analyst** Chelsea Griffin

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## Overview

This bill would create a new green infrastructure grant program to be administered by the Pollution Control Agency. It also would amend the clean water and drinking water loan funds to apply affordability criteria and disadvantaged community criteria, respectively, to certain aspects of administration of the funds. The bill would create requirements for rules for clean water and drinking water prioritization lists. It also would create new green infrastructure criteria in the clean water and drinking water revolving fund statutes.

## Summary

Section	Description
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| 1 | <p><b>Rules.</b></p> <p>Requires the Pollution Control Agency to include affordability criteria in the rules for the administration of the clean water revolving fund.</p>  |
| 2 | <p><b>[116.196] Green infrastructure grant program.</b></p> <p>Creates a new green infrastructure grant program to be administered by the Pollution Control Agency.</p> <p><b>Subd. 1. Establishment of program.</b> Requires the commissioner of the Pollution Control Agency to establish the green infrastructure grant program.</p> <p><b>Subd. 2. Definitions.</b> Defines the following terms for the purposes of the program: “commissioner,” “green infrastructure,” “political subdivision,” “project,” and “stormwater infrastructure.”</p> <p><b>Subd. 3. Eligibility.</b> States that political subdivisions are eligible to apply for a grant through the program.</p> |

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**Subd. 4. Application.** Provides that an application for a grant under the program must meet the criteria set by the Pollution Control Agency. The commissioner of the Pollution Control Agency must consult with the commissioner of management and budget on certain aspects of administering the program.

**Subd. 5. Eligible project.** Authorizes a grant to be used to acquire land or an interest in land, predesign, design, renovate, construct, furnish, and equip a project that is qualified to be funded by state general obligation bonds. Clarifies that general fund money may fund projects that would not qualify for state general obligation bond funding.

**Subd. 6. Grants.** Specifies that a political subdivision must timely submit an application to the commissioner of the Pollution Control Agency and pass a resolution in support of the project to be eligible for a grant. The Pollution Control Agency may give priority to a political subdivision that provides a local match of funds for the project. Requires that a grant be no less than that required to complete the project, less any local funds committed. Clarifies that a grant is in addition to any loan, principal forgiveness, or grant awarded under the drinking water or clean water revolving funds for green infrastructure.

**Subd. 7. Cancellation.** Provides that a grant is subject to the cancellation procedures that apply to capital projects.

Effective July 1, 2023.

3	<b>Definitions.</b>
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Adds definitions of “affordability criteria” and “green infrastructure” to the clean water revolving fund statute.

4	<b>Loan conditions.</b>
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Replaces current criteria for a longer loan term under the clean water revolving fund with the newly defined affordability criteria. Provides that the interest rate for loans made for the purpose of green infrastructure under the clean water revolving fund is zero percent.

5	<b>Other uses of revolving fund.</b>
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Provides that projects that meet affordability criteria are eligible for principal forgiveness or grants. Clarifies that the clean water revolving fund can fund grants under the new green infrastructure grant program under section 2. Requires the Public Facilities Authority to use the maximum amount of federal funds available for the purposes of green infrastructure beginning in fiscal year 2024. In years when there is no stated maximum amount, the authority must use 20 percent of the

<b>Section</b>	<b>Description</b>
	federal funds in the clean water revolving fund for green infrastructure projects eligible for funding under the green infrastructure grant program.
6	<b>Definitions.</b> Defines “disadvantaged community” and “green infrastructure” for the purposes of the drinking water revolving fund statute.
7	<b>Loan conditions.</b> Replaces current criteria for a longer loan term under the drinking water revolving fund with the newly defined disadvantaged community criteria. Provides that the interest rate for loans made for the purpose of green infrastructure under the drinking water revolving fund is zero percent.
8	<b>Other uses of fund.</b> Provides that projects that meet disadvantaged community criteria are eligible for principal forgiveness or grants. Clarifies that the drinking water revolving fund can fund grants under the new green infrastructure grant program under section 2. Requires the Public Facilities Authority to use the maximum amount of federal funds available for the purposes of green infrastructure beginning in fiscal year 2024. In years when there is no stated maximum amount, the authority must use 20 percent of the federal funds in the drinking water revolving fund for green infrastructure projects eligible for funding under the green infrastructure grant program.
9	<b>Rules of the department.</b> Requires the Department of Health’s rules for prioritization of drinking water projects to prioritize projects located in disadvantaged communities.
10	<b>Interim project priority list recommendations; Pollution Control Agency.</b> Requires the Pollution Control Agency to prioritize clean water projects based on affordability criteria until rules factoring in affordability criteria are adopted.
11	<b>Interim project priority list recommendations; commissioner of health.</b> Requires the commissioner of health to prioritize drinking water projects based on being located in a disadvantaged community until rules factoring in disadvantaged communities are adopted.
12	<b>Appropriations; green infrastructure program.</b> Appropriates unstated amounts from state general obligation bond proceeds and the general fund for the purposes of the green infrastructure grant program.  Effective July 1, 2023.

Section	Description
13	<p data-bbox="316 262 1427 294"><b>Appropriation; green infrastructure projects.</b></p> <p data-bbox="316 304 1427 420">Requires the Pollution Control Agency to award grants to specific projects in Minneapolis and Dakota County from an appropriation for the green infrastructure grant program.</p> <p data-bbox="316 451 1427 491">Effective July 1, 2023.</p>



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