

**Subject** Capital investment general fund bill

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## Overview

This bill, as amended, is part of a capital investment package for the 2024 legislative session. Article 1 contains appropriations from the general fund for a variety of capital projects. Article 2 contains a variety of policy provisions, some of which relate to specific appropriations in Article 1.

This summary only summarizes the provisions in article 2.

Both articles are effective the day following final enactment, unless otherwise stated.

## Article 1: Appropriations

Please see the spreadsheet by Andrew Lee, House Fiscal, dated 5/7/2024 4:31 PM.

## Article 2: Miscellaneous

Contains a variety of capital investment policy provisions, some of which are related to appropriations in Article 1.

Section	Description - Article 2: Miscellaneous
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1	<p><b>Information provided.</b></p> <p>Requires the reporting of a political subdivision's debt capacity as part of the information required in a capital budget submission. The debt capacity is calculated as the difference between the maximum net debt that the political subdivision may incur under chapter 475 or other applicable law and the debt the political subdivision has incurred by the date of the capital budget submission.</p> <p>Also requires a political subdivision to report whether it has a capital improvement plan process that meets specific criteria for exemption under the capital project preservation accounts statute.</p>
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**2 Funding.**

Amends Minnesota Statutes, section 16A.86, subdivision 4, commonly referred to as the “capital project local match requirement.” Applies the expectation of a local match to capital project grants to nonprofit organizations. Also provides that the state share of a project includes state assistance in any manner, including direct appropriations, grant program awards, or a combination of state assistance appropriated and granted by multiple state entities. Finally, clarifies that the nonstate share of a project may be funded by federal, local, private, or other funds, or a combination thereof, from nonstate sources.

**3 [16A.865] Notice of state contribution.**

**Subd. 1. Notice required.** Requires the display of a notice on property funded with a capital investment appropriation that states that the project was funded with state taxes collected statewide.

**Subd. 2. Content of notice.** Specifies the specific requirements of the content of the notice, including a required logo provided by the commissioner of management and budget.

**Subd. 3. Water infrastructure project.** Requires that a notice for a drinking water or wastewater infrastructure project must be included on city utility billing statements.

**Subd. 4. Performance venues.** Requires that a notice for a performance venue project be included in programs and on the venue’s website in addition to a posted sign at the venue.

**Subd. 5. Logo.** Requires the commissioner of management and budget to develop a logo for use on signs required under this section.

**Subd. 6. Sign templates.** Requires the commissioner of management and budget to post a downloadable print-ready PDF file of sign templates on its website.

Effective the day following final enactment and applies to projects receiving a grant from an appropriation enacted after January 1, 2024.

**4 Sustainable building guidelines.**

**Subd. 1. Sustainable building guidelines.** Makes technical changes to conform to amendments in the section. Removes obsolete language.

**Subd. 1a. Definitions.** Defines the following terms for the purposes of the section: “CSBR,” “guidelines,” “major renovation,” “new building,” and “project.”

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**Subd. 2a. Guidelines; purpose.** States the primary objectives of the guidelines and articulates a number of factors that must be considered to meet the objectives.

**Subd. 3. Applicability.** States that compliance with the guidelines are mandatory for all new buildings and major renovations funded with state general obligation bonds.

**Subd. 4. Commissioner of administration; guideline administration, oversight, and revisions.** Requires the commissioner of administration to review and amend the guidelines no less than once every five years to better meet measurable goals for the guidelines. The review must be conducted with the commissioner of commerce and in consultation with other stakeholders. The commissioners must use an open process, including the opportunity for public comment, when reviewing and amending the guidelines. Articulates other responsibilities of the commissioner of administration related to the guidelines.

**Subd. 5. CSBR; guideline administration and oversight.** Requires the commissioner of administration, in consultation with the commissioner of commerce, to contract with CSBR to implement the guidelines. States the responsibilities of CSBR regarding the guidelines, including training, project evaluations and tracking, and reporting, among other responsibilities.

Requires entities responsible for managing or designing projects subject to the guidelines to provide any compliance data requested by CSBR and the commissioner of administration.

**Subd. 6. Measurable goals.** Requires CSBR, in collaboration with the commissioners of administration and commerce, to develop measurable goals for the guidelines. The commissioner of administration provides final approval of the goals.

**Subd. 7. Procedures.** Requires the commissioner of administration to develop procedures for the administration of the guidelines. Specifies what the procedures must include.

**Subd. 8. Guidelines waivers and scope determination.** Requires the commissioner of administration, in consultation with the commissioner of commerce and other stakeholders, to develop a review and approval process for waivers and scope determinations to the guidelines. Permits partial or total waiver of the guidelines due to technological limitations or when the intended use of the project conflicts with the guidelines. The commissioner of administration must review and approve a waiver request. If the waiver request

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is for a project owned by the Department of Administration, the waiver request must be approved by the commissioner of commerce.

**Subd. 9. Report.** Requires the commissioner of administration to report to the legislature in each odd-numbered year about the current status of projects subject to the guidelines, the effects of the guidelines on the measurable goals, and progress made toward the recommendations in the 2023 report by CSBR.

Effective July 1, 2024.

**5 Sustainable buildings; energy conservation.**

Amends a provision in the predesign statute to require that a recipient of a capital project appropriation ensure that the project complies with the applicable sustainable building guidelines. Authorizes the recipient to obtain information and technical assistance from the commissioner of administration on the guidelines.

Effective July 1, 2024.

**6 [16B.336] Capital project preservation accounts.**

**Subd. 1. Definitions.** Defines the following terms for purposes of the section: “adjusted net tax capacity,” “adjusted net tax capacity per capita,” “capital project grant agreement,” “commissioner,” “population,” and “preservation.”

**Subd. 2. Preservation account establishment.** Requires a grantee that receives an appropriation of state money for a capital improvement project subject to certain statutes to establish a capital project preservation fund for major rehabilitation, expansion, or replacement of the capital project once the project has reached its useful life. Upon written approval by the granting state agency, the fund may be used to address improvements for the capital project before the useful life is reached or the fund may be used for a different capital asset owned by the grantee.

The grantee must adopt a capital project preservation policy for the capital project preservation fund that specifies the risks to be mitigated by the fund, the intended use of the fund, and the criteria for use of the fund to address other capital improvement needs of the grantee.

“Grantee” does not include a state agency or state official for purposes of this section.

**Subd. 3. Minimum deposits; fund balance.** The commissioner of administration must determine the annual minimum deposit amounts in the capital project

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preservation funds by capital project type. The commissioner must consider a variety of factors when determining the minimum deposit amounts.

Provides that a grantee must not be required to maintain a capital project preservation fund balance greater than the amount of the direct appropriation of state money for the capital project.

**Subd. 4. Account auditing.** The state auditor may audit capital project replacement accounts as part of the regular audits of local governments.

**Subd. 5. Exceptions.** Provides that the following are exempt from the requirements of the section:

- 1) capital projects that already require a preservation fund as long as the deposits into the preservation fund are at least as large as the minimum deposits established by the commissioner;
- 2) a grantee that has an annual capital improvement plan process that meets certain criteria; and
- 3) a political subdivision grantee that has an adjusted net tax capacity per capita that is less than the median adjusted net tax capacity per capita of all political subdivisions of the same type.

**Subd. 6. Penalty.** If a grantee does not comply with the requirements of this section the granting state agency assesses a penalty fee to the grantee equal to one percent of the appropriation of state money for the capital project for each year of noncompliance. Penalty fees would be remitted by the granting state agency to the commissioner of management and budget for deposit into the general fund. Failure of a grantee to comply with the requirements of this section does not constitute an event of default under a capital project grant agreement.

Effective for capital projects funded through state capital project grant agreements entered into on or after July 1, 2024.

**7 Active transportation accounts.**

Deletes the requirement to establish an active transportation account in the general fund. This language is not required to appropriate money from the general fund for active transportation projects.

**8 [473.355] Community tree-planting grants.**

Requires the Metropolitan Council to establish a community tree planting grant program to provide grants for purposes of: removing and planting shade trees; replacing trees lost to pests, disease, or storms; or establishing more diverse community forests. Requires trees planted under the program to be climate-adapted

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- species to Minnesota. Requires priority to be given to projects removing and replacing ash trees posing a significant public safety concern and to projects located in areas meeting certain criteria. Prohibits the Metropolitan Council from prioritizing projects based on other criteria. Specifies the eligibility of grantees based on the source of state funding.
- 9 **Sustainable building guidelines; recommendations and report.**  
Amends a prior appropriation for developing recommendations for updating the sustainable building guidelines and requiring a report on the findings. Allows any unspent funds after the recommendations are developed to be used to begin implementation of the recommendations.
- 10 **Capitol mall design framework update; matching funds.**  
**Subd. 1. Definitions.** Defines the following terms for purposes of the section: “Capitol Mall Design Framework update” and “nonstate funds.”  
**Subd. 2. Capitol Mall Design Framework; use of nonstate funds.** Describes what improvements nonstate funds must be used for. Requires the commissioner of administration to coordinate the expenditure of nonstate funds toward the Capitol Mall Design Framework update improvements.
- 11 **Capitol Mall Design Framework implementation.**  
Extends the availability of a 2023 appropriation to implement the updated Capitol Mall Design Framework until June 30, 2025.
- 12 **Repealer.**  
Repeals a provision in the 2023 jobs, labor, and economic development bill establishing and appropriating money to the Capitol Area community vitality account.
- 13 **Effective date.**  
States that except as otherwise provided, the article is effective the day following final enactment.



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