S.F. No. 5201 – Omnibus Capital Investment Appropriations – the 1st Engrossment

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Article 1 – Appropriations

Section 1 [Capital Improvement Appropriations] specifies terms and conditions for appropriations in the bill.

(a) Appropriations are from the general fund in fiscal year 2025 to be spent for public purposes. These are onetime appropriations. Money appropriated in the act is available until a project is completed or abandoned or canceled, subject to a statutory cancellation procedure after four years.

(b) Specifies that for any project funded in whole or in part by this act that: (1) workers on the project be paid at least the prevailing wage rate; and (2) the project is subject to prevailing wage reporting and record keeping requirements and enforcement by the Department of Labor and Industry. Defines "project" as the acquisition of property, predesign, design, erection, construction, remodeling, or repairing of a building, facility, or other capital project financed with state funds.

(c) Money appropriated in this act: is available when the commissioner of management and budget determines the project is fully funded; may be used to pay state agency staff costs attributed directly to the capital program or project for capitalizable staff costs; and is subject to the policies and procedures adopted by the commissioner of management and budget or otherwise specified in applicable law.

(d) Requires grant recipients who are not state agencies to demonstrate to the grantor that the recipient has the ability and a plan to fund the program intended for the facility.

Sections 2 through 7 appropriate money from the general fund for state projects as listed on the spreadsheet prepared by Hannah Grunewald Noeldner, Fiscal Analyst, with Senate Counsel, Research, and Fiscal Analysis. The following table is an aid to find sections within the bill:

Section Number	Agency	Starts at line
2	Education	2.14
3	Administration	2.18
4	Metropolitan Council	3.24
5	Human Services	3.31
6	Corrections	4.6
7	Employment and Economic Development	4.25

Section 8 [Cancellation] cancels general fund appropriations on the 2024 cancellation report.

Section 9 [Effective Date] makes the act effective the day following final enactment.

Article 2 – Miscellaneous

Section 1 [Information provided; 16A.86, subd. 3] adds information to be included in a political subdivision's submission to Minnesota Management and Budget requesting state money for capital projects. The political subdivision must include its debt capacity, the debt the political subdivision has incurred as of the date of the submission, and whether the political subdivision has a capital improvement plan that meets the exemption category for establishing and maintaining an account for replacing or rehabilitating a capital asset improved with the requested appropriation.

Section 2 [Funding; 16A.86, subd. 4] makes the requirement for a 50 percent nonstate match applicable to nonprofits for grants for capital projects. Describes what sources of funds count toward the "state share" and specifies that the nonstate share must be from federal, local, private, or other funds.

Section 3 [Notice of State Contribution; 16A.865] establishes requirements for providing notice of state funding received for capital improvement projects. This section does not apply to state asset preservation projects.

> **Subd. 1 [Notice required]** requires, when practicable, a recipient of a grant of state bond proceeds for a capital project or a direct recipient of an appropriation from any state funds for a capital project to display a notice stating the project was funded with state taxes collected statewide.
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> **Subd. 2 [Content of notice]** specifies the content required in the notice.
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> **Subd. 3 [Water infrastructure project]** requires that the notice for drinking water or wastewater infrastructure projects be included on city billing statements.
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> **Subd. 4 [Performance venues]** requires that the notice for performance venues be included in programs.
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> **Subd. 5 [Logo]** requires the commissioner of management and budget to develop a logo for signs.

Subd. 6 [Sign templates] requires the commissioner of management and budget to develop a printable, downloadable template for the required sign.

This section is effective the day after enactment and applies to projects receiving a grant from an appropriation enacted after January 1, 2024.

Section 4 [Sustainable Building Guidelines; 16B.325] is a substantial reworking of the sustainable building guidelines that apply to most capital improvement projects funded with state money.

Subd. 1 [Sustainable building guidelines; 116B.325] are conforming and updating changes to reflect substantive changes.

Subd. 1a [Definitions] defines "CSBR," "guidelines," "major renovation," "new building," and "project."

Subd. 2 [Lowest possible cost; energy conservation] eliminates the current parameters for the guidelines. See the table below under the discussion of subdivision 2a.

Subd. 2a [Guidelines; purpose] establishes revised objectives for the sustainability guidelines (paragraph (a)) and lists factors for the commissioner's consideration in setting the guidelines (paragraph (b)). The following table roughly maps the existing listed objectives of the guidelines (in deleted subdivision 2) to the new objectives and considerations (in new subdivision 2a):

Current Objectives for Guidelines in Subd. 2 (eliminated in this bill)	**New Objectives for Guidelines in Subd. 2a (created in this bill)**
Focus on achieving the lowest possible lifetime cost, considering both construction and operating costs, for new buildings and major renovations	(b)(3): construction and operating costs
Allow for revisions that encourage continual energy conservation improvements in new buildings and major renovations	(b)(4) the use of renewable energy sources
Establish sustainability guidelines that include air quality and lighting standards and that create and maintain a healthy environment and facilitate productivity improvements	(2) Provide high-quality indoor environmental conditions to promote occupant health, well-being, comfort, and productivity (b)(1): health and well-being of occupants
Establish resiliency guidelines to encourage design that allows buildings to adapt to and accommodate projected climate related changes that reflected in both acute events and chronic trends, including but not limited to changes in temperature and precipitation levels	(a)(7) Encourage design that allows building resilience to adapt to and accommodate project changes that are reflected in both acute events and chronic trends, including but not limited to climate-related changes to temperature and precipitation levels. (b)(8) resilience and adaptability (b)(6) the impact of climate change
Specify ways to reduce material costs	(b)(3): construction and operating costs
Consider the long-term operating costs of the building, including the use of renewable energy sources and distributed electric energy generation	(b)(3): construction and operating costs (b)(4): the use of renewable energy sources

that uses a renewable source or natural gas or a fuel that is as clean or cleaner than natural gas	
	(a)(1) Reduce greenhouse gas emissions across the project's life cycle by promoting design and operation of energy-efficient buildings and the development of renewable energy sources
	(a)(3) develop processes that ensure that projects are designed and operating as intended and that the project impact can be measured
	(a)(4) reduce water use and impacts on water resources
	(a)(5) restore soil and water quality, enhance biodiversity, and provide sites supportive of native species
	(a)(6) reduce the embodied environmental impact of building materials
	(b)(5) diversion of waste and landfills
	(b)(7) biodiversity and ecological impacts

Subd. 3 [Applicability] eliminates a requirement that the commissioner provide an opportunity for public comment when developing the guidelines. (A similar requirement is established in subd. 4.) Clarifies that the guidelines are mandatory for all new buildings and all major renovations funded from the bond proceeds account.

Subd. 4 [Commissioner of administration; guideline administration, oversight, and revisions], paragraph (a) requires the commissioner of administration to review and amend the guidelines periodically at least once every five years. The review must be conducted with the commissioner of commerce and in consultation with other stakeholders. The commissioner of administration must use an open process, with an opportunity for public comment, when reviewing and amending the guidelines.

Paragraph (b) lists responsibilities for the commissioner of administration with respect to monitoring and enforcing compliance with the guidelines: determining whether the guidelines apply to a given project; approving or denying waiver requests or applicability for specific guidelines; updating the legislature regarding program outcomes; coordinating with the commissioner of commerce on the energy and atmosphere guidelines; and contracting with the Center for Sustainable Building Research at the University of Minnesota (CSBR) for assistance.

Subd. 5 [CSBR; guideline administration and oversight] requires the commissioner of administration, in consultation with the commissioner of commerce, to contract with the CSBR to implement the guidelines. The CSBR is to maintain and update the guidelines, offer training annually on how projects may meet the guidelines; develop procedures for compliance; periodically review post-construction performance evaluation on projects to evaluate effectiveness of the guidelines; determine compliance of project designs; administer a tracking system for all projects subject to the guidelines and for projects that received state funding for predesign or design that may seek further state funding for additional project phases subject to the guidelines; track measurable goals; offer outreach, training, and technical assistance to entities with responsibility for managing, designing, and overseeing projects subject to the guidelines; evaluate waiver requests and determinations on project scope and make recommendations to the commissioner of administration; report annually to the commissioner of administration on specified topics; and perform other duties. Requires entities responsible for managing or designing projects subject to the guidelines to provide compliance data to the CSBR, and commissioner of administration.

Subd. 6 [Measurable goals] requires CSBR to develop measurable goals for the guidelines, to be approved by the commissioner of administration.

Subd. 7 [Procedures] requires the commissioner of administration to develop procedures for administering the guidelines and authorizes the commissioner to delegate responsibilities to agencies. Lists items that must be included in the procedures.

Subd. 8 [Guidelines waivers and scope determination] requires the commissioner of administration to develop a process for reviewing and approving waivers and scope determination. A waiver may be for all guidelines or individual guidelines and may identify an alternative path to meet the intent of the guidelines. A waiver may only be granted due to technological limitations or when the intended use of the project conflicts with the guidelines. All waiver requests for projects owned by a state agency must be reviewed and approved by the commissioner of administration. The commissioner of commerce must review and approve waiver requests for projects owned by the Department of Administration.

Subd. 9 [Report] requires the commissioner of administration to report to the legislature in odd-numbers years on specified topics related to projects subject to the sustainability guidelines, outcomes of the guidelines, and progress toward recommendations from the report required and funded in the 2023 capital investment bill (general fund).

This section is effective July 1, 2024.

Section 5 [Sustainable buildings; energy conservation; 16B.335, subd. 4] are technical and conforming changes reflective of the substantive changes to the sustainability guidelines statute. This section is effective July 1, 2024.

Section 6 [Capital Project Preservation Accounts; 16B.336] requires that a recipient of state money through a direct appropriation for a capital project establish and contribute to an account to be used for major rehabilitation, expansion, replacement, or preservation of the capital project, unless the grantee is within a category for exemption from this requirement. This section applies to capital projects funded through state capital grant agreements entered into on or after July 1, 2024. This requirement does not apply to state agencies, a state official, the University of Minnesota, or the Minnesota State Colleges and Universities.

Subd. 1 [Definitions] defines "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 a direct appropriation of state money for a capital project to establish a fund for major rehabilitation, expansion, replacement, or preservation of the capital project. Money is required to stay in the account for the useful life of the project, unless use of the money is approved by the state granting agency for replacement, preservation, expansion, or rehabilitation of the capital project or another capital project. Requires a grantee to adopt a capital project preservation policy with specified components.

Subd. 3 [Minimum deposits; fund balance] provides for the commissioner of administration to determine the amount, based on specified factors, that must be deposited in the account annually. Limits the total required amount to the amount appropriated for the project.

Subd. 4 [Account auditing] authorizes the state auditor to audit the accounts as part of regular audits of local governments.

Subd. 5 [Exceptions] creates three exceptions to the requirement to fund a preservation account: 1) if the project is already subject to a requirement for a replacement fund under another law; 2) if the grantee has an annual capital improvement plan process and publishes an annual plan document that forecasts needs for a specified time period; and 3) if the grantee's adjusted net tax capacity per capita is less than the median for the same type of political subdivisions in the state.

Subd. 6 [Penalty] imposes a penalty of one percent of the appropriated amount in each year in which the grantee is not in compliance with this preservation account requirement. Failure to comply is not a breach of the grant agreement.

Section 7 [State Building Renewable Energy; Storage; Electric Vehicle Account; 16B.851] establishes a program through which state agencies can apply for funds from a dedicated account to be applied to specified types of projects related to renewable energy for state buildings, the purchase of electric vehicles for the state's fleet, to install electric vehicle service equipment including charging equipment, and management projects by the commissioner of administration.

Section 8 [Promoting Construction and Renovation of Public Skate Parks Throughout the State; 116J.9927] establishes a grant program for local units of government to construct or renovate skate parks. The program is through the Department of Employment and Economic Development (DEED). Applications will be reviewed by a nonprofit organization, under contract with DEED, to determine grant recipients. DEED will execute grant agreements with recipients. This section specifies eligible projects, allows cooperative purchasing, and the use of design-build contracts. This section replaces a similar program that has been facilitated through the Amateur Sports Commission, repealed in this bill.

Section 9 [Active transportation accounts; 174.38, subd. 3] is a technical change regarding active transportation. This eliminates a provision enacted in 2023 that creates an account in the general fund, which is not a preferred practice.

Section 10 [Community Tree-Planting Grants; 473.355] establishes a new grant program under the Metropolitan Council for community tree planting.

Subd. 1 [Definition] defines "metropolitan area," "shade tree," and "supplemental demographic index."

Subd. 2 [Grants] requires the Metropolitan Council to establish a grant program for cities, counties, townships, tribal governments, and owners of private property and implementing agencies to remove and plant shade trees on public land for environmental benefits, replace trees lost to pests, disease, or storms, or to establish a more diverse community forest better able to withstand disease and forest pests. Trees planted with these grants must be a climate-adapted species for Minnesota.

Subd. 3 [Priority] specifies criteria for prioritizing grants for projects to replace ash trees for safety and projects within a census block group with a supplemental demographic index score in the 70^{th} percentile or higher. The Metropolitan Council is precluded from applying any other criteria when prioritizing grants for this program.

Section 11 [Sustainable Building Guidelines; Recommendations and Report; Laws 2023, ch. 71] amends an appropriation from the 2023 capital investment bill (general fund), to apply remaining funds, after the project to update the sustainability guidelines is completed, to be used toward implementing the recommendations.

Section 12 [Capitol Mall Design Framework Update; Matching Funds]

Subd. 1 [Definitions] defines "Capitol Mall Design Framework update," and "nonstate funds."

Subd. 2 [Capitol Mall Design Framework; use of nonstate funds] authorizes the use of nonstate funds to predesign, design, construct, furnish, and equip projects consistent with the Capitol Mall Design Framework update. Requires the commissioner of administration to coordinate the expenditure of nonstate funds toward the Framework update improvements. Unspent nonstate funds may be used for capital projects in the lower mall area of the Capitol and other capital improvements consistent with the Framework update.

Section 13 [Capitol Mall Design Framework Implementation] makes an appropriation to implement the Capitol Mall Design Framework available until June 30, 2025.

Section 14 [Repealer] Paragraphs (a), (b), and (c) repeal the skate park program and prior authorization for the program through the Amateur Sports Commission.

Paragraph (d) repeals an appropriation enacted in 2023 for the Capitol Area Community Vitality Account of $5,000,000 and related policy.

Section 15 [Effective Date] makes this article effective the day after enactment.