

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 5423

(SENATE AUTHORS: DZIEDZIC)

DATE
04/11/2024

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OFFICIAL STATUS
Introduction and first reading
Referred to State and Local Government and Veterans

1.1 A bill for an act
1.2 relating to state government; establishing a state building renewable energy, storage,
1.3 and electric vehicle account; modifying grant management agreement provision;
1.4 modifying a 2023 appropriation provision; changing a provision for motor vehicle
1.5 lease sales tax revenue; amending Minnesota Statutes 2022, sections 16B.97,
1.6 subdivision 1; 16B.98, subdivision 1; 297A.815, subdivision 3; Laws 2023, chapter
1.7 62, article 1, section 11, subdivision 2; proposing coding for new law in Minnesota
1.8 Statutes, chapter 16B.

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

1.10 **ARTICLE 1**
1.11 **DEPARTMENT OF ADMINISTRATION**

1.12 Section 1. **[16B.851] STATE BUILDING RENEWABLE ENERGY; STORAGE;**
1.13 **ELECTRIC VEHICLE ACCOUNT.**

1.14 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.15 the meanings given.

1.16 (b) "Energy storage" means the predesign, design, acquisition, construction, or installation
1.17 of technology which stores and delivers electric or thermal energy.

1.18 (c) "EVSE" means electric vehicle service equipment, including charging equipment
1.19 and associated infrastructure and site upgrades.

1.20 (d) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1,
1.21 paragraph (c), and the same sources in thermal energy.

1.22 (e) "Renewable energy improvement" means the predesign, design, acquisition,
1.23 construction, or installation of a renewable energy production system or energy storage

2.1 equipment or system, and associated infrastructure and facilities that are designed to result
2.2 in a demand-side net reduction in energy use by the state building's electrical, heating,
2.3 ventilating, air-conditioning, and hot water systems.

2.4 (f) "State agency" has the definition given in section 13.02, subdivision 17, or designated
2.5 definition given in section 15.01 and includes the Office of Higher Education, Housing
2.6 Finance Agency, Pollution Control Agency, Metropolitan Council, and Bureau of Mediation
2.7 Services. State agency includes the agencies, boards, commissions, committees, councils,
2.8 and authorities designated in section 15.012.

2.9 (g) "State building" means a building or facility owned by the state of Minnesota.

2.10 Subd. 2. **Account established.** A state building renewable energy, storage, and electric
2.11 vehicle account is established in the special revenue fund to provide funds to state agencies
2.12 to:

2.13 (1) design, construct, and equip renewable energy improvement and renewable energy
2.14 storage projects at state buildings;

2.15 (2) purchase state fleet electric vehicles in accordance with section 16C.135;

2.16 (3) purchase and install EVSE and related infrastructure; and

2.17 (4) carry out management projects by the commissioner.

2.18 Subd. 3. **Account management.** The commissioner shall manage and administer the
2.19 state building renewable energy, storage, and electric vehicle account.

2.20 Subd. 4. **Accepting funds.** (a) The commissioner shall make an application to the federal
2.21 government on behalf of the state of Minnesota for all state projects eligible for elective
2.22 payments under sections 6417 and 6418 of the Internal Revenue Code, as added by Public
2.23 Law 117-169, 136 Statute 1818, the Inflation Reduction Act of 2022.

2.24 (b) The commissioner may apply for, receive, and expend money made available from
2.25 federal, state, or other sources for the purposes of carrying out the duties in this section.

2.26 (c) Notwithstanding section 16A.72, all funds received under this subdivision are
2.27 deposited into the state building renewable energy, storage, and electric vehicle account
2.28 and appropriated to the commissioner for the purposes of subdivision 2 and as permitted
2.29 under this section.

2.30 (d) Money in the state building renewable energy, storage, and electric vehicle account
2.31 does not cancel and is available until expended.

3.1 Subd. 5. **Applications.** A state agency applying for state building renewable energy,
3.2 storage, EVSE, and electric fleet vehicle funds must submit an application to the
3.3 commissioner on a form, in the manner, and at the time prescribed by the commissioner.

3.4 Subd. 6. **Treatment of certain payments received from federal government.** (a)
3.5 Federal payments received for eligible renewable energy improvement and storage projects
3.6 and EVSE projects made with appropriations from general obligation bonds may be
3.7 transferred to the state bond fund if consistent with federal treasury regulations.

3.8 (b) Federal payments received for eligible electric fleet vehicle purchases by the
3.9 Department of Administration's fleet division must be transferred to the motor pool revolving
3.10 account established in section 16B.54, subdivision 8.

3.11 (c) Federal payments received for eligible electric fleet vehicle purchases made directly
3.12 by a state agency shall be transferred to the fund from which the purchase was made.

3.13 (d) When obligated to fulfill financing agreements, federal payments received for eligible
3.14 renewable energy improvements shall be transferred to the appropriate agency.

3.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.16 Sec. 2. Minnesota Statutes 2022, section 16B.97, subdivision 1, is amended to read:

3.17 Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or
3.18 electronic document defining a legal relationship between a granting agency and a grantee
3.19 when the principal purpose of the relationship is to transfer cash or something of value to
3.20 the recipient to support a public purpose authorized by law instead of acquiring by
3.21 professional or technical contract, purchase, lease, or barter property or services for the
3.22 direct benefit or use of the granting agency.

3.23 (b) This section does not apply to general obligation grants as defined by section 16A.695
3.24 ~~and~~, capital project grants to political subdivisions as defined by section 16A.86, or capital
3.25 project grants otherwise subject to section 16A.642.

3.26 Sec. 3. Minnesota Statutes 2022, section 16B.98, subdivision 1, is amended to read:

3.27 Subdivision 1. **Limitation.** (a) As a condition of receiving a grant from an appropriation
3.28 of state funds, the recipient of the grant must agree to minimize administrative costs. The
3.29 granting agency is responsible for negotiating appropriate limits to these costs so that the
3.30 state derives the optimum benefit for grant funding.

4.1 (b) This section does not apply to general obligation grants as defined by section 16A.695
 4.2 ~~and also,~~ capital project grants to political subdivisions as defined by section 16A.86, or
 4.3 capital project grants otherwise subject to section 16A.642.

4.4 Sec. 4. Laws 2023, chapter 62, article 1, section 11, subdivision 2, is amended to read:

4.5 Subd. 2. **Government and Citizen Services** 39,928,000 19,943,000

4.6 The base for this appropriation is \$17,268,000
 4.7 in fiscal year 2026 and \$17,280,000 in fiscal
 4.8 year 2027.

4.9 **Council on Developmental Disabilities.**
 4.10 \$222,000 each year is for the Council on
 4.11 Developmental Disabilities.

4.12 **State Agency Accommodation**
 4.13 **Reimbursement.** \$200,000 each year may be
 4.14 transferred to the accommodation account
 4.15 established in Minnesota Statutes, section
 4.16 16B.4805.

4.17 **Disparity Study.** \$500,000 the first year and
 4.18 \$1,000,000 the second year are to conduct a
 4.19 study on disparities in state procurement. This
 4.20 is a onetime appropriation.

4.21 **Grants Administration Oversight.**
 4.22 \$2,411,000 the first year and \$1,782,000 the
 4.23 second year are for grants administration
 4.24 oversight. The base for this appropriation in
 4.25 fiscal year 2026 and each year thereafter is
 4.26 \$1,581,000.

4.27 Of this amount, \$735,000 the first year and
 4.28 \$201,000 the second year are for a study to
 4.29 develop a road map on the need for an
 4.30 enterprise grants management system and to
 4.31 implement the study's recommendation. This
 4.32 is a onetime appropriation.

5.1 **Risk Management Fund Property**

5.2 **Self-Insurance.** \$12,500,000 the first year is
5.3 for transfer to the risk management fund under
5.4 Minnesota Statutes, section 16B.85. This is a
5.5 onetime appropriation.

5.6 **Office of Enterprise Translations.**

5.7 \$1,306,000 the first year and \$1,159,000 the
5.8 second year are to establish the Office of
5.9 Enterprise Translations. \$250,000 each year
5.10 may be transferred to the language access
5.11 service account established in Minnesota
5.12 Statutes, section 16B.373.

5.13 **Capitol Mall Design Framework**

5.14 **Implementation.** \$5,000,000 the first year is
5.15 to implement the updated Capitol Mall Design
5.16 Framework, prioritizing the framework plans
5.17 identified in article 2, section 124. This
5.18 appropriation is available until December 31,
5.19 2024.

5.20 **Parking Fund.** \$3,255,000 the first year and
5.21 \$1,085,000 the second year are for a transfer
5.22 to the state parking account to maintain the
5.23 operations of the parking and transit program
5.24 on the Capitol complex. These are onetime
5.25 transfers.

5.26 **Procurement; Environmental Analysis and**

5.27 **Task Force.** \$522,000 the first year and
5.28 \$367,000 the second year are to implement
5.29 the provisions of Minnesota Statutes, section
5.30 16B.312.

5.31 **Center for Rural Policy and Development.**

5.32 \$100,000 the first year is for a grant to the
5.33 Center for Rural Policy and Development.

5.34 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2023.

ARTICLE 2**MOTOR VEHICLE LEASE SALES TAX**

Section 1. Minnesota Statutes 2022, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) On or before June 30 of each fiscal year, the commissioner of revenue must estimate the revenues, including interest and penalties and minus refunds, collected under this section for the current fiscal year.

(b) By July 15 of the subsequent fiscal year, the commissioner of management and budget must transfer the revenues estimated under paragraph (a) from the general fund as follows:

(1) 38 percent to the county state-aid highway fund;

(2) 38 percent to the greater Minnesota transit account;

(3) 13 percent to the ~~Minnesota state transportation~~ special revenue fund; and

(4) 11 percent to the highway user tax distribution fund.

(c) Notwithstanding any other law to the contrary, the commissioner of transportation must allocate the funds transferred under paragraph (b), clause (1), to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county receives the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this paragraph.

(d) The amount transferred under paragraph (b), clause (3), must be used for the local bridge program under section 174.50, subdivisions 6 to 7.

(e) The revenues under this subdivision do not include the revenues, including interest and penalties and minus refunds, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

EFFECTIVE DATE. This section is effective July 1, 2024.