

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

S.F. No. 5441

(SENATE AUTHORS: PAPPAS)

DATE
04/15/2024

D-PG

Introduction and first reading
Referred to Capital Investment

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to capital investment; modifying the purposes, processes, and related
1.3 agency responsibilities for the sustainable building guidelines; adding sustainable
1.4 building guideline compliance to predesign requirements; requiring a report;
1.5 appropriating money; amending Minnesota Statutes 2022, sections 16B.325, as
1.6 amended; 16B.335, subdivision 4.

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

1.8 Section 1. Minnesota Statutes 2022, section 16B.325, as amended by Laws 2023, chapter
1.9 60, article 12, section 2, is amended to read:

1.10 **16B.325 SUSTAINABLE BUILDING GUIDELINES.**

1.11 Subdivision 1. ~~Development of Sustainable building guidelines.~~ The Department of
1.12 Administration and the Department of Commerce, with the assistance of other agencies,
1.13 shall develop and maintain sustainable building design guidelines for all new state buildings
1.14 ~~by January 15, 2003,~~ and for all major renovations of state buildings ~~by February 1, 2009.~~
1.15 ~~The primary objectives of these guidelines are to ensure that all new state buildings, and~~
1.16 ~~major renovations of state buildings, initially exceed the state energy code, as established~~
1.17 ~~in Minnesota Rules, chapter 7676, by at least 30 percent.~~

1.18 Subd. 1a. Definitions. (a) For the purposes of this section, the following terms have the
1.19 meanings given.

1.20 (b) "Capital project" or "project" means the acquisition or betterment of buildings or
1.21 other fixed assets and other improvements of a capital nature.

1.22 (c) "CSBR" means the Center for Sustainable Building Research at the University of
1.23 Minnesota.

2.1 (d) "Guidelines" means the sustainable building design guidelines developed under this
 2.2 section.

2.3 (e) "Major renovation" means a project that:

2.4 (1) has a renovated conditioned area that is at least 10,000 square feet; and

2.5 (2) includes, at a minimum, the replacement of the mechanical, ventilation, or cooling
 2.6 system of a building or a section of a building, whether or not the building is served by an
 2.7 adjacent building or district system impacted by the scope of the project.

2.8 (f) "New building" means a newly constructed structure and additions to existing buildings
 2.9 that include spaces that meet the following criteria:

2.10 (1) space is conditioned, whether or not its source of energy is from an adjacent building
 2.11 or district system; and

2.12 (2) the project size is at least 10,000 gross square feet of conditioned space.

2.13 ~~Subd. 2. **Lowest possible cost; energy conservation.** The guidelines must:~~

2.14 ~~(1) focus on achieving the lowest possible lifetime cost, considering both construction~~
 2.15 ~~and operating costs, for new buildings and major renovations;~~

2.16 ~~(2) allow for revisions that encourage continual energy conservation improvements in~~
 2.17 ~~new buildings and major renovations;~~

2.18 ~~(3) define "major renovations" for purposes of this section to encompass not less than~~
 2.19 ~~10,000 square feet or not less than the replacement of the mechanical, ventilation, or cooling~~
 2.20 ~~system of a building or a building section;~~

2.21 ~~(4) establish sustainability guidelines that include air quality and lighting standards and~~
 2.22 ~~that create and maintain a healthy environment and facilitate productivity improvements;~~

2.23 ~~(5) establish resiliency guidelines to encourage design that allows buildings to adapt to~~
 2.24 ~~and accommodate projected climate-related changes that are reflected in both acute events~~
 2.25 ~~and chronic trends, including but not limited to changes in temperature and precipitation~~
 2.26 ~~levels;~~

2.27 ~~(6) specify ways to reduce material costs; and~~

2.28 ~~(7) consider the long-term operating costs of the building, including the use of renewable~~
 2.29 ~~energy sources and distributed electric energy generation that uses a renewable source or~~
 2.30 ~~natural gas or a fuel that is as clean or cleaner than natural gas.~~

2.31 Subd. 2a. **Guidelines; purpose.** (a) The primary objectives of the guidelines are to:

3.1 (1) reduce greenhouse gas emissions across the project's life cycle by promoting the
 3.2 design and operation of energy-efficient buildings and the development of renewable energy
 3.3 sources;

3.4 (2) provide high-quality indoor environmental conditions to promote occupant health,
 3.5 well-being, comfort, and productivity;

3.6 (3) develop processes that ensure that projects are designed and operating as intended
 3.7 and that project impact can be measured;

3.8 (4) reduce water use and impacts on water resources;

3.9 (5) restore soil and water quality, enhance biodiversity, and provide sites supportive of
 3.10 native species;

3.11 (6) reduce the embodied environmental impact of building materials; and

3.12 (7) encourage design that allows building resilience to adapt to and accommodate
 3.13 projected changes that are reflected in both acute events and chronic trends, including but
 3.14 not limited to climate-related changes to temperature and precipitation levels.

3.15 (b) The guidelines must consider the following to meet the objectives in paragraph (a):

3.16 (1) the health and well-being of occupants;

3.17 (2) material impacts and sustainability;

3.18 (3) construction and operating costs;

3.19 (4) the use of renewable energy sources;

3.20 (5) diversion of waste from landfills;

3.21 (6) the impact of climate change;

3.22 (7) biodiversity and ecological impacts;

3.23 (8) resilience and adaptability; and

3.24 (9) any other factors the commissioner deems relevant.

3.25 Subd. 3. ~~**Development of guidelines; Applicability.**~~ ~~In developing the guidelines, the~~
 3.26 ~~departments shall use an open process, including providing the opportunity for public~~
 3.27 ~~comment.~~ (a) The guidelines established under this section are mandatory for all new
 3.28 buildings and for all major renovations receiving funding an appropriation from the bond
 3.29 proceeds fund after January 1, 2004, and for all major renovations receiving funding from
 3.30 the bond proceeds fund after January 1, 2009.

4.1 (b) The guidelines established under this section are mandatory for all new buildings
4.2 and for all major renovations receiving an appropriation from the general fund after May
4.3 1, 2024.

4.4 Subd. 4. **Commissioner of administration; guideline administration, oversight, and**
4.5 **revisions.** ~~The commissioners of administration and commerce shall review the guidelines~~
4.6 ~~periodically and as soon as practicable revise the guidelines to incorporate performance~~
4.7 ~~standards developed under section 216B.241, subdivision 9.~~ (a) The commissioner of
4.8 administration must review and amend the guidelines periodically to better meet the goals
4.9 under subdivision 6. Each guideline section must be reviewed and updated no less than once
4.10 every five years. The review must be conducted with the commissioner of commerce and
4.11 in consultation with other stakeholders. The commissioner of administration and the
4.12 commissioner of commerce must use an open process, including providing the opportunity
4.13 for public comment, when reviewing and amending the guidelines.

4.14 (b) The commissioner of administration is responsible for the following:

4.15 (1) making applicability determinations on which projects are required by state law to
4.16 follow the guidelines upon receipt of an applicability determination request from a project;

4.17 (2) approving or denying waiver requests for specific guidelines;

4.18 (3) approving or denying applicability requests for specific guidelines;

4.19 (4) updating the legislature regarding program outcomes;

4.20 (5) coordinating with the commissioner of commerce on the energy and atmosphere
4.21 guidelines, including coordination with the Sustainable Building 2030 Energy Standards
4.22 under section 216B.241, subdivision 9; and

4.23 (6) contracting with CSBR for the items in subdivision 5.

4.24 Subd. 5. **CSBR; guideline administration and oversight.** (a) The commissioner of
4.25 administration, in consultation with the commissioner of commerce, shall contract with
4.26 CSBR to implement the guidelines. At a minimum, CSBR must:

4.27 (1) maintain and update the guidelines in coordination with the commissioner of
4.28 administration and the commissioner of commerce;

4.29 (2) offer training on an annual basis to state agencies, project team members, and other
4.30 entities involved in the design of projects subject to the guidelines on how projects may
4.31 meet the guideline requirements;

5.1 (3) develop procedures for compliance with the guidelines, in accordance with the criteria
5.2 under subdivision 7;

5.3 (4) periodically conduct post-construction performance evaluations on projects to evaluate
5.4 the effectiveness of the guidelines in meeting the goals under subdivision 6;

5.5 (5) determine compliance of project designs with the guidelines;

5.6 (6) administer a tracking system for all projects subject to the guidelines and for projects
5.7 that received state funding for predesign or design that may seek further state funding for
5.8 additional project phases subject to the guidelines;

5.9 (7) develop and track measurable goals for the guidelines in accordance with subdivision
5.10 6;

5.11 (8) offer outreach, training, and technical assistance to state agencies, project team
5.12 members, and other entities with responsibility for managing, designing, and overseeing
5.13 projects subject to the guidelines;

5.14 (9) evaluate waiver requests and determinations on project scope and make
5.15 recommendations to the commissioner of administration;

5.16 (10) provide a report on or before December 1 annually to the commissioner of
5.17 administration on the following:

5.18 (i) the current compliance status of all projects subject to the guidelines;

5.19 (ii) an analysis of the effects of the guidelines on the goals under subdivision 6; and

5.20 (iii) waivers approved for projects, including both waivers from all of the guidelines
5.21 and waivers of individual guidelines; and

5.22 (11) perform any other duties required by the commissioner of administration to
5.23 administer the guidelines.

5.24 (b) State agencies, project team members, and other entities that are responsible for
5.25 managing or designing projects subject to the guidelines must provide any compliance data
5.26 requested by CSBR and the commissioner of administration that CSBR and the commissioner
5.27 deem necessary to fulfill the duties described under this subdivision.

5.28 Subd. 6. **Measurable goals.** CSBR, in collaboration with the commissioner of
5.29 administration and the commissioner of commerce, must develop measurable goals for the
5.30 guidelines based on the objectives and considerations described in subdivision 2a. The
5.31 commissioner of administration must provide final approval of the goals under this
5.32 subdivision.

6.1 Subd. 7. **Procedures.** The commissioner of administration must develop procedures for
6.2 the administration of the guidelines. The commissioner of administration may delegate
6.3 guideline administration responsibilities to state agencies. The procedures under this
6.4 subdivision must specify the administrative activities for which state agencies are responsible.
6.5 The procedures must include:

6.6 (1) criteria to identify whether a project is subject to the guidelines;

6.7 (2) information on project team member roles and guideline administration requirements
6.8 for each role;

6.9 (3) a process to notify projects subject to the guidelines of the guideline requirements;

6.10 (4) a guideline-related data submission process coordinated by the commissioner of
6.11 administration;

6.12 (5) activities and a timeline to monitor project compliance with the guidelines; and

6.13 (6) record-keeping requirements and related retention schedules for materials related to
6.14 guideline compliance.

6.15 Subd. 8. **Guidelines waivers and scope determination.** (a) The commissioner of
6.16 administration, in consultation with the commissioner of commerce and other stakeholders,
6.17 must develop a process for reviewing and approving waivers and scope determinations to
6.18 the guidelines.

6.19 (b) A waiver may apply to all of the guidelines or individual guidelines and may identify
6.20 an alternative path of meeting the intent of the guidelines.

6.21 (c) A waiver under this subdivision is only permitted due to technological limitations
6.22 or when the intended use of the project conflicts with the guidelines.

6.23 (d) A waiver request for a project owned by a state agency must be reviewed and
6.24 approved by the commissioner of administration. If the waiver request is for a project owned
6.25 by the Department of Administration, the waiver request must be approved by the
6.26 commissioner of commerce.

6.27 Subd. 9. **Report.** The commissioner of administration must report to the chairs and
6.28 ranking minority members of the house of representatives and senate committees with
6.29 jurisdiction over capital investment and climate and energy by February 1 of each year. The
6.30 report must include:

6.31 (1) information on the current status of all projects subject to the guidelines from the
6.32 previous five years and the projects' compliance with the guidelines;

7.1 (2) an analysis of the effects of the guidelines on the measurable goals under subdivision
7.2 6;

7.3 (3) progress made toward the recommendations in the report required under Laws 2023,
7.4 chapter 71, article 1, section 6, subdivision 4; and

7.5 (4) any other information the commissioner of administration deems relevant.

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

7.7 Sec. 2. Minnesota Statutes 2022, section 16B.335, subdivision 4, is amended to read:

7.8 Subd. 4. **Sustainable buildings; energy conservation.** A recipient to whom a direct
7.9 appropriation is made for a capital improvement project shall ensure that the project complies
7.10 with the applicable sustainable building guidelines and energy conservation standards
7.11 contained in law, including sections 16B.325 and 216C.19 to 216C.20, and rules adopted
7.12 thereunder. The recipient may obtain information and technical assistance from the
7.13 commissioner of administration on the sustainable building guidelines and the State Energy
7.14 Office in the Department of Commerce on energy conservation and alternative energy
7.15 development relating to the planning and construction of the capital improvement project.

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

7.17 Sec. 3. **APPROPRIATION; DEPARTMENT OF ADMINISTRATION.**

7.18 \$1,564,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
7.19 of administration to develop, oversee, and administer the sustainable building guidelines
7.20 under Minnesota Statutes, section 16B.325, in consultation with the commissioner of
7.21 commerce and the Center for Sustainable Building Research at the University of Minnesota.
7.22 This appropriation includes money for the commissioner of administration to contract with
7.23 the Center for Sustainable Building Research at the University of Minnesota to administer
7.24 the guidelines. The base for this appropriation is \$1,555,000 in fiscal year 2026 and
7.25 \$1,128,000 in fiscal year 2027 and thereafter.

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