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Approved May 19, 1973.

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CHAPTER 423—S.F.No.507

*An act relating to water pollution; pollution control agency; providing financial assistance to municipalities for the construction of waste disposal systems; amending Minnesota Statutes 1971, Sections 116.16, Subdivisions 2, 3, 4, 6, 7 and 9; 116.17, Subdivision 5; 116.18, Subdivisions 1 and 2; repealing Minnesota Statutes 1971, Sections 116.15; 116.18, Subdivision 3, and cancelling an appropriation.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1971, Section 116.16, Subdivision 2, is amended to read:

Subd. 2. **POLLUTION CONTROL; WASTE DISPOSAL; DEFINITIONS.** In this section and section 116.17:

(1) Agency means the Minnesota pollution control agency created by chapter 116;

(2) Municipality means any county, city, village, borough, and town, the metropolitan sewer board created by chapter 473C and the metropolitan council when acting under the provisions of that chapter or an Indian tribe or an authorized Indian tribal organization, and any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state;

(3) Pollution control fund means the Minnesota state water pollution control fund created by subdivision 1;

(4) Bond account means the Minnesota state water pollution control bond account created in the state bond fund by section 116.17, subdivision 4;

(5) Terms defined in section 115.01 have the meanings therein given them;

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(6) The eligible cost of any municipal project, except as otherwise provided in paragraph (7) of this subdivision, includes (a) preliminary planning to determine the economic, engineering, and environmental feasibility of the project; (b) engineering, architectural, legal, fiscal, economic, sociological, project administrative costs of the agency and the municipality, and other investigations and studies; (c) surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the planning, design, and construction of the project; (d) erection, building, acquisition, alteration, remodeling, improvement, and extension of disposal systems; (e) inspection of performance, monitoring, or control and supervision of construction; and (f) all other expenses of the kinds enumerated in section 475.65.

(7) For state grant purposes hereunder, the eligible cost for grant applicants shall be the eligible cost as determined by the United States environmental protection agency under the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1314, et seq.

Sec. 2. Minnesota Statutes 1971, Section 116.16, Subdivision 3, is amended to read:

Subd. 3. **RECEIPTS.** The state auditor and treasurer shall deposit in the fund as received (a) all proceeds of Minnesota water pollution control bonds, except accrued interest and premiums received upon the sale thereof, (b) all other money appropriated by law for purposes stated in subdivision 1, (c) all money granted to the state for such purposes by the federal government or any agency thereof, (d) all income from the investment of the fund, which income shall be credited thereto in each fiscal year in an amount equal to the approximate average rate of return that year on all funds invested by the state treasurer, as estimated by the treasurer, times the average balance in the fund that year, and (e) (d) all money appropriated to the agency by section 116.15, subdivision 5, and not yet expended or committed. All such receipts are annually appropriated for the permanent construction and improvement purposes of the fund, and shall be and remain available for expenditure in accordance with this section and federal law until the purposes for which such appropriations were made have been accomplished or abandoned.

Sec. 3. Minnesota Statutes 1971, Section 116.16, Subdivision 4, is amended to read:

Subd. 4. **DISBURSEMENTS.** Disbursements from the fund shall be made by the state treasurer upon order of the state auditor at the times and in the amounts requested by the agency in accordance with the federal laws and regulations and the state appropriation acts governing such disbursements; except that no appropriation or loan of state funds for any project, except for a

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~~grant in aid of the payment of interest under section 116.15, shall be disbursed to any municipality until and unless the agency has by resolution determined the total estimated cost of the project, and ascertained that financing of the project is assured by:~~

(1) A grant to the municipality by an agency of the federal government within the amount of funds then appropriated to that agency and allocated by it to projects within the state; or

(2) A grant of funds appropriated by state law; or

(3) A loan authorized by state law; or

(4) The appropriation of proceeds of bonds or other funds of the municipality to a fund for the construction of the project; or

(5) Any or all of the means referred to in paragraphs (1) to (4); and

(6) An irrevocable undertaking, by resolution of the governing body of the municipality, to use all funds so made available exclusively for the construction of the project, and to pay any additional amount by which the cost of the project exceeds the estimate, by the appropriation to the construction fund of additional municipal funds or the proceeds of additional bonds to be issued by the municipality; and

(7) Conformity of the project and of the loan or grant application with the state water pollution control plan as certified to the federal government and with all other conditions under federal laws and regulations for a grant of federal funds of the nature and in the amount involved.

Sec. 4. Minnesota Statutes 1971, Section 116.16, Subdivision 6, is amended to read:

Subd. 6. **PRIORITIES.** The rules of the agency shall provide that a high priority shall be given to applications from municipalities which because of limited tax base, excessive bonded indebtedness, or critical conditions of water pollution requiring agency action pursuant to law, would face extreme financial hardship without the assistance provided by ~~Extra Session Laws 1971, Chapter 20~~ through the state water pollution control fund, and to applications from sanitary districts or for systems to be constructed to serve more than one municipality. The rules shall contain criteria relating to:

(1) The extent and nature of pollution,

(2) Per capita costs of the proposed projects,

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- (3) Financial capability of the municipality,
- (4) The technological feasibility of the project, and
- ~~(5) The availability of other sources of financing, and~~

(6) ~~(5)~~ The adequacy of provision made to assure proper and efficient operation and maintenance of the project after the construction is completed.

Sec. 5. Minnesota Statutes 1971, Section 116.16, Subdivision 7, is amended to read:

Subd. 7. **DETERMINATION OF PRIORITIES BY DIRECTOR.** ~~To the extent that money is available in the fund from time to time, it may be used by the agency to assist municipalities in defraying interest costs during construction as provided in section 116.15. Notwithstanding any other provision in subdivision 6 to the contrary, the director may, as necessary to establish priorities for applications submitted for federal disposal system construction grant assistance under the Federal Water Pollution Control Act, as amended, and regulations and guidelines of the United States environmental protection agency promulgated pursuant thereto, establish such criteria for determining priorities upon a basis other than that provided herein to the extent required to comply with said federal act, guidelines and regulations, or resulting therefrom.~~

Sec. 6. Minnesota Statutes 1971, Section 116.16, Subdivision 9, is amended to read:

Subd. 9. **APPLICATIONS.** Applications by municipalities for grants or loans from the fund shall be made to the director of the agency on forms requiring information prescribed by rules of the agency. The director shall certify to the agency those applications which appear to meet the criteria set forth in ~~Extra Session Laws 1971, Chapter 20 sections 116.16 to 116.18~~ and the rules promulgated hereunder, and the agency shall award grants or loans on the basis of the criteria and priorities established in its rules and in ~~Extra Session Laws 1971, Chapter 20 sections 116.16 to 116.18.~~

Sec. 7. Minnesota Statutes 1971, Section 116.17, Subdivision 5, is amended to read:

Subd. 5. **APPROPRIATIONS TO BOND ACCOUNT.** The premium and accrued interest received on each issue of Minnesota state water pollution control bonds, and all loan payments received under the provisions of section 116.16, subdivision 5, shall be credited to the bond account. All income from the investment of the Minnesota state water pollution control fund, shall be credited to the bond account identified in Minnesota Statutes 1971, Section 116.16. In order to reduce the amount of taxes otherwise required

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to be levied, there shall also be credited to the bond account therein from the general fund in the state treasury, on November 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand therein, to pay all Minnesota water pollution control bonds and interest thereon due and to become due to and including July 1 in the second ensuing year. All money so credited and all income from the investment thereof is annually appropriated to the bond account for the payment of such bonds and interest thereon, and shall be available in the bond account prior to the levy of the tax in any year required by the Constitution, Article IX, Section 6, Subdivision 4. The state auditor and treasurer are directed to make the appropriate entries in the accounts of the respective funds.

Sec. 8. Minnesota Statutes 1971, Section 116.18, Subdivision 1, is amended to read:

**116.18 WATER POLLUTION CONTROL FUND APPROPRIATIONS AND BONDS.** Subdivision 1. **APPROPRIATION FROM THE FUND.** The sum of ~~\$34,750,000~~ \$25,000,000, or so much thereof as may be necessary, is appropriated from the Minnesota state water pollution control fund in the state treasury to the pollution control agency, for the period commencing on July 23, 1971 and ending June 30, 1973, to be granted and disbursed to municipalities and agencies of the state in aid of the construction of projects conforming to section 116.16, in accordance with the rules, priorities, and criteria therein described. Except as otherwise provided in subdivision 2, these state funds shall be expended at 15 per centum of the eligible cost of construction and shall be expended only for projects tendered for which there becomes available, through use of these funds, a grant of federal funds under section 201(g), section 202, section 203 or section 206(f) of the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1314 et seq., at 75 per centum of the eligible cost for construction of the treatment works at a percentage of cost exceeding the percentage which would be available for the project if these state funds were not available; provided; that not less than 20 ~~20~~ 10 percent of such cost shall be paid by the municipality or agency constructing the project. In the event that a municipality is tendered such federal and state grants in a percentage cumulatively exceeding 90 per centum of the eligible cost of construction, the state pollution control agency shall reduce the grant to such municipality under this chapter to the extent necessary to assure that not less than 10 percent of such cost shall be paid by said municipality. It is the purpose of this appropriation that a grant of state funds for each project approved in each of the fiscal years ending June 30, 1971, 1972, and 1973, shall be made in an amount not less than that required in federal law and regulations as a condition for the grant of federal funds for the project and for all other water pollution control projects for which federal grants are allocated in the same

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year, in the maximum amount permissible under such law and regulations.

Sec. 9. Minnesota Statutes 1971, Section 116.18, Subdivision 2, is amended to read:

Subd. 2. **ADDITIONAL PURPOSES OF APPROPRIATION.** If the pollution control agency, acting in accordance with section 116.16, subdivisions subdivision 4 to 6 and rules promulgated by the agency establishing criteria for financial hardship cases, determines that the prevention, control, and abatement of water pollution and the public health of the state requires the construction of a project by a municipality or agency that is unable to provide 20 10 percent of the eligible cost thereof, the funds appropriated in subdivision 1 may be expended to reduce or eliminate its contribution to not less than 15 percent of the eligible cost. Funds estimated by the pollution control agency to be available, consistent with the fulfillment of the purpose expressed in subdivision 1, may also be granted to assist in defraying interest costs during construction of water pollution control projects for which federal grants are anticipated, as provided in section 116.15.

Sec. 10. **REPEALS; CANCELLATION OF APPROPRIATION.** Minnesota Statutes 1971, Section 116.15 is repealed. Minnesota Statutes 1971, Section 116.18, Subdivision 3, is repealed, and the appropriation made therein is cancelled into the general fund.

Sec. 11. **EFFECTIVE DATE.** This act shall take effect upon final enactment.

Approved May 19, 1973.

## CHAPTER 424—S.F.No.650

[Not Coded]

*An act relating to the village of Bayport; authorizing the sale of certain state owned lands in Washington county which are no longer needed for state purposes.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **CONVEYANCE OF STATE LANDS; VILLAGE OF BAYPORT.** Subdivision 1. The governor upon the recommendation of the commissioner of administration shall quitclaim and convey all or any part or parts of the lands situated in the county of Washington when no longer needed for state purposes, and described as follows:

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