

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3268

DATE: April 17, 2006

Version: Third engrossment

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Subject: Minnesota Biomedical Research Facilities Authority

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Overview

This bill establishes a process to expend \$330 million of state general obligation bond funds to pay for 90 percent of the costs of constructing and furnishing biomedical research science facilities to be owned and operated by the Board of Regents of the University of Minnesota. The purpose of the research facilities are described as economic and health benefits, advancing industry and facilitating collaborative research.

The bill creates an authority to evaluate grant applications from the University and to disburse grant funds. It also establishes two new state funds: (1) the biomedical science research fund for the deposit of the proceeds of state general obligation bonds, to pay for the costs of the approved projects; and (2) the biomedical science research bond fund consisting of annual deposits from the annual tobacco settlement payments (currently deposited into the general fund) to pay the debt service costs of state bonds issued for biomedical science facilities and the operating costs of the authority.

Section

- 1 Purpose.** Describes the bill's purpose which is to establish a framework and a program for investing in biomedical research facilities in Minnesota to benefit the economy, advance the industry, benefit health and facilitate research between the University of Minnesota and other Minnesota institutions.

Section

2 **Definitions.** Defines the following terms:

- *Authority* is the Minnesota Biomedical Sciences Research Facilities Authority.
- *Biomedical research science facility* is a Minnesota facility with research facilities and laboratories used for biomedical science and biomedical technology.
- *Commissioner* is the commissioner of finance.
- *Costs* are the total project costs for design, construction and completion.
- *Program* is the facilities funding program authorized in this bill.
- *Project* is the acquisition, construction, improvement, expansion, repair or rehabilitation of structure or equipment for a biomedical research science facility.

3 **Minnesota Biomedical Sciences Research Authority.** Establishes a 13-member (nine-voting member) authority consisting of the commissioner of employment and economic development, four former legislators (one each appointed by the leaders of the four legislative caucuses), four members appointed by the governor who are not legislators or executive branch employees, and four current legislators (serving as non-voting members, and appointed by the four caucus leaders). Non-legislative members serve staggered four-year terms. A quorum is required to conduct business.

Authorizes the authority to use telephone or electronic methods to conduct meetings if specified conditions are met. The authority must provide notice according to law, of the regular meeting location and the participation of some members by electronic methods.

The commissioner provides administrative services and may hire an executive director.

4 **Powers; duties.** Authorizes the authority to adopt bylaws and rules, sue and be sued, enter into contracts, apply for and accept gifts, grants or property and retain or contract for professional and consulting services. Any money received must be deposited in the biomedical research facilities program fund created in section 5. Requires a report by July 1 of each odd-numbered year.

5 **Biomedical science research facilities funding program.**

Subd. 1. Program established. Authorizes the authority to establish a program to provide grants to the University of Minnesota Board of Regents to fund 90 percent of the costs of projects approved by the authority.

Subd. 2. Establishment of program fund. Establishes a biomedical science research facilities program dedicated fund to be used only to make grants for projects under this facilities program. Appropriates state bond proceeds and other money credited to the fund for the purposes of the biomedical science research facilities program fund until the purpose has been accomplished.

Subd. 3. Grant applications. Requires the Board of Regents to apply to the authority for grants for projects that meet the following criteria:

Section

- (1) the University, alone or in collaboration with another institution, must pay 10 percent of the project costs and be responsible for all ongoing facility costs;
- (2) any institution the University collaborates with must annually generate at least \$75 million in competitive federal funds;
- (3) the facility resulting from the project must be owned by the Board of Regents;
- (4) an application that: demonstrates that the required match is available; includes a detailed estimate of the cost of the project; includes an assessment of potential to attract new research grants; includes a detailed operating financial analysis, includes a timelines indicating major milestones and their anticipated completion dates; includes an assessment of likely public benefits from the project.

Subd. 4. Grant approvals. Requires the authority to determine if the project in the University application conforms to the purposes and criteria in this bill and authorizes the approval of grants that meet the purpose and the criteria. Authorizes the authority to approve grants for 90 percent of the costs up to the percentage of the amount of bonds proceeds authorized, according to a specified schedule.

Subd. 5. Disbursements. Requires approved grants to be disbursed for eligible project costs according to the grant agreement and state law.

6 Authorization of bonds and establishment of bond fund.

Subd. 1. Issuance of bonds. Authorizes the commissioner of finance to sell \$330 million of state general obligation bonds for the biomedical science research facilities program fund and the purposes of the program. Before bonds are issued, the authority must determine that the proceeds are needed for disbursements of approved grants. The reporting and cancellation requirements for state do not apply to these bonds.

Subd. 2. Establishment of bond fund. Creates a separate biomedical science research facilities bond fund to pay the debt service of the state bonds issued for the biomedical science research facilities program and appropriates the necessary amount to the commissioner.

Subd. 3. Transfer. Authorizes deposits into the biomedical science research facilities bond fund from Minnesota's annual tobacco settlement payments according to a specified schedule.

Any excess money remaining in the fund on June 30 of each fiscal year, after paying for administrative and debt service costs are transferred to the general fund.