

HOUSE RESEARCH

Bill Summary

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Subject: 1991 NWA financing; Duluth facility

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Overview

H.F. 1175 makes changes to the 1991 law that authorized financial assistance for Northwest Airlines (NWA). Part of that assistance was financing for an aircraft heavy maintenance facility at the Duluth airport. In August 2005, NWA mechanics went on strike; in September 2005, NWA filed for bankruptcy. The Duluth facility has not been used since then. The changes in this bill, proposed by the Department of Finance and the Attorney General's office, will facilitate reuse of the Duluth facility.

Section

- 5 Use of proceeds; aircraft maintenance facility.** Strikes language permitting the Metropolitan Airports Commission to own the aircraft heavy maintenance facility at the Duluth International Airport financed under this law. This authority was never used.
- 6 General powers.** Clarifies that the commissioner of finance may lease out the facility. Permits leasing or selling the facility to another person if there is a default, subject to approval of the commissioner of finance. Provides that the commissioner's approval is not required if the bond trustee has taken control of the facility as a result of default.
- 9 Approval (powers and duties of trustee).** Provides that the commissioner's approval is not required if the bond trustee has taken control of the facility as a result of default.
- 17 Repealer.** Repeals:
- 116R.02, subd. 3, relating to data practices and procedures for the commissioner of finance to follow in reviewing NWA financial information

Section

before issuing any bonds or entering into any financing agreements;

- 116R.02, subd. 6, relating to the Hibbing-Chisholm engine repair facility that was never pursued;
- 116R.02, subd. 7, requiring the commissioner of finance to determine that NWA agreed to noise abatement requirements before issuing bonds;
- 116R.02, subd. 9, requiring the commissioner of employment and economic development to report to the governor and the legislature on total public costs, and other information, related to the projects before the commissioner of finance issued the bonds;
- 116R.16, requiring an enforceable pledge that the corporate headquarters remain in Minnesota for the duration of the agreement.

All other sections make technical changes related to provisions repealed in the bill.