

# House Research Act Summary

**CHAPTER:** 93

**SESSION:** 2009 Regular Session

**TOPIC:** Omnibus Capital Investment; Disaster Relief

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## Overview

Article 1 is the omnibus capital investment act and is effective May 17, 2009. It appropriated a total of \$343.5 million, of which \$85.155 million was vetoed by the Governor.

Article 2 appropriates money for disaster relief to the April 2009 flood damaged areas of the Red River valley, effective May 17, 2009. Article 3 appropriates money for the city of Hugo, damaged by a tornado in May 2008, effective May 17, 2009. Article 4 provides declining pupil aid for the city of St. Charles, to cover potential student enrollment losses due to a fire at a major employer's business in April, effective July 1, 2009.

For detailed information on the appropriation amounts and funding sources, see the spreadsheet prepared by Koryn Zewers, House Fiscal Analyst.

## Article 1 – Capital Improvements

**1 Capital improvement appropriations.** Provides the summary by agency and fund sources.

**2 University of Minnesota.**

**Subd. 2. HEAPR.**

**Subd. 3. Twin Cities campus.** Bell Museum (**VETOED**) and national solar testing and certification laboratory in the mechanical engineering building.

**Subd. 4. West Central Research and Outreach Center, Morris.** Demonstration solar installation.

**3 Minnesota State Colleges and Universities.**

**Subd. 2. HEAPR.**

**Subd. 3. Lake Superior Community and Technical College,** health and science center addition. **VETOED**

**Subd. 4. Mesabi Range Community and Technical College, Eveleth,** carpentry and industrial mechanical technology and shops. **VETOED**

**Subd. 5. Metropolitan State University,** smart classrooms. **VETOED**

**Subd. 6. Minnesota State College, Southeast Technical – Aviation Training Center.** Appropriates proceeds of sale of the center to MnSCU for a capital project at Winona State University.

**Subd. 7. North Hennepin Community College,** center for business and technology. **VETOED**

**Subd. 8. Systemwide initiatives, classroom renovations.** Allows use of nonstate money, excluding student tuition and fees, to increase the size of project. **VETOED**

**Subd. 9. Debt service.** Requires one-third of the project costs, excluding HEAPR, to be user-financed.

**Subd. 10. Unspent appropriations.** Requires any unused funds for completed projects in this section to be used for HEAPR on the same campus. Requires biennial reports to the legislature on activity under this subdivision.

**4 Education.** From the maximum effort school loan fund for a grant to Red Lake. **VETOED**

**5 Natural Resources.**

**Subd. 2. Statewide asset preservation.**

**Subd. 3. Flood hazard mitigation.** To maximize federal funds for projects in Ada, Breckenridge, and Roseau, and then for projects in the other listed communities, including those in the Red River basin affected by the 2009 flood. Also includes development and redevelopment of National Great River Park along the Mississippi River in St. Paul.

**6 Board of Water and Soil Resources.** For RIM conservation reserve.

**7 Rural Finance Authority.**

**8 Minnesota Zoo.** For asset preservation.

**9 Amateur Sports Commission.** Asset preservation at the National Sports Center in Blaine.

**10 Military affairs.** For asset preservation.

**11 Transportation.**

**Subd. 2. Local bridge replacement and rehabilitation.**

**Subd. 3. Rail service improvement. VETOED**

**Subd. 4. Minnesota Valley track rehabilitation.**

**Subd. 5. Intercity passenger rail projects.**

**Subd. 6. Port development assistance.**

**Subd. 7. Alexandria aircraft surveillance facility.**

**Subd. 8. Bigfork airport runway.**

**Subd. 9. Duluth airport terminal.**

**12 Metropolitan Council.**

**Subd. 2. Transit capital improvement program.** Includes a set aside for Central Corridor and lists the other corridors and Union Depot projects.

**Subd. 3. Metropolitan regional parks capital improvements.** Northtown rail yard bridge in Minneapolis; Veterans Victory memorial parkway in Minneapolis.

**13 Human services.**

**Subd. 2. Asset preservation.**

**Subd. 3. Early childhood learning and child protection facilities grants.**  
**VETOED**

**14 Veterans affairs.**

**Subd. 2. Asset preservation.** For Minneapolis and Hastings veterans homes.

**Subd. 3. Veterans cemeteries.** To be located in Redwood county and northeastern Minnesota. Caps amount for land acquisition. Appropriates federal reimbursement for predesign and design (100 percent) to asset preservation of veterans homes statewide.

**15 Corrections.** For asset preservation.

**16 Employment and Economic Development.**

**Subd. 2. Redevelopment account.** For a grant to St. Louis County to extend sewer and water from Chisholm to the fairgrounds, subject to local match.

**Subd. 3. Mankato – civic center expansion. VETOED**

**Subd. 4. Minneapolis** – Shubert Performing Arts and Education Center.  
**VETOED**

**Subd. 5. Olmsted county** – steam line extension. To extend a steam line from the Olmsted waste to energy facility to the Rochester Community and Technical College campus.

**Subd. 6. St. Cloud** – civic center expansion. **VETOED**

- 17 Housing Finance Agency.** For rehabilitation of public housing.
- 18 Minnesota Historical Society.** For asset preservation. Includes up to \$100,000 to design and renovate the Rock Island Bridge. Section 45 prohibits demolition or removal of the bridge for two years.
- 19 Bond sale expenses.**
- 20 Bond sale schedule.** Directs the commissioner of finance to issue bonds so that general fund expenditures for debt service do not exceed the budgeted amount.
- 21 Bond sale authorization.**
- 22 Negotiated sales; temporary authority.** Permits negotiated sales of state general obligation bonds until June 30, 2011. Adds Minn. Stat. § 16A.641, subd. 4a.
- 23 Budget request.** See next section (and repealer). Amends Minn. Stat. § 16A.86, subd. 2.
- 24 Information provided.** Revises the statute that provides for capital funding requests from political subdivisions, originally enacted in 1999. Replaces what the commissioner must evaluate with a list of what a political subdivision must submit to the commissioner. It still requires all requests from political subdivisions to be forwarded to the legislature, along with the governor’s recommendations, whether or not the governor recommends funding. Adds Minn. Stat. § 16A.86, subd. 3a. See also section 23 and repealer.
- 25 Natural Resources Asset Preservation and Replacement.** Recognizes that DNR assets differ significantly from other state assets. States that the legislative purpose is to provide standards for natural resource projects intended to preserve and replace existing facilities. Establishes a “natural resources asset preservation and replacement” program that lists categories of projects that would be allowable uses of a capital appropriation for asset preservation by the agency. Prohibits use of appropriations to the program for acquisition of land or buildings and facilities. Requires the commissioner of natural resources to establish priorities for use of appropriations to the program. Requires an annual report on use of the appropriations under this program to the house and senate committees with jurisdiction over environment and natural resources finance and capital investment. Adds Minn. Stat. § 84.946.
- 26 Sale of public library funded with state bond proceeds.** Provides that if a library that was improved with state bond funds under the library accessibility and improvements grant program is sold, once the grant amount is repaid to the state, the local government that owned the property may keep the sale proceeds. Applies to sale of public library property

on or after May 17, 2009. Adds Minn. Stat. § 134.45, subd. 8.

Under general law in Minnesota Statutes, section 16A.695, subdivision 3, if state bond financed property is determined to be no longer needed or useable, it can be sold. If the property was acquired or improved with funds other than state bond funds, the net proceeds of the sale are distributed so that first, the state grant is repaid to the state, second, outstanding debt is repaid, third, any other parties who contributed money are repaid, and fourth, any excess remaining is shared among all contributors based on the amount each contributed, essentially providing that all contributors share in any appreciated value. In calculating the share contributed by each entity, the amount to be attributed to the owner of the property is the fair market value of the property at the time the bond-funded improvements began.

- 27 Standards (HEAPR).** Adds building energy efficiency improvements using current best practices to allowable HEAPR projects. Amends Minn. Stat. § 135A.046, subd. 2.
- 28 Issuance of bonds (MnSCU).** Technical correction. Amends Minn. Stat. § 136F.98, subd. 1.
- 29 & 30 Minnesota Planetarium (2000, 2005).** Corrects grantee for 2000 appropriation (of which a small amount is left) to reflect the merging of the city and county library systems and extends availability of 2000 and 2005 appropriations for project to end of 2012.
- 31 Lake Superior safe harbors (2006).** Strikes federal funding requirement, requires DNR to construct the project, which now also includes public access.
- 32 & 42 Closed landfill program – Albert Lea (2006, 2008).** Allows the remaining amounts from the 2006 and 2008 appropriations for remediation of an old dump in Albert Lea that had been covered over and used as a public park, to be used to extend sewer and water to the site and replace public park structures removed during remediation work.
- 33 Minnesota correctional facility – Stillwater (2006).** Permits the 2006 capital appropriation for a new segregation unit to also be used to reconstruct the old unit.
- 34 Hibbing wastewater treatment facilities (2006).** Reduces scope of project, changes the grantee to the city of Hibbing, and requires match.
- 35 Greater Minnesota business development infrastructure grant program (2006).** Modifies the 2006 appropriation for a ten-ton road in Polk county to say it is for access to a proposed ethanol plant (not a new plant).
- 36 Redevelopment account (2006).** Extends by two years the availability of capital funds for the Campbell Soup factory project in Worthington.
- 37 Historic Fort Snelling Museum and Visitor Center (2006).** Allows use of the 2006 appropriation for predesign as well as design.
- 38 Metropolitan State University law enforcement training center (2008).** Allows up to \$2 million from each college or university, excluding student tuition and fees, or other nonstate money, to be used for the remainder of the design and construction of the project.

- 39 Owatonna College and University Center (2008).** Allows use of the 2008 capital appropriation for other capital improvements to the property as well as to acquire it.
- 40 St. Cloud State University Brown Science Hall (2008).** Permits the 2008 capital appropriation to also be used to complete design and construction drawings for the science and engineering lab and to demolish a building.
- 41 Trail connections (2008).** Changes grantee for 2008 Rocori trail funding from city of Rockville to Stearns county.
- 43 Marshall – MERIT center (2008).** Adds to 2008 project description that it is to design, construct and equip the wind energy and ethanol fuel training facilities.
- 44 St. Cloud civic center expansion (2008).** Allows 2008 appropriation to be used for site preparation, including demolition, and to pre-engineer and engineer the expansion.
- 45 Demolition of Rock Island Bridge prohibited for two years.** Prohibits demolition or removal of the bridge for two years. The appropriation to the Minnesota Historical Society in section 18 includes money for a grant to renovate.
- 46 Appropriations made only once.** Provides that if an appropriation in this act is also made in another during the 2009 regular session, it must be given effect only once. The appropriation for the Rural Finance Authority was also enacted in the omnibus agricultural finance act, laws 2009, chapter 94, article 2.
- 47 Repealer.** Repeals:
- 16A.86, subd. 3, criteria by which the commissioner of finance must evaluate capital funding requests from political subdivisions
  - 116.156, the closed landfill revenue bonding provision enacted in 2008 that does not work
  - 473.399, subd. 4, that prohibits the Metropolitan Council from spending any state funds to study a particular light rail transit or commuter rail facility unless the funds are appropriated in legislation that identifies the route, including the origin and destination
  - Laws 2008, chapter 179, section 8, subd. 3, the appropriation of the closed landfill revenue bond funds
- 48** Effective May 17, 2009, except as otherwise provided.

## **Article 2 – Disaster Relief**

- 1 Disaster relief appropriations summary.** Provides the summary by agency and fund sources.

**2 Disaster relief appropriations.**

**Subd. 1. Appropriations.** From the bond proceeds fund unless another fund is named. For relief from flooding and storms on or after March 16, 2009, in the areas designated under presidential Declaration of an Emergency FEMA-3304-EM and Presidential Declaration of a Major Disaster FEMA-1830-DR, whether included in the original declaration or added later.

**Subd. 2. Transfers.** Permits transfer of money among the programs and agencies within the article and the flood hazard mitigation funding in article 1. Requires the commissioner of finance to approve transfers and report to the chairs of the senate Finance Committee and the house Ways and Means Committee.

**3 Public Safety.**

**Subd. 2. State match for individual assistance.**

**Subd. 3. State and local match.**

**4 Board of Water and Soil Resources.**

**Subd. 2. RIM conservation easements.**

**Subd. 3. Erosion, sediment, and water quality control cost-share program.**

**Subd. Red River basin commission grant.** Contingent on the state of North Dakota contributing at least an equal amount in a grant to the Red River Basin Commission.

**Subd. 5. Waivers authorized.** Permits waiver of statute and rule provisions relating to local water management programs, including local funding and cost sharing, extends existing state grant agreements, and waives agency payment maximums for easements acquired in the disaster area.

**5 Education.**

**Subd. 2. Disaster enrollment impact aid.**

**Subd. 3. Disaster relief facilities grants.**

**Subd. 4. Disaster relief operating grants.**

**Subd. 5. Pupil transportation grants.**

**6 Employment and economic development.** For the Minnesota investment fund for aid to businesses and nonprofits. Requires goals for jobs retained and wages paid. Requires a report to the chairs and ranking minority members of the senate Finance Committee and house Ways and Means Committee on the criteria and requirements to be used by local governments in making grants or loans, before they make any grants or loans.

**7 Housing Finance Agency.** For the economic development and housing challenge program.

Sets maximum loan amount per housing structure at \$30,000, but the agency may increase that if the costs of repair or replacement exceed all funds available from FEMA, insurance SBA plus the \$30,000. Waives contributions and income limits.

8 **Revenue.** For city flood loss aid.

9 **Human services.** For payments to medical assistance providers.

10 **Transportation.**

**Subd. 2. Infrastructure operation and maintenance.**

**Subd. 3. State trunk highways and bridges.**

11 **Natural resources.** Permits existing state grant agreements to be extended for up to two years.

12 **Bond sale expenses.**

13 **Bond sale authorizations.**

14 **Human services.** Previously, disaster assistance for human services covered payment to parties under contract as of date of a disaster for costs of evacuation, transportation or medical or remedial services to vulnerable adults. The law is now modified to cover the dates actions are taken in anticipation of a natural disaster, as well as the date of the disaster, and adds personal care services to the list of services covered. Permits payments based on actual or estimated costs and requires repayment to the commissioner if a cost is ultimately paid by another source. Prescribes payment in residential programs and directs that medical assistance be used for payments under this section. Directs the commissioner to seek other federal funding as permitted under the Medicaid state plan or waivers granted by the federal government. Amends Minn. Stat. § 12A.10.

15 **Waiver of contract approval procedures.** Provides that state and federal disaster assistance distributed by the commissioner of public safety is not subject to contract approval procedures and permits the commissioner to adopt internal procedures to administer and monitor aids and grants. Adds Minn. Stat. § 12A.15, subd. 3.

16 **2009 flood loss; city replacement aid.** Provides for a “flood net tax capacity loss” calculation and if it exceeds five percent of a city’s assessment year 2009 total taxable net tax capacity, the loss is certified to the commissioner of revenue by August 1, 2009, for an aid payment. Permits a city receiving aid to spend part of it on repair of county roads within the city. Appropriates general fund money to make the aid payments.

17 **Effective** May 17, 2009.

### **Article 3 – Hugo**

Appropriates \$350,000 from the general fund to the commissioner of employment and economic development for a grant to the city of Hugo to pay for debris clearance and other disaster costs from the May 25, 2008 tornado. The appropriation is available until

expended. Effective May 17, 2009.

#### **Article 4 – St. Charles School District Relief**

Provides that the St. Charles school district is eligible for declining pupil unit aid equal to the lesser of \$242,000 or an amount based on actual lost pupil units due to the April 2009 fire at North Star Foods, a major employer in the city. The district must provide documentation of the students lost as a result of the fire.

Effective July 1, 2009.