

HOUSE RESEARCH

Bill Summary

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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 transfers of money from the state general fund to pay the debt service 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.
- 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 nine member authority consisting of the commissioner of employment and economic development, serving as the chair, four members of the legislature, one each from the minority and majority caucuses in the House and Senate appointed by caucus leaders, and four members appointed by the governor who are not legislators or executive branch employees. 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.

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:

- 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; and
- 3) the facility resulting from the project must be owned by the Board of Regents.

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.

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

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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.

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 a transfer from the general fund to the biomedical science research facilities bond fund according to the schedule below based on a percentage of the total net nondedicated general fund revenues for the preceding year:

- .03 percent on October 1 2007 and 2008
- .06 percent on October 1 2009 and 2010
- .08 percent on October 1 2011 and 2012
- .11 percent on October 1 2013 and 2014
- .13 percent on October 1 beginning in 2015.

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.