

# HOUSE RESEARCH

## Bill Summary

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### Overview

This is the omnibus capital investment bill. For detailed information on the appropriation amounts and funding sources, see the spreadsheet prepared by Koryn Zewers, House Fiscal Analyst.

#### Section

- 1 Capital improvement appropriations.** Provides the summary by agency and fund sources.
- 2 University of Minnesota.**
  - Subd. 1. Total.**
  - Subd. 2. HEAPR.**
  - Subd. 3. Morris – national solar testing and certification laboratory.**
- 3 Minnesota State Colleges and Universities.**
  - Subd. 1. Total.**
  - Subd. 2. HEAPR.**
  - Subd. 3. Lake Superior Community and Technical College, health and science center addition.**
  - Subd. 4. Mesabi Range Community and Technical College, Eveleth, carpentry and industrial mechanical technology and shops.**
  - Subd. 5. Metropolitan State University, smart classrooms.**
  - 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.**

**Subd. 8. Systemwide initiatives, classroom renovations.**

**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.

**5 Natural Resources.**

**Subd. 1. Total.**

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

**Subd. 3. Flood hazard mitigation.**

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

**7 Rural Finance Authority.**

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

**9 Military affairs.** For asset preservation.

**10 Transportation.**

**Subd. 1. Total.**

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

**Subd. 3. Rail service improvement program.**

**Subd. 4. Commuter and passenger rail corridor projects.** For projects identified in the statewide rail plan.

**Subd. 5. Minnesota Valley track rehabilitation.**

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

**11 Metropolitan Council.** For transit capital improvement program in new section 473.3992.

**12 Human services.**

**Subd. 1. Total.**

**Subd. 2. Asset preservation.**

**Subd. 3. Minnesota Sex Offender Program, Moose Lake expansion.** For

infrastructure for phase 2.

**Subd. 4. Early childhood learning and child protection facilities grants.**

**13 Veterans affairs.**

**Subd. 1. Total.**

**Subd. 2. Asset preservation.**

**Subd. 3. Veterans residential mental health nursing facility, Kandiyohi County.** See section 47 for services to be provided.

**14 Corrections.** For asset preservation.

**15 Employment and Economic Development.** For the redevelopment account.

**16 Housing Finance Agency.** For rehabilitation of public housing.

**17 Minnesota Historical Society.** For asset preservation.

**18 Bond sale expenses.**

**19 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.

**20 Bond sale authorization.**

**21 Sale and issuance.** Permits a negotiated sale of state general obligation bonds. Currently, local governments have this option.

**22 Credit of proceeds.** Permits any premium bid on bonds either to be deposited in the state bond fund (used to pay debt service) or to be deposited in the bond proceeds fund (from which bond appropriations are made) to be used to reduce the par amount of bonds issued. Premium may only be deposited in the bond proceeds fund if it does not cause an increase in the general fund debt service transfer for the biennium during which the bonds are sold, as estimated by the commissioner of finance.

**23 Minnesota First bonds.**

**Subd. 1. Program established.** Authorizes the commissioner of finance to establish the Minnesota First bond program to encourage individuals to invest in state general obligation bonds. The program consists of issuing a portion of the state general obligation bonds in denomination and maturities that will be attractive to individuals, and developing a marketing program.

**Subd. 2. Denominations.** Requires the commissioner to determine appropriate denominations and maturities. States intent to make bonds available in small denominations, and requires minimum denominations of \$1,000.

**Subd. 3. Direct sale permitted.** Authorizes direct sales of bonds to the public or to financial institutions for prompt resale to the public. Authorizes contracts and specifies conditions.

**Subd. 4. Marketing plan.** Requires the commissioner to develop a marketing plan and specifies required marketing strategies.

- 24 Special provisions for sale and issuance.** Permits a negotiated sale of refunding bonds.
- Allows for the issuance of crossover refunding bonds. Proceeds from the sale of crossover refunding bonds are used to buy securities that are put in escrow and the bonds are secured by the maturing principal and interest from the escrowed securities only until the crossover date. Currently, local governments have this option.
- 25 Budget request.** See next section.
- 26 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.
- 27 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.
- 28 Great River Ridge Trail, Wabasha and Olmsted Counties.** Designates the trail, retroactively from June 2, 2006, (when it was originally designated but subject to local approval which was never completed). Bond funds were appropriated in 2008 for this trail.
- 29 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 the effective date.
- 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.
- 30 Standards (HEAPR).** Adds building energy efficiency improvements using current best

practices to allowable HEAPR projects.

- 31 Statewide freight and passenger rail plan.** Requires MnDOT’s statewide rail plan to identify corridors and the capital improvements and betterments to be made in those corridors. Defines capital improvements and betterments. Requires the plan to specify criteria for determining the priority for allocation of funds among projects and routes.
- 32 Commissioner’s duties (MnDOT).** Makes the commissioner of transportation responsible for passenger rail planning, design, development, construction, operation and maintenance, and allows the commissioner to enter into agreements with other entities to carry out these activities.
- 33 Passenger rail funding (MnDOT).** Permits the commissioner of transportation to apply for funding from federal, state, regional, local, and private sources to carry out the duties of previous section.
- 34 Exercise of power; passenger rail (MnDOT).** Grants the commissioner all powers necessary to carry out the duties of previous sections, including the power to acquire all land and property necessary to preserve, construct, maintain, or improve passenger rail corridors and the power to make agreements with public or private entities.
- Requires the commissioner to consult with appropriate metropolitan planning organizations and regional rail authorities to ensure that passenger rail corridors under consideration are integrated with existing rail, transit, and transportation facilities.
- 35 Funding (MnDOT passenger rail).** States that the section of statute concerning federal and state funding of commuter rail does not apply.
- 36 Expenditure of state funds (MnDOT commuter rail limitations).** Strikes language prohibiting MnDOT from studying commuter rail routes that are not specified in law.
- 37 Transit capital improvement program.** Establishes a transit capital improvement program for use of state bond appropriations to the Metropolitan Council. States criteria for allocation of appropriations, requires a report to the legislature.
- 38 Minneapolis – Minnesota Planetarium.** Extends by two years the availability of capital funds for the project.
- 39 Minnesota correctional facility – Stillwater.** Permits the 2006 capital appropriation for a new segregation unit to also be used to reconstruct the old unit.
- 40 Greater Minnesota business development infrastructure grant program.** 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).
- 41 Redevelopment account.** Extends by two years the availability of capital funds for the Campbell Soup factory project in Worthington.
- 42 Historic Fort Snelling Museum and Visitor Center.** Allows use of the 2006 appropriation for predesign as well as design.
- 43 Metropolitan State University law enforcement training center.** Allows up to \$2 million from each college or university, or other nonstate money, to be used for the remainder of the

design and construction of the project.

- 44 Owatonna College and University Center.** Allows use of the 2008 capital appropriation for other minor capital improvements to the property as well as to acquire it.
- 45 St. Cloud State University Brown Science Hall.** 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.
- 46 Passenger rail report.** Requires the commissioner of transportation to report electronically to the legislature by February 1, 2010, on the status of passenger rail in Minnesota.
- 47 Veterans residential mental health nursing facility, Kandiyohi County.** Describes the services to be provided. Directs the commissioner of veterans affairs to seek public-private partnership funding and all federal funding possible.
- 48 Report on jobs created or retained.** Requires the commissioner of employment and economic development to report by February 15, 2010, to the legislature on the jobs created or retained as a result of this act. Requires agencies funded in this act to provide the information to the commissioner of employment and economic development.
- 49 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
- 50** Effective the day after enactment except as otherwise provided.