

# HOUSE RESEARCH

## Bill Summary

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### Overview

In 2006, the Board of Trustees of the Minnesota State Colleges and Universities (MnSCU) for St. Cloud Technical College acquired the adjacent Allied Health/ Health Partners building with a \$3.4 million appropriation of state bond funds. The appropriation represented 95 percent of the total purchase price. Since the purchase, the majority of the facility has been leased to the previous owner for a lease payment plus operating costs. Minnesota law requires private lease payments on bond financed property to be paid to Minnesota management and budget (MMB) in the same proportion as the state bond financing for the property less operating costs. A 2008 legislative auditors report found that the college failed to pay the required 95 percent of its lease revenue to the state. This bill exempts the MnSCU Board on behalf of St. Cloud Technical College from the statutory requirement to pay 95 percent of its lease revenue from the Allied Health/ Health Partners building to the state. It further requires the board to pay one-third of the lease revenue to the state for deposit into the state bond fund. This money must be used by MMB to pay debt service on the bonds issued by the state for the purchase of the Allied Health/ Health Partners Facility.

- 1 Lease revenue St. Cloud Technical College.** Exempts the MnSCU Board of Trustees from a statutory requirement to pay lease revenue on a building acquired for St. Cloud Technical College and leased to a private party proportionate to the share of state bond funding for the building. Requires the board to pay one-third of the lease revenue to the state to be used for the debt payment on the building acquired for St. Cloud Technical College.