

Subject Omnibus capital investment bill

Authors Murphy

Analyst Deborah A. Dyson

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Overview

Article 1 contains the appropriations of general obligation bond proceeds and general fund money. Article 2 contains appropriation bonding authority. See the spreadsheet by Andrew Lee, House Fiscal Analyst.

Article 3 contains miscellaneous provisions related to capital investment, including new programs, statutory changes, and amendments to prior appropriations.

Article 1: Appropriations

Article 1 appropriates state general obligation bond proceeds and general fund money for capital projects, authorizes the sale of state general obligation bonds, and sets the maximum amount to be transferred from the general fund for payment of debt service.

Article 2: Appropriation Bonds

Section Description – Article 2: Appropriation Bonds

- 1 Electric vehicle infrastructure appropriation bonds.**
Authorizes \$2,000,000 (net) in state appropriation bonds for the commissioner of administration to design, install, and equip electrical infrastructure and electric vehicle charging stations on state-owned property.
- 2 Public television equipment appropriation bonds.**
Authorizes \$13,000,000 (net) in state appropriation bonds for the commissioner of administration for equipment grants to public stations under section 129D.15. Grants must be allocated two-sevenths to Twin Cities PBS, one-seventh to KSMQ public television in Austin, one-seventh to Pioneer public television in Granite Falls, one-seventh to Lakeland PBS in Bemidji, one-seventh to Prairie Public in Fargo/Moorhead, and one-seventh to WDSE public television in Duluth.

Section Description – Article 2: Appropriation Bonds

- 3 Response to releases appropriation bonds.**
Authorizes \$22,900,000 (net) in state appropriation bonds for the commissioner of the Pollution Control Agency for removal and remedial actions under section 115B.17 and further subject to the conditions in chapter 115B to address risks to human health and the environment at the following sites: the Esko Groundwater Contamination Superfund site; the city of Duluth Dump #1 Superfund site; the Perham Arsenic site; and the Precision Plating State Superfund site (in Minneapolis).
- 4 Authorization (MHFA housing infrastructure bonds).**
Adds to allowable uses of housing infrastructure bonds permanent housing that is affordable to households with incomes at or below 50 percent of the area median income. Requires the agency to give preference to projects affordable to households at or below 30 percent of area median income.
- 5 Additional authorization (MHFA housing infrastructure bonds).**
Authorizes \$214,000,000 in housing infrastructure bonds, of which \$14,000,000 is for emergency shelters.
- 6 Additional appropriation (MHFA housing infrastructure bonds).**
Provides for payment from the general fund for debt service on the housing infrastructure bonds, beginning in July 2022, through 2043.
- 7 Effective date.**
Day after enactment.

Article 3: Miscellaneous

Section Description – Article 3: Miscellaneous

- 1 Negotiated sales authority.**
Authorizes Minnesota Management and Budget to sell state bonds by a negotiated sales process. MMB was first given this as temporary authority in 2009. The authority was renewed a couple of times but expired June 30, 2018.
- 2 Duluth regional exchange.**
Technical correction.
- 3 Duluth regional exchange.**
Provides for the appropriation bonds authorized to remain available until December 31, 2027, notwithstanding the four-year limit under the cancellation statute.

Section Description – Article 3: Miscellaneous

- 4 Building efficiency revolving loan account.**
Modifies the productivity loan account to be a building efficiency revolving loan account, which is appropriated money from the general fund to the commissioner of administration for the account in article 1, section 13, subdivision 6. The purpose is to make loans to finance agency projects that will result in either energy savings or other operating costs reductions for a state agency.
- 5 Award and repayment of building efficiency loans.**
Provides that the committee making the loans are the commissioners of administration, management and budget, and pollution control. Agencies repay the loans within seven years.
- 6 Report (RFA).**
Requires the Rural Finance Authority to report quarterly on the estimates of when funding for the authority's bond-funded programs may be exhausted.
- 7 Environmental grant and loan programs.**
Establishes the sustainable communities and climate resiliency grant program for local governments to pay up to 75 percent of storm water infrastructure projects to mitigate flood risks and impacts of extreme weather events. A grant may not exceed \$4,000,000 per project. The appropriation for this program is in article 1, section 8, subdivision 3.
- 8 Greater Minnesota child care facility capital grant program.**
- Subd. 1. Purpose.** States the purpose of the new grant program is to enhance jobs, increase tax base, or create or expand economic development by providing the workforce child care facilities.
- Subd. 2. Creation of accounts.** Establishes two grant accounts, one in the general fund and one in the bond proceeds fund. Appropriates money in both accounts to the commissioner of employment and economic development to make grants and provides that the money appropriated is available for four years.
- Subd. 3. Eligible applicants.** (a) Provides that cities, counties, school district, or joint powers board comprised of two or more of these entities are eligible to apply for a grant from either account.
- (b) Provides that private child care providers may apply for a general fund grant.
- (c) Requires applicants to be located outside the seven-county metropolitan area.
- Subd. 4. Local government authority.** Gives eligible local governments authority to own and operate child care facilities. Permits local governments to enter into

Section Description – Article 3: Miscellaneous

lease or management agreements with licensed child care providers to operate in publicly owned facilities.

Subd. 5. Eligible project. Describes eligible projects and requires all projects to increase child care capacity in the community served by the provider, and to meet all state requirements for child care facilities or programs.

Subd. 6. Grants. (a) Provides that grants are for up to 50 percent of capital costs. Permits in-kind contributions, including those made before a grant is awarded to count towards nonstate match.

(b) Permits the commissioner to use regional organizations to distribute grants.

(c) Requires the commissioner to explain to legislators reasons if less than 50 percent of costs are granted.

Subd. 7. Application; criteria. Directs the commissioner to develop the forms and procedures for soliciting and reviewing applications. Lists minimum contents of an application.

Subd. 8. Maximum grant amount. \$500,000 per project; \$2 million in two years to an applicant for one or more projects in the same city or county.

Subd. 9. Cancellation of grant; return of money. Directs the commissioner to cancel a grant and to have the grantee return the money if the grantee is unable to proceed. The money goes back to the commissioner to make another grant. For grant money returned, the cancellation statute that applies to appropriations for capital projects begins to run in the year in which the grant money is returned.

9 - 14 Maximum effort school loan program.

Sections 9 to 14 modify the maximum effort school loan program to recognize that there are some loans that will never get repaid and converts them to grants.

In section 41, cancels the Nett Lake and Red Lake loans except for an amount equal to the amount the district would levy for the remainder of the loan period, resulting in a \$7,000 cost to the state's debt service fund in FY 2022-23 as loan repayments will decrease. Under current law, these districts get some debt service equalization aid that they end up repaying to the MESL fund. Because they will no longer be able to get debt service aid for these capital loans, the loan repayments will decrease, thus the transfer to the state's debt service fund decreases resulting in a general fund cost.

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Amends debt service equalization aid to exclude the additional maximum effort levy from aid eligibility, this results in \$18,000 of general fund savings in FY 2021 and \$40,000 of general fund savings in FY2022-2023.

Because the debt service equalization aid is a general fund savings if you subtract the cost due to the decreased loan repayments you get a net general fund impact for this proposal in FY2022-2023 of -\$33,000.

Limits future capital loans to the portion of the approved amount districts are expected to repay over the 50 year term of the loan with the remaining balance being a state grant.

15 Qualifications; accessibility grants (libraries).

Increases the maximum grant amount for library accessibility grants from \$200,000 to \$450,000.

16 - 20 Purpose (University of Minnesota – Clinical Research Facility financing).

Sections 16 to 20 allow the University of Minnesota to refinance its existing debt for the biomedical science research facilities. The provisions then allow the state general fund appropriation to the University of Minnesota that pays debt service on 75 percent of the university bonds issued for the biomedical science research facilities also to be used to pay debt service on university bonds issued for the Clinical Research Facility (CRF). Design, land acquisition, site preparation, and preconstruction services for the CRF project are estimated to cost \$27 million and the university's request for state general obligation bond funding for two-thirds of that (\$18 million) was not included in the governor's bonding recommendations for 2020. The annual appropriation remains \$13.930 million.

21 Transportation facilities capital program.

Subd. 1. Establishment; accounts. Creates the program to prioritize among eligible projects that support the mission of the Department of Transportation, extend the useful life of existing buildings, or renovate or construct needed facilities. Appropriations may be from trunk highway bond proceeds or other money put into the account established in the trunk highway fund. Appropriates money in the account to the commissioner of transportation for the program— which is only for trunk highway purposes.

Subd. 2. Standards. Directs the commissioner to review eligible projects following criteria in subdivision 4.

Subd. 3. Eligible expenditures. Provides that a project is eligible only if it is a capital building asset that is part of the state trunk highway system.

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Subd. 4. Criteria for priorities. States priorities.

22 Scope of application; state capital funding.

Extends the affirmative action plan and equal pay certificates of compliance requirements to a contract of any public entity using state general obligation bond proceeds for part or all of a capital project, including political subdivisions. The requirements apply to a capital project or discrete phase of a capital project that is appropriated bond proceeds on or after January 1, 2022.

Current state law requires certain businesses seeking to contract with the state to obtain a workforce certificate of compliance from the Minnesota Department of Human Rights before bidding on, responding to any requests for proposals, or executing any contracts or agreements for goods or services in excess of \$100,000.

23 Scope (equal pay, certificates of compliance).

Extends the equal pay certificate of compliance requirement to a contract of any public entity using state general obligation bond proceeds for part or all of a capital project, including political subdivisions. Applies to projects appropriated money on or after January 1, 2022.

Current state law requires certain state contractors to obtain equal pay certificates of compliance from the Minnesota Department of Human Rights before entering into a contract for goods or services valued at more than \$500,000.

24 Other uses of funds (PFA drinking water fund).

Allows additional uses of the drinking water revolving fund. Allows money in the fund to be used to provide principal forgiveness or grants for 50 percent of project costs, up to a maximum of \$250,000, for projects to replace the privately owned portion of drinking water lead service lines. Also strikes a reference in clause (8) to a rule being repealed; and modifies an existing allowable use in clause (10), to allow principal forgiveness or grants for 80 percent of project costs, up to a maximum of \$100,000, for projects to comply with national primary drinking water standards for an existing nonmunicipal community public water system. (Under current law the allowable use is principal forgiveness or grants for 50 percent of project costs, up to a maximum of \$10,000, for projects for an existing community or noncommunity public water system.)

25 LRT liability limits.

Current law provides liability limits for co-location of freight rail and the segment of an LRT line extension in which the project formally entered the engineering phase of the Federal Transit Administration's "New Starts" capital investment grant program

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- between August 1, 2016, and December 31, 2016. This provision changes to February 1, 2017.
- 26 **Systemwide campus redevelopment, reuse, or demolition.**
Permits Cass County to transfer to the Walker Hackensack Akeley school district for school purposes, and for no consideration, the campus of the former Ah Gwah Ching Regional Treatment Center, notwithstanding the 2008 law which requires redevelopment or reuse of the property consistent with the 2003 redevelopment plan.
- 27 **Richfield – 77th Street Underpass.**
Extends the availability of the 2015 appropriation to December 31, 2024.
- 28 **Northeast Regional Corrections Center.**
Extends the availability of the 2015 appropriation to December 31, 2024.
- 29 **Local road improvement fund grants.**
Allows the 2017 appropriation for Anoka County’s interchange project near Columbus to be used for another related part of the project and extends the availability of the money to December 31, 2024.
- 30 **Rail grade separation on crude oil rail corridors.**
Adds right-of-way acquisition to the 2017 appropriation for the Sturgeon Lake Road project in Red Wing and extends the availability of the money to December 31, 2024.
- 31 **Minneapolis Veterans Home truss bridge (2017 appropriation).**
Allows money not needed for the bridge to be used for asset preservation and extends its availability to December 31, 2024.
- 32 **Minnesota Museum of American Art.**
Strikes language relating to state historic tax credits and extends the availability of the 2017 appropriation to December 31, 2024.
- 33 **Glensheen renewal.**
Eliminates the match requirement for the project.
- 34 **2018 act.**
Technical correction to a total.
- 35 **2018 act.**
Technical correction to a total.

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- 36 **Minnesota Museum of American Art.**
Extends the availability of the 2018 appropriation to December 31, 2024.
- 37-39 **St. Paul – eastbound Kellogg bridge.**
Redirects the 2018 appropriation for demolition of the RiverCentre parking ramp to the eastbound Kellogg bridge project. Makes corresponding changes to the bond sale authorizations.
- 40 **Debt service equalization aid.**
Relates to the maximum effort school loan program changes.
- 41 **Red Lake and Net Lake capital loans.**
Reduces the loan balances as of stated dates and forgives the balances.
- 42 **Trunk Highway 252/Interstate Highway 94 project.**
Prohibits the commissioner of transportation from establishing high-occupancy vehicle lanes as part of the Highway 252/94 project unless the project includes facilities for highway bus rapid transit.
- 43 **Repealer.**
Repeals provisions related to the changes in the maximum effort school loan program.

Repeals Minnesota Rules, part 7380.0280, which requires the PFA to provide supplemental assistance by reducing a loan principal of a public water supply system if the project meets disadvantaged community criteria in rule.
- 44 **Appropriations given effect once.**
- 45 **Effective date.**
Day following final enactment.

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