

S.F. No. 4 – Omnibus Bonding Bill – as Amended by the A-3 Delete-Everything Amendment

Author: Senator David H. Senjem

Prepared by: Stephanie James, Senate Counsel (651/296-0103)

Date: June 15, 2020

-
- **Article 1: Appropriations – Appropriations from the Proceeds of the Sale of General Obligation and Trunk Highway Bonds**
 - **Article 2: Miscellaneous**

Article 1 - Appropriations

Section 1 [Capital Improvement Appropriations] specifies terms and conditions for appropriations in the bill. Appropriations are from the bond proceeds fund, unless otherwise specified. Appropriations of bond proceeds must be spent as permitted under certain provisions of the Constitution that permit the state to incur public debt. Unless otherwise specified, the money in the act can be used for certain agency staff costs and is available until a project is completed or abandoned or canceled, subject to a statutory cancellation procedure after four years. Money appropriated in this bill must not be used for asset preservation if the work can be done in a reasonable time using existing energy improvement financing programs. The commissioner of management and budget is authorized to make the appropriations in this act available when amounts sufficient to complete the project are committed to the project.

Sections 2 through 23 appropriate money for state and local government projects as listed on the spreadsheet prepared by Casey Muhm, Fiscal Analyst, with Senate Counsel, Research, and Fiscal Analysis.

Section 24 [Bond Sale Expenses] appropriates money to pay the expenses of the sale of bonds authorized in section 27.

Section 25 [Bond Sale Authorization] authorizes the sale of bonds.

Subdivision 1 [Bond proceeds fund] authorizes the sale of general obligation bonds in an amount up to a specified amount to provide money appropriated from the bond proceeds fund.

Subdivision 2 [Transportation fund] authorizes the sale of general obligation bonds in an amount up to a specified maximum to provide money appropriated from the state transportation fund.

Subdivision 3 [Trunk highway fund] authorizes the sale of trunk highway bonds in an amount up to a specified maximum to provide money appropriated from the bond proceeds account in the trunk highway fund.

Section 26 [Bond Sale Schedule] sets the cap on the amount to be transferred from the general fund to pay principal and interest on outstanding bonds and bonds scheduled to be sold during the biennium. Requires the commissioner of management and budget to adjust the amount of bonds scheduled to be sold so that the debt service does not exceed the cap. Annually appropriates the necessary debt service to the commissioner from the general fund, as required by statute.

Section 27 [Cancellations; Bond Sale Authorization Reductions] cancels unencumbered appropriations that appeared on the cancellation report of January 2020. This section also cancels the unexpended and unencumbered portion of an appropriation in the 2018 bonding bill for demolition of the RiverCentre parking ramp in St. Paul.

Section 28 [Appropriations to be Given Effect Once] specifies that if an appropriation is enacted more than once for the same purpose in the 2020 legislative session, the appropriation must only take effect once, for the lowest amount.

Section 29 [Effective Date] sets the day after enactment as the effective date of Article 1.

Article 2 – Miscellaneous

Section 1 [Development of Guidelines; Applicability] allows the commissioner of administration to waive the application of sustainable building design guidelines for the construction or major renovation of state-owned buildings where the costs of compliance exceeds five percent of total construction costs.

Sections 2 through 6 amend a funding arrangement, enacted in 2008, that obligated the state to pay 75 percent of the debt service on bonds sold by the University of Minnesota to finance the construction of a Biomedical Science Research Facility. These sections obligate the state to pay 100 percent of the debt service on new bonds issued by the University of Minnesota, as part of refinancing the original bonds, to finance preconstruction activities for a clinical research facility. Under the 2008 law, the state's payments were capped at \$15,550,000 and extended up to 25 years following certification of the last project in the facility. The state's payments on the refunding bonds is capped at \$13,930,000 and extends through fiscal year 2039.

Section 2 [Purpose] amends a description of purpose for the financing arrangement to include providing funding for design, land acquisition, site preparation, and preconstruction services for a new clinical research facility at the University of Minnesota Twin Cities campus.

Section 3 [Biomedical Science Research Facility] designates that the clinical research facility is part of the biomedical science research facility.

Section 4 [Clinical Research Facility] defines “clinical research facility.”

Section 5 [Biomedical Science Research Facilities Funding Program] requires the state to pay 100 percent of the project costs for the design, land acquisition, site preparation, and preconstruction services for the clinical research facility.

Section 6 [Conditions for Payments to University]

Subdivision 1 [Certifications] specifies that the state’s annual payment to the University under the funding arrangement may be used for the debt service on bonds issued to finance 100 percent of the project costs for the clinical research facility.

Subdivision 2 [Payments] is a technical change.

Subdivision 3 [Appropriations] appropriates up to \$13,930,000 from the general fund, from fiscal year 2021 through fiscal year 2039, to the University of Minnesota. Terminates annual appropriations from the general fund after fiscal year 2020, that are capped at \$15,500,000 and had been appropriated for up to 25 years following certification of the last project in the biomedical research facility project.

Subdivision 4 [Report to the legislature] is not changed.

Subdivision 5 [Reinvestment] is not changed.

Subdivision 6 [Services to individuals and firms] is not changed.

Subdivision 7 [Refunding bonds; allocation of savings realized] authorizes the University to issue new bonds to refund the bonds issued before January 1, 2019, if refunding is determined by the University to be in the best interest of the University. The amount of refunding bonds to be issued is limited to the amount necessary to defease the associated bonds outstanding at the time of refunding. The state’s annual payment to the University is the maximum appropriation specified in subdivision 3 and can be applied to debt service on the refunding bonds or the original bonds, or a combination of the two. The amount of appropriation under subdivision 3 that is not needed to pay annual debt service is appropriated to the University to pay debt service on bonds issued by the University for the costs of design, land acquisition, site preparation, and preconstruction services of the clinical research facility. In any year that the appropriation is more than needed to pay debt service on the bonds issued for the biomedical research facility or the costs for design, land acquisition, site preparation, and preconstruction of the clinical research facility, the excess amount is cancelled to the general fund.

Section 7 [Township Road Improvement Grant Program] establishes a grant program for township road projects.

Subdivision 1 [Township and improvement accounts] establishes accounts in the general fund and the bond proceeds fund consisting of money transferred into the accounts by law.

This section appropriates money in the account to the commissioner of transportation for grants under this section. Grants of bond proceeds may only be used in a manner consistent with constitutional constraints.

Subdivision 2 [Advisory committee] requires the commissioner to establish an advisory committee to provide recommendations to the commissioner of transportation regarding expenditures from the accounts. Specifies membership of the advisory committee.

Subdivision 3 [Grant procedure and criteria] requires the commissioner of transportation, after consulting with the Minnesota Association of Townships and the appropriate state agency, to establish procedures for towns to apply for grants or loans from the accounts and criteria to be used to select projects for funding. The criteria must be based on consideration of listed items.

Subdivision 4 [Administrative costs] makes 0.25 percent of the amount in the accounts, excluding proceeds from the sale of state bonds, available to be used for administrative costs.

Sections 8 through 18 amend riders from appropriations in earlier bonding bills.

Section 8 [Central Minnesota Regional Parks] changes the purposes of a grant to the city of Sartell from 2014, that was amended in 2017, for park improvements and extends the availability of the appropriation.

Section 9 [Local Road Improvement Fund Grants] amends an appropriation from 2017, that was amended in 2018, for a grant to Anoka County to add a road on which the grant may be used.

Section 10 [Rail Grade Separation on Crude Oil Rail Corridors] amends a 2017 appropriation to allow a grant to Red Wing to be used for right-of-way acquisition and to extend the availability of the appropriation for the project.

Section 11 [Minneapolis Veterans Home] amends an appropriation from 2017 for renovation of the Minneapolis Veterans Home truss bridge to permit unused amounts, after substantial completion of the bridge renovation, to be used for asset preservation at veterans facilities.

Section 12 [St. Paul – Minnesota Museum of American Art] eliminates a designation of certain money as nonstate funds and extends the availability of an appropriation from 2017, to December 31, 2024.

Section 13 [Hennepin County – Railroad Crossing Safety] modifies some of the identified railroad crossings that can be improved with a 2018 appropriation to Hennepin County. Allows unspent portions of the appropriation to be used on other listed Hennepin County rail crossing projects.

Section 14 [Pipestone County – Dental Facility] exempts the Pipestone Dental Facility project from sustainability design guidelines.

Section 15 [St. Paul – Minnesota Museum of American Art] extends the availability of an appropriation in 2018 for the Minnesota Museum of American Art.

Section 16 [Wabasha -National Eagle Center and Wabasha Rivertown Resurgence] extends the availability of an appropriation from 2018 for the National Eagle Center project to June 30, 2024.

Section 17 [State Roads] amends the biennial transportation budget (Laws 2019, First Special Session, Chapter 3), increasing the appropriation for highway debt service from the trunk highway fund in fiscal year 2021.

Section 18 [Agency Management] amends the biennial transportation budget (Laws 2019, First Special Session, Chapter 3), reducing the fiscal year 2021 appropriations to the Department of Transportation for agency services and buildings.

Section 19 [Transportation Project Selection Process] requires the commissioner of transportation to adopt policies regarding transportation project selection.

Subdivision 1 [Adoption of policy] requires the commissioner of transportation to develop, adopt and implement a policy for programs and process the commissioner uses to evaluate, prioritize, or select capital projects, award grants for capital projects; or allocate funding or resources for capital projects. The commissioner must consult with specified entities in developing these policies and must implement the policies by November 1, 2021. The commissioner must publish the policy in specified ways. This section specifies requirements for each selection process

Subdivision 2 [Report to legislature] requires the commissioner to report to the legislature concerning the adopted policy and anticipated improvements resulting from the policy. The report must include public input.