H.F. No. 1 - Omnibus Public Finance, Capital Investment, Tax and Supplemental Appropriations Bill

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This bill contains capital investment, tax and supplemental budget provisions in the following articles:

- **Article 1: General Obligation Bonds** – authorizes the sale of general obligation bonds and appropriates the proceeds
- **Article 2: Trunk Highway Bonds** – authorizes the sale of trunk highway bonds and appropriates the proceeds
- **Article 3: Equity Appropriations** – appropriates general fund money for specified capital purposes
- **Article 4: Appropriation Bonds** – authorizes the sale of appropriation bonds and appropriates the proceeds
- **Article 5: Miscellaneous**
- **Article 6: General Fund Spending Offsets**
- **Article 7: Individual Income and Corporate Franchise Taxes**
- **Article 8: Miscellaneous Taxes**
- **Article 9: Supplemental State Government Appropriations**
- **Article 10: Direct Support Professionals**
The spreadsheet detailing the spending provisions in this bill can be found at:

Article 1 – General Obligation Bonds

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 24 appropriate proceeds of general obligation bonds and money from the general fund 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 25 [Bond Sale Expenses] appropriates money to pay the expenses of the sale of bonds authorized in section 26.

Section 26 [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.

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

Article 2 – Trunk Highway Bonds
Section 1 [Bond appropriations] specifies that appropriations in this article are from the bond proceeds account in the trunk highway fund. Requires that the appropriations in this article be spent for purposes authorized in the Constitution. Permits money appropriated in this article to be used to pay certain state agency staff costs.

Section 2 [Department of Transportation] appropriates proceeds from the sale of trunk highway bonds to the commissioner of transportation for specified purposes.

Section 3 [Bond Sale Expenses] appropriates money to the commissioner of management and budget for the expenses related to the sale of bonds authorized in this article.

Section 4 [Bond Sale Authorization] authorizes the commissioner of management and budget to sell and issue up to $300,300,000 in trunk highway bonds.

Section 5 [Effective Date] sets the day after enactment as the effective date of Article 2.

Article 3 – Equity Appropriations

Section 1 [Capital Improvement Appropriations] specifies that appropriations in this article are from the general fund in fiscal year 2021. These appropriations are one-time and are available for a little over four years, like appropriations of bond proceeds for capital projects.

Sections 2-5 appropriate money from the general fund for specified purposes.

Section 6 [Effective Date] makes article 3 effective the day after enactment.

Article 4 – Appropriation Bonds

Section 1 [Electric Vehicle Infrastructure Appropriation Bonds] appropriates $2,000,000 in appropriation bond proceeds to the commissioner of administration for electric vehicle infrastructure on state-owned property.

Section 2 [Public Television Equipment Appropriation Bonds] authorizes the sale of $15,000,000 in appropriation bonds and appropriates the proceeds to the commissioner of administration for equipment grants to public television stations for capital equipment for the ongoing operation of public television stations.

Section 3 [Response to Releases Appropriation Bonds] authorizes the sale of $30,400,000 in appropriation bonds to finance the cost of removal and remedial actions to address risks to human health and the environment at contaminated sites, including the Duluth Dump #1 Superfund site; Esko Groundwater Contamination site; the Perham Arsenic site; and the Precision Plating State Superfund site in Minneapolis.

Section 4 [Definition] adds construction and rehabilitation of single-family homes to the list of allowed uses of proceeds from the sale of housing infrastructure bonds.

Section 5 [Authorization] authorizes the use of proceeds from housing infrastructure bonds to finance acquisition, rehabilitation, adaptive reuse and new construction of single-family housing.
Section 6 [Additional Authorization] authorizes the Minnesota Housing Finance Authority to sell $100,000,000 in housing infrastructure bonds.

Section 7 [Additional Appropriation] appropriates from the general fund the amount necessary to pay debt service on the housing infrastructure bonds authorized in section 6, each year from 2022 to 2043. Makes a necessary transfer of funds.

Section 8 [Effective Date] makes Article 4 effective the day after enactment.

Article 5 – Miscellaneous

Section 1 [Negotiated Sales Authority] authorizes the commissioner of management and budget to sell bonds at negotiated sale.

Section 2 [Appropriation Bond Authorization] extends the availability to December 31, 2027, of the appropriation from 2019 for Duluth economic development appropriation bond proceeds.

Section 3 [Report] requires the Rural Finance Authority to submit quarterly reports to the governor and legislature that estimate when funding for the Authority’s state bond-financed loan programs is projected to be exhausted.

Section 4 [Greater Minnesota Child Care Facility Capital Grant Program] establishes a grant program to provide facilities for child care to support workers and their families.

Sections 5-10 and 37, paragraphs (a) and (b) modify statutes to reflect the common practice of forgiving maximum effort school loans. These statutory changes allow school districts to obtain a grant for the amount of loaned money that the state typically has forgiven in past practice.

Section 11 [Qualification; Accessibility Grants] raises the cap on grants under the library accessibility grant program from $200,000 to $300,000.

Sections 12 through 16 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 12 [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 13 [Biomedical Science Research Facility] designates that the clinical research facility is part of the biomedical science research facility.

Section 14 [Clinical Research Facility] defines “clinical research facility.”

Section 15 [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 16 [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 17 [Promoting Construction and Renovation of Public Skate Parks Throughout the State] establishes a grant program for funding public skate parks.
Section 18 [Scope of Application; State Capital Funding] and Section 19 [Scope] require those who contract with political subdivisions or the state for capital projects of a certain size that are funded with state money, to obtain equal pay certificates and provide affirmative action plans. More specifically, Section 18 requires affirmative action plans for contracts with state agencies that exceed $100,000 and contracts with political subdivisions in excess of $250,000. Section 19 requires an equal pay certificate for contracts with state agencies that exceed $500,000 and contracts with political subdivisions in excess of $1,000,000.

Sections 20 through 35 amend riders from appropriations in earlier omnibus bonding bills.

Section 20 [Systemwide Campus Redevelopment, Reuse, or Demolition] amends a 2008 appropriation (that had been amended in 2011 and 2012) to allow Cass County to convey for no consideration a portion of the campus of the former Ah Gwah Ching Regional Treatment center to a school district in Akeley for school purposes.

Section 21 [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 22 [Richfield – 77th Street Underpass] extends the availability of an appropriation from 2015 for the Richfield 77th Street underpass project.

Section 23 [Corrections] extends the availability of an appropriation from 2015 for a food processing facility at the Northeast Regional Corrections Center.

Section 24 [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 25 [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 26 [Minneapolis Veterans Home Truss Bridge Project] 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 and security and safety upgrades at veterans facilities.

Section 27 [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 28 [Glensheen Renewal] amends the project description in an appropriation from 2018 for updates at the Glensheen Mansion and waives the nonstate match.

Section 29 [Total Appropriation] amends a section total in the 2018 bonding bill.

Section 30 [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 31 [Total Appropriation] amends a section total in the 2018 bonding bill.

Section 32 [Pipestone County – Dental Facility] exempts the Pipestone Dental Facility project from sustainability design guidelines.


Section 34 [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 35 [Anoka County; Ramsey Boulevard] modifies the 2018 project description for the Anoka County Highway 56 project.

Section 36 [Debt Service Equalization Aid] increases the debt service equalization aid for school districts from the 2019 education omnibus bill, and increases the 2021 portion of the 2021 appropriation.

Section 37 [Red Lake and Nett Lake Capital Loans] forgives a certain amount of maximum school effort loans to independent school districts in Red Lake and in Nett Lake.

Section 38 [Lake Vermilion-Soudan Underground Mine State Park; Secondary Unit Designation] requires the commissioner of natural resources to manage certain areas of the Lake Vermilion-Soudan Underground Mine State Park in specified ways. A portion of the park is required to allow off-highway vehicles on designated routes.

Section 39 [Recommendations for Modifying Sustainable Building Requirements for Small Projects] requires the commissioner of administration to provide recommendations to the legislature to revise the sustainable building guidelines, the implementation and enforcement of those guidelines and to simply the approval and exemption process and reduce compliance costs for small scale projects.

Section 40 [Repealer] paragraphs (a) and (b) repeal the debt service loan program and related account. These loans were for school districts whose debt service exceeded its maximum effort debt service levy by 10 percent of by $5,000, whichever is less. Paragraph (c) repeals a reporting requirement for jobs created by state funded construction projects.

Section 41 [Effective Date] sets the effective date as the day after enactment for this article.

Article 6 – General Fund Spending Offsets

Section 1 [Premium Security Account Transfer] requires the commissioner of MMB to transfer $105,000,000 to the general fund in fiscal year 2021 from the premium security account (reinsurance fund) on a onetime basis.
Section 2 [General Obligation Bond Refinancing Savings] reduces estimated debt service in FY 2021 by $41.7 million to reflect the reduced state general obligation debt service expenses due to the August 2020 general obligation debt sale. This section also reduces debt service in FY 2022-23 by $5.8 million.

Article 7 – Individual Income and Corporate Franchise Taxes

Sections 1 and 2 [Section 179 Expensing] remove the 80 percent addback requirement for section 179 expensing so that, beginning in tax year 2020, individual and corporate filers may expense the full amount allowed at the federal level ($1 million, with $2.5 million phase out limit) in the year the property is placed in service. For “qualifying depreciable property,” the full section 179 limit applies retroactively to 2018. Qualifying depreciable property is personal property for which depreciation is allowed under the Internal Revenue Code that qualified for pre-TCJA like-kind exchange treatment (the TCJA limited like-kind exchanges to real property). Effective retroactively to tax year 2018 for qualifying depreciable property; effective beginning in tax year 2020 for all other property.

Section 3 [Section 179 Expensing; Subtractions] disallows the section 179 subtraction for qualifying depreciable property (defined in earlier sections), given the retroactive application to tax year 2018 of full section 179 conformity for qualifying depreciable property. This prevents a subtraction of more than 100 percent from being claimed on 2018 and 2019 returns for qualifying depreciable property. Effective the day following final enactment for property placed in service beginning in tax year 2018.

Follow this link for a fiscal summary of the tax provisions in Articles 7 and 8.

Article 8 – Miscellaneous Taxes

Section 1 [Taxes to be First Paid] allows a county auditor to waive the current law requirement that all property taxes on a parcel be paid prior to the removal of any structures, minerals, timber, etc., if the county auditor determines that the removal is in the public interest, including the health, safety, and well-being of the surrounding area, and that removal will not impair the collection of property taxes. Effective the day following final enactment.

Section 2 [Class 4] modifies class 4(b)1 property tax classification by adding short-term rental properties containing less than four units that were rented for more than 14 days in the preceding year. Properties classified under this new classification have a class rate of 1.25 percent, are not subject to the state general levy, but are subject to referendum market value. Effective beginning with assessment year 2021.

Section 3 [Homestead of a Veteran With a Disability or Family Caregiver] allows the spouse of a deceased veteran to transfer the disabled veterans’ homestead market value exclusion to a new property provided that the new property has a market value less than or equal to the value of the original property. A spouse is limited to one transfer under this section. Effective beginning with property taxes payable in 2021.

Section 4 [School Building Efficiencies; Duluth School District] requires the Duluth school district to develop a plan to sell the Historic Old Central High School. The plan must document current operating costs and expected maintenance costs for the facility and describe alternatives
for programs and staff currently located in the facility. Requires the plan to document potential building projects for the district. Requires the district to hold a public hearing on the plan and submit the plan to the commissioner of education for review and comment. Authorizes the school district to issue up to $31.5 million in general obligation bonds without voter approval to finance the school facility plan approved by the commissioner. Requires the commissioner to ensure that the district’s long-term facilities maintenance budget reflects the savings identified in the plan. Requires a report to the commissioner and the legislature. Effective the day following final enactment.

Section 5 [State High School League; Funding Flexibility] shows the Minnesota State High School League (MSHSL) currently has a sales tax exemption for all admissions to regional and state tournaments and events provided an amount equal to the foregone revenues is transferred to a nonprofit for use in supporting extracurricular activities and scholarships. This provision allows the MSHSL to not transfer up to $500,000 of the revenue over a two-year period, provided that the retained revenue is not used for MSHSL operations. Effective the day after final enactment and applies retroactively to sales tax savings in the 2019–2020 and 2020-2021 school years.

Follow this link for a fiscal summary of the tax provisions in Articles 7 and 8.

Article 9 – Supplemental State Government Appropriations

Sections 1 to 3 make changes to the law on sexual assault examination kits.

Section 1 [Submission and Storage of Sexual Assault Examination Kits] requires labs that receive unrestricted sexual assault examination kits to return the kit after testing to the law enforcement agency (LEA) that submitted it and LEAs to store the kit indefinitely. Strikes language that currently allows LEAs to not submit certain kits if the test would not add evidentiary value. Requires that restricted kits be submitted to the Bureau of Criminal Apprehension (BCA) and the BCA to retain these kits for at least 30 months.

Section 2 [Uniform Consent Form] requires the BCA to develop, distribute and make available via the internet a uniform sexual assault examination kit consent form.

Section 3 [Web Database Requirement] requires the commissioner of public safety to maintain a website that allows sexual assault victims to learn about the status of their examination kit.

Section 4 [Appropriations; Direct Care and Treatment] is a one-time appropriation of approximately $16 million to the commissioner of human services for operating expenses during fiscal years 2021 and 2022 related to the various direct care and treatment services provided by the department of human services. The commissioner is authorized to distribute the appropriated funds among the direct care and treatment services.

Section 5 [Appropriations; Department of Public Safety]

Subdivision 1 specifies that the appropriations in this section are made to the commissioner of public safety.
Subdivision 2 makes an appropriation of $7.2 million in FY 2021 from the trunk highway fund for staff and operating costs of the state patrol, of which $5.7 million is added to the base appropriation for state patrol in FY 2022 and FY 2023.

Subdivision 3 makes an appropriation of $648,000 in FY 2021 from the trunk highway fund for staff and operating costs of commercial vehicle enforcement in the state patrol. This amount is added to the base appropriation for commercial vehicle enforcement in FY 2022 and 2023.

Subdivision 4 makes a onetime appropriation of $5.1 million in FY 2021 from the trunk highway fund for state patrol costs incurred by the agency related to the civil unrest in Minneapolis and St. Paul.

Subdivision 5 makes an appropriation of $1.3 million in FY 2021 from the general fund for capitol security staff and operating costs. This amount is added to the base appropriation for capitol security in FY 2022 and FY 2023.

Subdivision 6 makes a onetime appropriation of $3.6 million in FY 2021 from the general fund for capitol security costs incurred by the agency related to the civil unrest in Minneapolis and St. Paul.

Subdivision 7 makes onetime appropriations in FY 2021 from the general fund, trunk highway fund, and highway user tax distribution fund for the state patrol salary increases in Section 6.

Section 6 [State Patrol Trooper Salary Increase] directs the commissioner of public safety to increase state trooper salaries by 8.4 percent, effective the day after final enactment.

Section 7 [Appropriation; Department of Corrections] appropriates $7.5 million from the general fund to the commissioner of corrections for overtime and staffing. This is a one-time appropriation. Clarifies that this amount is for the challenge incarceration programs at Togo and Willow River.

Section 8 [Appropriation; Department of Public Safety; Bureau of Criminal Apprehension] appropriates $4.482 million from the general fund to the commissioner of public safety for the testing and storage of sexual assault examination kits, and Bureau of Criminal Apprehension forensic laboratory costs. Of this amount, $3.096 million is for sexual assault examination kits and $1.386 million is for forensic laboratory costs.

Section 9 [Appropriation; Natural Resources Civil Unrest Costs] appropriates $2.112 million in fiscal year 2021 to the commissioner of natural resources to reimburse the department for costs incurred by the agency in connection with the response to civil unrest in the Minneapolis-St. Paul area. This is a onetime appropriation.

Section 10 [Appropriation; Department of Transportation] makes a onetime appropriation of $865,000 in FY 2021 from the trunk highway fund to the commissioner of transportation for costs incurred by the agency related to the civil unrest in Minneapolis and St. Paul. This appropriation is effective the day following final enactment.
Section 11 [Appropriation Changes; Medical Assistance] reduces the total medical assistance appropriation for fiscal year 2021 by approximately $59.5 million to reflect the 6.2% increase in federal matching money for medical assistance during the 2nd quarter of fiscal year 2021. This section also increases the total medical assistance planning estimate for fiscal year 2022 by $34.5 million to account for medical assistance services provided during the period of the enhanced federal match that are not paid for until fiscal year 2022 due to statutory payment delays and claims submission and processing policies.

Section 12 [COVID-19 Appropriation; Funding Source] requires the commissioner of management and budget to change the source of previously appropriated general fund expenditures to the coronavirus relief fund. The general fund appropriations changed to the coronavirus relief fund will equal the sum of local government coronavirus relief fund allocations and $10 million.

Section 13 [Fund Maximization] authorizes the commissioner of management and budget to maximize the use of the federal CARES Act funding by using unobligated funds to replace state COVID-19 appropriations enacted during the 2020 regular legislative session.

Article 10 – Direct Support Professionals

Sections 1 and 2 (256B.0659, subdivision 11 and section 256B.85, subdivision 16) increase from 275 to 310 the total number of hours a personal care assistant may provide personal care assistance or a direct support worker may provide community-first services and supports.

Section 3 [Temporary Personal Care Assistance Compensation For Services Provided By a Parent or Spouse] provides until February 7, 2021, a temporary exception to the prohibition against the commissioner using medical assistance to compensate (1) parents, stepparents or legal guardians for providing personal care assistance to their minor children, and (2) spouses for providing personal care assistance to their spouses.

Section 4 [Direct Support Professionals Temporary Rate Increase] provides until February 7, 2021, a temporary rate increase of 8.4% for certain services provided by direct support professionals, including personal care attendants, under the personal care assistance program, the alternative care program, the elderly waiver, and the disability waivers. This section also requires providers receiving the rate increase to use at least 80% of the additional revenue to compensate direct support professionals and any remaining additional revenue resulting from the rate increase for costs associated with providing personal protective equipment and other activities related to infection control.

Section 5 [Appropriation; Home and Community-Based Direct Support Professionals] appropriates approximately $13 million on-going for both the permanent increase in permitted hours of service under the PCA and CFSS programs and the temporary rate increase for services provided by direct support professionals. This section also appropriates $12,000 for information technology systems at the Department of Human Services.