

## H.F. No. 2269 – Governor’s 2021 Omnibus Capital Investment Bill

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### Article 1 – Appropriations

**Section 1 [Capital Improvement Appropriations]** specify that amounts appropriated in article 1 are from the bond proceeds fund, unless another fund is named, and are for public purposes. Requires that bond proceeds be spent in accord with constitutional requirements. Money appropriated in this act may be used to pay state agency staff costs attributed to the capital program or project in accord with accounting policies adopted by the commissioner of management and budget. Money appropriated in this act is available until the project is completed or abandoned, with unencumbered amounts to be reported on a cancellation report in January 2023 and to be cancelled in July 2023. 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 12** appropriate money for projects and programs as listed on the spreadsheet prepared by Casey Muhm, Fiscal Analyst, with Senate Counsel, Research, and Fiscal Analysis.

**Section 13 [Bond Sale Expenses]** appropriates money to pay the expenses for the sale of bonds authorized in section 14.

**Section 14 [Bond Sale Authorization]** authorizes the sale of general obligation bonds to provide money appropriated in this act from the bond proceeds fund.

**Section 15 [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 on the outstanding state obligation does not exceed a specified amount. This section appropriates from the general fund the amount needed to make debt service payments, as required by statute.

**Section 16 [Effective Date]** makes this article effective the day after enactment.

## **Article 2 – Appropriation and Housing Infrastructure Bonds**

**Section 1 [Purpose]** specifies that the appropriation bonds authorized in section 2 are for redevelopment of areas of Minneapolis and St. Paul damaged in May and June of 2020 by civil unrest.

**Section 2 [Redevelopment Appropriation Bonds]** authorize the state to issue appropriation bonds in an amount up to \$150,000,000 for redevelopment of areas of Minneapolis and St. Paul damaged in May and June of 2020 by civil unrest. Of this amount, \$100,000,000 is for a grant to the city of Minneapolis, and \$50,000,000 is for a grant to the St. Paul Housing and Redevelopment Authority.

**Subdivision 1 [Definitions]** defines terms for purposes of this section, including “appropriation bond” or “bond,” “city,” “debt service,” “eligible area,” and “redevelopment.”

“Eligible area” means an area in Minneapolis or St. Paul adversely affected by civil unrest during the events leading up to and surrounding the peacetime emergency declared in Emergency Executive Order 20-64.

“Redevelopment” may include acquisition of real property; site preparation; predesign; design; engineering; repair; or renovation of facilities damaged during the civil unrest and construction of buildings, infrastructure, and related site amenities; landscaping; street-scaping; land-banking for future development or redevelopment; or financing these activities taken on by a private party under an agreement with the city. Redevelopment does not include project costs eligible for compensation or assistance available through insurance policies or from other organizations or government agencies.

**Subd. 2 [Authorization to issue appropriation bonds]** authorizes the commissioner of management and budget to issue up to \$150,000,000, net costs of issuance, in appropriation bonds for the purposes of capitalizing an account in the city of Minneapolis’ commercial property development fund and an account in the St. Paul Housing and Redevelopment Authority’s fund to pay for redevelopment in eligible areas, and to pay debt service or make other payments under agreements entered into by the commissioner of management and budget relating to the appropriation bonds. Specifies certain technical terms for the issuance of the bonds. Makes the appropriation bonds exempt from the chapter of statutes governing state procurement.

**Subd. 3 [Form; procedure]** specifies additional technical terms for the sale of the bonds.

**Subd. 4 [Refunding bonds]** authorizes the commissioner of management and budget to issue appropriation bonds to refund the appropriation bonds authorized in subdivision 2, and specifies the allowed uses of the proceeds from the sale of refunding bonds.

**Subd. 5 [Appropriation bonds as legal investments]** authorizes specified entities to invest in appropriation bonds authorized in this section.

**Subd. 6 [No full faith and credit; state not required to make appropriations]** declares that the appropriation bonds are not public debt of the state and that the full faith, credit and taxing powers of the state are not pledged to the payment of the appropriation bonds or to other payments the state agrees to make under this section. Specifies that the bonds are not obligations to be paid from a tax of statewide application, but rather from amounts appropriated by the legislature for debt service. The bonds cancel on the earlier of (1) the first day of a fiscal year for which the legislature has not appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the bonds.

**Subd. 7 [Appropriation of bonds]** appropriates the proceeds from the sale of appropriation bonds to the commissioner of employment and economic development for a grant of \$100,000,000 to the city of Minneapolis and a grant of \$50,000,000 to the St. Paul Housing and Redevelopment Authority, and to the commissioner of management and budget for debt service on the bonds.

**Subd. 8 [Appropriation for debt service and other purposes]** appropriates annually to the commissioner of management and budget the amount needed to pay principal and interest on the bonds. This appropriation is available beginning in fiscal year 2022 and remains available through fiscal year 2043.

**Subd. 9 [Waiver of immunity]** waives immunity from civil action for a controversy involving the appropriation bonds or an ancillary contract.

**Subd. 10 [Grant requirements]** sets requirements for Minneapolis and the St. Paul Housing and Redevelopment Authority on the use of grant money, including segregating the grant money in a segregated account; requiring the city to deposit repaid money to the segregated account; requiring Minneapolis and St. Paul Housing and Redevelopment Authority to solicit community input on funding needs; and to report biannually to the commissioner of employment and economic development on the use of grant money.

**Subd. 11 [Audit]** requires the commissioner of employment and economic development to review the cities' reports of expenditures.

**Subd. 12 [Prevailing wage requirement]** requires that laborers and mechanics on projects funded with these grants be paid prevailing wage rates. Projects are subject to requirements for record-keeping related to wages and to a requirement to pay wages comparable to wages paid for similar work in the community as a whole.

**Section 3 [Authorization]** adds to the list of allowed uses for the proceeds of housing infrastructure appropriation bonds sold by the Minnesota Housing Finance Agency (MHFA). The newly allowed use is to finance the costs of acquisition, rehabilitation, adaptive reused, or new construction of multifamily rental housing for households with incomes at or below 50 percent of the area median income. The MHFA must give priority to projects that serve households at the lowest incomes.

**Section 4 [Additional authorization]** authorizes the Minnesota Housing Finance Agency to issue up to \$100,000,000 in housing infrastructure appropriation bonds.

**Section 5 [Additional appropriation]** annually appropriates money for the payment of debt service on the housing infrastructure bonds authorized in section 4.

**Section 6 [Effective date]** makes this article effective the day after enactment.

### **Article 3 – Miscellaneous**

**Sections 1 through 4** amend riders for appropriations enacted in earlier bonding bills.

**Section 5 [State Parking Account]** excuses for fiscal year 2022 an annual transfer from the state parking account to the state bond fund to make payments on bonds authorized in 2013 to fund construction of parking facilities on the Capitol complex. Money in the state parking account is from user fees.

**Section 6 [Effective date]** makes this article effective the day after enactment.