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HOUSE FILE NO. 886

FIRST COMMITTEE ENGROSSMENT

February 12, 2007

Authored by Hausman, Tingelstad, Berns, Carlson, Solberg and others
The bill was read for the first time and referred to the Committee on Finance

Referred by Chair to Capital Investment Finance Division.

March 21, 2007

Returned to the Committee on Finance as Amended.

A bill for an act

relating to capital improvements; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; authorizing the sale of state bonds; modifying certain programs; appropriating money; amending Minnesota Statutes 2006, sections 16A.695, subdivisions 2, 3, by adding subdivisions; 16A.86, subdivision 3; 116R.01, subdivision 6; 116R.02, subdivisions 1, 2, 4, 5; 116R.03; 116R.05, subdivision 2; 116R.11, subdivision 1; 116R.12, by adding a subdivision; 272.01, subdivision 2; 290.06, subdivision 24; 297A.71, subdivision 10; 360.013, subdivision 39; 360.032, subdivision 1; 360.038, subdivision 4; Laws 2005, chapter 20, article 1, sections 7, subdivision 21; 20, subdivision 3; 23, subdivisions 8, 16; Laws 2006, chapter 258, sections 4, subdivision 4; 7, subdivision 11; 21, subdivisions 6, 15; repealing Minnesota Statutes 2006, sections 116R.02, subdivisions 3, 6, 7, 9; 116R.16.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column marked "appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the bond proceeds fund to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of the capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j). Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

SUMMARY

| | | |
|--|----|-------------------|
| <u>University of Minnesota</u> | \$ | <u>36,400,000</u> |
| <u>Minnesota State Colleges and Universities</u> | | <u>34,520,000</u> |
| <u>Education</u> | | <u>30,300,000</u> |

| | | | |
|------|--|-----------|------------------------------|
| 2.1 | <u>Natural Resources</u> | | <u>10,127,000</u> |
| 2.2 | <u>Pollution Control Agency</u> | | <u>2,500,000</u> |
| 2.3 | <u>Board of Water and Soil Resources</u> | | <u>8,165,000</u> |
| 2.4 | <u>Zoological Garden</u> | | <u>1,526,000</u> |
| 2.5 | <u>Administration</u> | | <u>27,990,000</u> |
| 2.6 | <u>Public Safety</u> | | <u>2,500,000</u> |
| 2.7 | <u>Transportation</u> | | <u>34,923,000</u> |
| 2.8 | <u>Metropolitan Council</u> | | <u>39,300,000</u> |
| 2.9 | <u>Human Services</u> | | <u>150,000</u> |
| 2.10 | <u>Corrections</u> | | <u>6,117,000</u> |
| 2.11 | <u>Employment and Economic Development</u> | | <u>60,282,000</u> |
| 2.12 | <u>Bond Sale Expenses</u> | | <u>167,000</u> |
| 2.13 | <u>CANCELLATIONS</u> | | <u>(5,282,000)</u> |
| 2.14 | <u>TOTAL</u> | \$ | <u>255,000,000</u> |
| 2.15 | <u>Bond Proceeds Fund (General Fund Debt Service)</u> | | <u>140,282,000</u> |
| 2.16 | <u>Bond Proceeds Fund (User Financed Debt Service)</u> | | <u>1,265,000</u> |
| 2.17 | <u>Maximum Effort School Loan Fund</u> | | <u>30,000,000</u> |
| 2.18 | <u>Trunk Highway Bond Proceeds Account</u> | | <u>33,420,000</u> |
| 2.19 | <u>General Fund</u> | | <u>120,000,000</u> |
| 2.20 | <u>Bond Proceeds Cancellations</u> | | <u>5,282,000</u> |
| 2.21 | | | <u>APPROPRIATIONS</u> |
| 2.22 | <u>Sec. 2. UNIVERSITY OF MINNESOTA</u> | | |
| 2.23 | <u>Subdivision 1. Total Appropriation</u> | \$ | <u>36,400,000</u> |
| 2.24 | <u>To the Board of Regents of the University</u> | | |
| 2.25 | <u>of Minnesota for the purposes specified in</u> | | |
| 2.26 | <u>this section.</u> | | |
| 2.27 | <u>Subd. 2. Higher Education Asset Preservation</u> | | |
| 2.28 | <u>and Replacement</u> | | <u>22,000,000</u> |
| 2.29 | <u>To be spent in accordance with Minnesota</u> | | |
| 2.30 | <u>Statutes, section 135A.046.</u> | | |
| 2.31 | <u>Subd. 3. 717 Delaware</u> | | <u>14,400,000</u> |
| 2.32 | <u>To renovate the building at 717 Delaware</u> | | |
| 2.33 | <u>for use as a biomedical science research</u> | | |
| 2.34 | <u>facility. This appropriation is intended to</u> | | |
| 2.35 | <u>cover approximately 80 percent of the cost</u> | | |
| 2.36 | <u>of the project. The remaining costs must be</u> | | |
| 2.37 | <u>paid from university sources.</u> | | |

3.1 **Sec. 3. MINNESOTA STATE COLLEGES**
 3.2 **AND UNIVERSITIES**

3.3 **Subdivision 1. Total Appropriation** **\$ 34,520,000**

3.4 To the Board of Trustees of the Minnesota
 3.5 State Colleges and Universities for the
 3.6 purposes specified in this section.

3.7 **Subd. 2. Higher Education Asset Preservation**
 3.8 **And Replacement** **30,720,000**

3.9 This appropriation is for the purposes
 3.10 specified in Minnesota Statutes, section
 3.11 135A.046. Of this, \$720,000 is for HVAC
 3.12 replacement and asbestos removal at
 3.13 the Brooklyn Park campus of Hennepin
 3.14 Technical College.

3.15 **Subd. 3. Bemidji State University** **2,000,000**

3.16 To acquire property adjacent to Bemidji State
 3.17 University.

3.18 **Subd. 4. Fond du Lac Tribal and Community**
 3.19 **College** **1,800,000**

3.20 To purchase from willing sellers
 3.21 approximately 3.9 acres in six residential
 3.22 properties adjacent to the Fond du Lac Tribal
 3.23 and Community College.

3.24 **Subd. 5. Debt Service**

3.25 (a) The board shall pay the debt service on
 3.26 one-third of the principal amount of state
 3.27 bonds sold to finance projects authorized by
 3.28 this section, except for higher education asset
 3.29 preservation and replacement, except that,
 3.30 where a nonstate match is required, the debt
 3.31 service is due on a principal amount equal
 3.32 to one-third of the total project cost, less the
 3.33 match committed before the bonds are sold.

4.1 After each sale of general obligation bonds,

4.2 the commissioner of finance shall notify the
4.3 board of the amounts assessed for each year
4.4 for the life of the bonds.

4.5 (b) The commissioner shall reduce the
4.6 board's assessment each year by one-third of
4.7 the net income from investment of general
4.8 obligation bond proceeds in proportion to the
4.9 amount of principal and interest otherwise
4.10 required to be paid by the board. The board
4.11 shall pay its resulting net assessment to the
4.12 commissioner of finance by December 1 each
4.13 year. If the board fails to make a payment
4.14 when due, the commissioner of finance
4.15 shall reduce allotments for appropriations
4.16 from the general fund otherwise available
4.17 to the board and apply the amount of the
4.18 reduction to cover the missed debt service
4.19 payment. The commissioner of finance
4.20 shall credit the payments received from the
4.21 board to the bond debt service account in
4.22 the state bond fund each December 1 before
4.23 money is transferred from the general fund
4.24 under Minnesota Statutes, section 16A.641,
4.25 subdivision 10.

4.26 **Subd. 6. Unspent Appropriations**

4.27 (a) Upon substantial completion of a project
4.28 authorized in this section and after written
4.29 notice to the commissioner of finance, the
4.30 Board of Trustees must use any money
4.31 remaining in the appropriation for that
4.32 project for HEAPR under Minnesota
4.33 Statutes, section 135A.046. The Board
4.34 of Trustees must report by February 1 of
4.35 each even-numbered year to the chairs
5.1 of the house and senate committees with

5.2 jurisdiction over capital investments and
 5.3 higher education finance, and to the chairs of
 5.4 the house Ways and Means Committee and
 5.5 the senate Finance Committee, on how the
 5.6 remaining money has been allocated or spent.

5.7 (b) The unspent portion of an appropriation
 5.8 for a project in this section that is complete,
 5.9 is available for higher education asset
 5.10 preservation and replacement under this
 5.11 subdivision, at the same campus as the
 5.12 project for which the original appropriation
 5.13 was made and the debt service requirement
 5.14 under subdivision 5 is reduced accordingly.
 5.15 Minnesota Statutes, section 16A.642, applies
 5.16 from the date of the original appropriation to
 5.17 the unspent amount transferred.

5.18 **Sec. 4. MINNESOTA DEPARTMENT OF**
 5.19 **EDUCATION**

5.20 **Subdivision 1. Total Appropriation** **\$ 30,300,000**

5.21 To the commissioner of education for the
 5.22 purposes specified in this section.

5.23 **Subd. 2. Independent School District No. 11,**
 5.24 **Anoka-Hennepin** **300,000**

5.25 For a grant to Independent School District
 5.26 No. 11, Anoka-Hennepin, to acquire land
 5.27 adjacent to Riverview Elementary School
 5.28 and for improvements of a capital nature
 5.29 to develop and restore wetland and native
 5.30 prairie habitat on the land.

5.31 **Subd. 3. Independent School District No. 38,**
 5.32 **Red Lake** **30,000,000**

5.33 This appropriation is from the maximum
 5.34 effort school loan fund for a capital loan to
 5.35 Independent School District No. 38, Red
 6.1 Lake, as provided in Minnesota Statutes,

6.2 sections 126C.60 to 126C.72, to design,
 6.3 construct, renovate, furnish, and equip
 6.4 school facilities, and for health and safety
 6.5 capital improvements at the Red Lake
 6.6 School District. This appropriation is to
 6.7 first complete the education spaces in the
 6.8 high school-middle school. Unexpended
 6.9 funds remaining after completion of the high
 6.10 school-middle school may be used for the
 6.11 Red Lake Elementary School project.

6.12 **Sec. 5. NATURAL RESOURCES**

6.13 **Subdivision 1. Total Appropriation** **\$ 10,127,000**

6.14 To the commissioner of natural resources for
 6.15 the purposes specified in this section.

6.16 The appropriations in this section are subject
 6.17 to the requirements of the natural resources
 6.18 capital improvement program set forth in
 6.19 new Minnesota Statutes, section 86A.12,
 6.20 unless this section or the statutes referred
 6.21 to in this section provide more specific
 6.22 standards, criteria, or priorities for projects
 6.23 than section 86A.12.

6.24 **Subd. 2. Stillwater Flood Control Phase III** **200,000**

6.25 This appropriation is from the general
 6.26 fund for a grant under Minnesota Statutes,
 6.27 section 103F.161, to the city of Stillwater to
 6.28 predesign, design, and begin construction
 6.29 of Phase III of the Stillwater flood control
 6.30 project, including flood control structures
 6.31 and pumping stations. This appropriation
 6.32 is not available until the commissioner has
 6.33 determined that at least \$2,000,000 has been
 6.34 committed from nonstate sources.

7.1 **Subd. 3. Canisteo Mine** **2,500,000**

7.2 For a grant to the Western Mesabi Mine
 7.3 Planning Board to construct siphons, a
 7.4 conveyance system, and other improvements
 7.5 to accommodate water level and outflow
 7.6 control of the water level in the Canisteo
 7.7 mine pit in Itasca County. This appropriation
 7.8 does not require a local match. The
 7.9 commissioner of natural resources shall be
 7.10 responsible to maintain the improvements
 7.11 after completion of the project.

7.12 **Subd. 4. Springbrook Nature Center** 2,000,000

7.13 For a grant to the city of Fridley to redevelop
 7.14 and expand the Springbrook Nature Center.

7.15 **Subd. 5. Big Bog State Recreation Area** 1,000,000

7.16 To upgrade the contact station, make
 7.17 improvements in the recreation area, and
 7.18 forest restoration and interpretation at the
 7.19 Big Bog State Recreation Area.

7.20 **Subd. 6. Fort Snelling Upper Bluff** 500,000

7.21 This appropriation is from the general fund
 7.22 for a grant to Hennepin County to conduct
 7.23 emergency building stabilization at Fort
 7.24 Snelling Upper Bluff. This appropriation
 7.25 is not available until the commissioner of
 7.26 finance has determined that Hennepin County
 7.27 has entered into appropriate agreements to
 7.28 use Sentence to Serve labor for the project
 7.29 that will train Sentence to Serve laborers in
 7.30 the skills needed for the work.

7.31 **Subd. 7. Red River Basin Digital Elevation**
 7.32 **Model** 600,000

7.33 This appropriation is from the general fund
 7.34 to develop and implement a high resolution

| | | |
|------|---|------------------|
| 8.1 | <u>digital elevation model for the Red River</u> | |
| 8.2 | <u>basin.</u> | |
| 8.3 | <u>Subd. 8. Flood Hazard Mitigation Grant</u> | <u>2,093,000</u> |
| 8.4 | <u>For flood hazard mitigation grants under</u> | |
| 8.5 | <u>Minnesota Statutes, section 103F.161, for:</u> | |
| 8.6 | <u>(a) the city of Roseau, for the state share of</u> | |
| 8.7 | <u>land acquisition, engineering, design, and</u> | |
| 8.8 | <u>construction costs for the U.S. Army Corps</u> | |
| 8.9 | <u>of Engineers Flood Control Project, which</u> | |
| 8.10 | <u>will protect the city of Roseau from recurring</u> | |
| 8.11 | <u>flooding; and</u> | |
| 8.12 | <u>(b) flood hazard mitigation projects in</u> | |
| 8.13 | <u>Browns Valley.</u> | |
| 8.14 | <u>To the extent that the cost of the project</u> | |
| 8.15 | <u>in Roseau and Browns Valley exceeds two</u> | |
| 8.16 | <u>percent of the median household income in</u> | |
| 8.17 | <u>the municipality multiplied by the number</u> | |
| 8.18 | <u>of households in the municipality, this</u> | |
| 8.19 | <u>appropriation is also for the local share of the</u> | |
| 8.20 | <u>project.</u> | |
| 8.21 | <u>Subd. 9. Cuyuna Country State Recreation</u> | |
| 8.22 | <u>Area</u> | <u>125,000</u> |
| 8.23 | <u>This appropriation is from the general fund</u> | |
| 8.24 | <u>to develop a natural surface multiuse trail in</u> | |
| 8.25 | <u>the Cuyuna Country State Recreation Area.</u> | |
| 8.26 | <u>Subd. 10. Gateway Trail Tunnel</u> | <u>650,000</u> |
| 8.27 | <u>This appropriation is from the general fund to</u> | |
| 8.28 | <u>replace an at-grade crossing of the Gateway</u> | |
| 8.29 | <u>Trail at Highway 120 with a tunnel.</u> | |
| 8.30 | <u>Subd. 11. Luce Line Trail</u> | <u>209,000</u> |
| 8.31 | <u>This appropriation is from the general fund to</u> | |
| 8.32 | <u>acquire land for, develop, and rehabilitate the</u> | |
| 8.33 | <u>Luce Line Trail, under Minnesota Statutes,</u> | |
| 8.34 | <u>section 85.015.</u> | |

9.1 **Subd. 12. Browns Creek Nature Preserve** 250,000

9.2 This appropriation is from the general fund

9.3 for acquisition of the Browns Creek segment

9.4 of the Willard Munger Trail System.

9.5 **Sec. 6. POLLUTION CONTROL AGENCY** \$ 2,500,000

9.6 This appropriation is from the general fund

9.7 to the Pollution Control Agency for a grant

9.8 to the city of Albert Lea for construction

9.9 costs of remedial systems at the Albert

9.10 Lea landfill. This includes relocating and

9.11 incorporating waste from the former Albert

9.12 Lea dump owned by the city of Albert Lea

9.13 pursuant to Minnesota Statutes, section

9.14 115B.403, which action may be taken by the

9.15 Pollution Control Agency notwithstanding

9.16 the provisions of Minnesota Statutes, section

9.17 115B.403, paragraphs (a) and (b).

9.18 The appropriation in this section is added to

9.19 the amounts for the city of Albert Lea landfill

9.20 funding in Laws 2006, chapter 258, section

9.21 8, subdivision 2.

9.22 **Sec. 7. BOARD OF WATER AND SOIL**

9.23 **RESOURCES**

9.24 **Subdivision 1. Total Appropriation** \$ 8,165,000

9.25 To the Board of Water and Soil Resources

9.26 for the purposes specified in this section.

9.27 **Subd. 2. RIM Conservation Reserve** 8,000,000

9.28 This appropriation is from the general fund

9.29 to acquire conservation easements from

9.30 landowners on marginal lands to protect soil

9.31 and water quality and to support fish and

9.32 wildlife habitat as provided in Minnesota

9.33 Statutes, sections 103F.501 to 103F.535.

10.1 Of this, \$1,200,000 is to implement the
 10.2 program. The board must submit to the
 10.3 legislative committees with jurisdiction over
 10.4 environment finance and capital investment
 10.5 an interim report on this program by October
 10.6 1, 2007, and a final report by February 1,
 10.7 2008.

10.8 **Subd. 3. Lake Titlow Watershed**
 10.9 **Improvements**

165,000

10.10 For a grant to the city of Gaylord to predesign
 10.11 and design holding ponds upstream from
 10.12 Lake Titlow. The design must include the
 10.13 best location for the ponds, an estimate of
 10.14 the cost of land acquisition or easements,
 10.15 construction costs of the holding ponds, and
 10.16 the estimated expense of maintaining the
 10.17 structures and who will be responsible for
 10.18 the expense. The city must also coordinate
 10.19 with state and county conservation officials
 10.20 to ensure correct conservation practices and
 10.21 improvements in the watershed district.

10.22 Of this, \$15,000 is from the general fund to
 10.23 purchase open intake tile covers or cones that
 10.24 limit soil erosion and chemicals from entering
 10.25 the water ditch systems and waterways of
 10.26 the Lake Titlow watershed. These water
 10.27 control devices must be provided at low
 10.28 cost to landowners to promote conservation
 10.29 improvement and clean up groundwater.

10.30 Volunteers from the city of Gaylord and local
 10.31 clubs and high school students must be used
 10.32 to install the water control devices at no cost
 10.33 to the landowner.

10.34 The criteria, limitations, and assessment
 10.35 requirements in Minnesota Statutes, sections

11.1 103D.701, 103D.705, and 103D.901 do not
 11.2 apply to this subdivision.

11.3 **Sec. 8. MINNESOTA ZOOLOGICAL**
 11.4 **GARDEN** **\$ 1,526,000**

11.5 **Inflow and Infiltration Emergency Abatement**

11.6 This appropriation is from the general fund
 11.7 to the Minnesota Zoological Garden for
 11.8 design and construction of improvements to
 11.9 its water management system. The project
 11.10 must be designed to address inflow and
 11.11 infiltration problems associated with the
 11.12 Minnesota Zoo's water discharge flow to the
 11.13 city of Eagan.

11.14 **Sec. 9. ADMINISTRATION**

11.15 **Subdivision 1. Total Appropriation** **\$ 27,990,000**

11.16 To the commissioner of administration for
 11.17 the purposes specified in this section.

11.18 **Subd. 2. Exterior Repair of Transportation**
 11.19 **Building** 12,715,000

11.20 This appropriation is from the bond proceeds
 11.21 account in the trunk highway fund to repair
 11.22 and renovate the exterior of the Department
 11.23 of Transportation Building at 395 John
 11.24 Ireland Boulevard in St. Paul.

11.25 **Subd. 3. Property Acquisition** 2,325,000

11.26 This appropriation is from the general fund
 11.27 to acquire property at 639 Jackson Street in
 11.28 St. Paul adjacent to the Harold E. Stassen
 11.29 Building, to demolish existing structures
 11.30 on the property, and to develop temporary
 11.31 parking on the site and adjacent areas.

11.32 **Subd. 4. Veterans Memorial, Eden Prairie** 200,000

| | | | |
|-------|--|-----------|--------------------------|
| 12.1 | <u>This appropriation is from the general fund</u> | | |
| 12.2 | <u>for a grant to the city of Eden Prairie to</u> | | |
| 12.3 | <u>design and construct improvements of a</u> | | |
| 12.4 | <u>capital nature for a veterans memorial in</u> | | |
| 12.5 | <u>Purgatory Creek Recreation Area in the city</u> | | |
| 12.6 | <u>of Eden Prairie.</u> | | |
| 12.7 | <u>Subd. 5. Noncommercial Television</u> | | <u>9,750,000</u> |
| 12.8 | <u>This appropriation is from the general fund</u> | | |
| 12.9 | <u>for the biennium ending June 30, 2009, for</u> | | |
| 12.10 | <u>grants to noncommercial television stations</u> | | |
| 12.11 | <u>to assist with the continued conversion to a</u> | | |
| 12.12 | <u>digital broadcast signal as mandated by the</u> | | |
| 12.13 | <u>federal government. This appropriation must</u> | | |
| 12.14 | <u>be used to assist each station to complete its</u> | | |
| 12.15 | <u>digital production facilities and interconnect</u> | | |
| 12.16 | <u>with other Minnesota public television</u> | | |
| 12.17 | <u>stations. In order to qualify for these grants,</u> | | |
| 12.18 | <u>a station must meet the criteria established</u> | | |
| 12.19 | <u>for grants in Minnesota Statutes, section</u> | | |
| 12.20 | <u>129D.12, subdivision 2.</u> | | |
| 12.21 | <u>Subd. 6. Minnesota Public Radio</u> | | <u>3,000,000</u> |
| 12.22 | <u>This appropriation is from the general fund</u> | | |
| 12.23 | <u>for the fiscal year beginning July 1, 2007, for</u> | | |
| 12.24 | <u>grants to Minnesota Public Radio to assist</u> | | |
| 12.25 | <u>with conversion to a digital broadcast signal.</u> | | |
| 12.26 | <u>Sec. 10. PUBLIC SAFETY</u> | \$ | <u>2,500,000</u> |
| 12.27 | <u>This appropriation is from the general fund</u> | | |
| 12.28 | <u>to the commissioner of public safety for a</u> | | |
| 12.29 | <u>grant to Anoka County to construct, furnish,</u> | | |
| 12.30 | <u>and equip a regional forensic laboratory at</u> | | |
| 12.31 | <u>Anoka County's public safety facility.</u> | | |
| 12.32 | <u>Sec. 11. TRANSPORTATION</u> | | |
| 12.33 | <u>Subdivision 1. Total Appropriation</u> | \$ | <u>34,923,000</u> |

- 13.1 To the commissioner of transportation for the
- 13.2 purposes specified in this section.
- 13.3 **Subd. 2. Local Bridge Replacement and**
- 13.4 **Rehabilitation** 10,000,000
- 13.5 This appropriation is from the general fund
- 13.6 for the state transportation fund provided in
- 13.7 Minnesota Statutes, section 174.50, to match
- 13.8 federal money and to replace or rehabilitate
- 13.9 local deficient bridges.
- 13.10 Political subdivisions may use grants made
- 13.11 under this section to construct or reconstruct
- 13.12 bridges, including:
- 13.13 (1) matching federal aid grants to construct
- 13.14 or reconstruct key bridges;
- 13.15 (2) paying the costs of preliminary
- 13.16 engineering and environmental studies
- 13.17 authorized under Minnesota Statutes, section
- 13.18 174.50, subdivision 6a;
- 13.19 (3) paying the costs to abandon an existing
- 13.20 bridge that is deficient and in need of
- 13.21 replacement, but where no replacement will
- 13.22 be made; and
- 13.23 (4) paying the costs to construct a road
- 13.24 or street to facilitate the abandonment
- 13.25 of an existing bridge determined by
- 13.26 the commissioner to be deficient, if the
- 13.27 commissioner determines that construction
- 13.28 of the road or street is more cost efficient
- 13.29 than the replacement of the existing bridge.
- 13.30 **Subd. 3. Port Development Assistance** 1,500,000
- 13.31 \$1,001,000 of this appropriation is from the
- 13.32 general fund for grants under Minnesota
- 13.33 Statutes, chapter 457A. Any improvements

- 14.1 made with the proceeds of these grants must
- 14.2 be publicly owned.
- 14.3 **Subd. 4. Mankato District Headquarters** 20,673,000
- 14.4 This appropriation is from the bond proceeds
- 14.5 account in the trunk highway fund to
- 14.6 design, construct, furnish, and equip a
- 14.7 new Department of Transportation district
- 14.8 headquarters facility in Mankato.
- 14.9 **Subd. 5. High-Speed Rail Line** 2,000,000
- 14.10 For the state's share of a high-speed rail
- 14.11 line between St. Paul and Chicago. No
- 14.12 part of this appropriation may be spent to
- 14.13 acquire or better capital improvements that
- 14.14 are located outside the state of Minnesota,
- 14.15 that may be used from time to time outside
- 14.16 the state of Minnesota, or that are part of
- 14.17 a rail corridor that is not designated by the
- 14.18 Midwest Interstate Passenger Rail Compact.
- 14.19 **Subd. 6. Commuter Rail Extension** 250,000
- 14.20 For a grant to the Northstar Corridor
- 14.21 Development Authority to fund advanced
- 14.22 preliminary engineering, updated
- 14.23 environmental documentation, property
- 14.24 appraisals, and negotiations with the railroad
- 14.25 to extend commuter rail service on the
- 14.26 Burlington Northern Santa Fe rail line
- 14.27 between Big Lake and Rice.
- 14.28 **Subd. 7. North Shore Express Intercity Rail**
- 14.29 **Initiative** 500,000
- 14.30 For a grant to St. Louis and Lake
- 14.31 County Regional Rail Authority for
- 14.32 railroad acquisition and track restoration,
- 14.33 environmental impact studies, advanced
- 14.34 corridor planning, preliminary design and

- 15.1 preliminary engineering, station design,
- 15.2 analysis of railroad capacity, and easement
- 15.3 costs for intercity and passenger rail service
- 15.4 between the city of Duluth and the cities of
- 15.5 Minneapolis and St. Paul.

- 15.6 **Sec. 12. METROPOLITAN COUNCIL**
- 15.7 **Subdivision 1. Total Appropriation **\$ 39,300,000****
- 15.8 To the Metropolitan Council for the purposes
- 15.9 specified in this section.
- 15.10 **Subd. 2. Central Corridor Transit Way **30,000,000****
- 15.11 For preliminary engineering, preliminary
- 15.12 design, final design, and construction of
- 15.13 the central corridor transit way between
- 15.14 downtown Minneapolis and downtown St.
- 15.15 Paul, terminating in downtown St. Paul at
- 15.16 the Union Depot.
- 15.17 This appropriation may not be spent for
- 15.18 capital improvements within a trunk highway
- 15.19 right-of-way.
- 15.20 **Subd. 3. Union Depot **3,000,000****
- 15.21 For a grant to the Ramsey County Regional
- 15.22 Railroad Authority to acquire land and
- 15.23 structures, to renovate structures, and for
- 15.24 design, engineering, and environmental
- 15.25 work to revitalize Union Depot for use as a
- 15.26 multimodal transit center in St. Paul.
- 15.27 **Subd. 4. Rush Line **500,000****
- 15.28 For a grant to the Ramsey County Regional
- 15.29 Railroad Authority to acquire land for,
- 15.30 design, and construct park-and-ride or
- 15.31 park-and-pool lots located along the Rush
- 15.32 Line Corridor along I-35E/I-35W and

- 16.1 Highway 61 from the Union Depot in
- 16.2 downtown St. Paul to Hinckley.
- 16.3 **Subd. 5. Red Rock Corridor Transit Way** 500,000
- 16.4 To design, construct, and furnish
- 16.5 park-and-ride lots for the Red Rock
- 16.6 Corridor transit way between Hastings and
- 16.7 Minneapolis via St. Paul, and any extension
- 16.8 between Hastings and Red Wing.
- 16.9 **Subd. 6. Southwest Transit Way Corridor** 500,000
- 16.10 For a grant to the Hennepin County
- 16.11 Regional Rail Authority to prepare a draft
- 16.12 environmental impact statement (DEIS)
- 16.13 and for preliminary engineering for the
- 16.14 Southwest Transit Way Corridor, from the
- 16.15 Hiawatha light rail in downtown Minneapolis
- 16.16 to the vicinity of the Southwest Station
- 16.17 transit hub in Eden Prairie.
- 16.18 **Subd. 7. I-494 Transit Options Study** 500,000
- 16.19 This appropriation is from the general fund
- 16.20 for a feasibility study, environmental studies,
- 16.21 and preliminary engineering of transit options
- 16.22 for an Interstate 494 corridor transit way,
- 16.23 along a corridor on or near marked Interstate
- 16.24 Highway 494, from Minneapolis-St. Paul
- 16.25 International Airport to a transit station on
- 16.26 the proposed southwest transit way, and other
- 16.27 transit corridors in the metropolitan area.
- 16.28 **Subd. 8. I-94 Transit Way** 500,000
- 16.29 For a grant to Washington County for
- 16.30 predesign and preliminary engineering of
- 16.31 transportation and transit improvements,
- 16.32 including busways or rail transit in the
- 16.33 marked Interstate Highway 94 Corridor
- 16.34 between the Union Depot Concourse

17.1 Multimodal Transit Hub, located in
 17.2 downtown St. Paul in the area south of
 17.3 Kellogg Boulevard and east of Jackson Street,
 17.4 extending eastward through Washington
 17.5 County to the Minnesota-Wisconsin border,
 17.6 to terminate in St. Croix County, Wisconsin.
 17.7 No part of this appropriation may be spent to
 17.8 acquire or better capital improvements that
 17.9 are located outside the state of Minnesota.

17.10 **Subd. 9. Metropolitan Regional Parks Capital**
 17.11 **Improvements** **3,800,000**

17.12 This appropriation is from the general fund
 17.13 for a grant to the city of St. Paul to construct,
 17.14 furnish, and equip river park development
 17.15 and redevelopment infrastructure in National
 17.16 Great River Park along the Mississippi River
 17.17 in St. Paul.

17.18 **Sec. 13. HUMAN SERVICES** **\$ 150,000**

17.19 This appropriation is from the general fund
 17.20 to the commissioner of administration to
 17.21 predesign a multicounty regional secured
 17.22 treatment facility in west central Minnesota.
 17.23 The commissioner of human services
 17.24 shall prepare a report to the legislature
 17.25 assessing the need for and the viability of
 17.26 the facility and the benefits derived from a
 17.27 coordinated multicounty, regional approach
 17.28 to local chemical dependency needs in west
 17.29 central Minnesota. The report is due to the
 17.30 legislature by February 1, 2008.

17.31 **Sec. 14. CORRECTIONS**
 17.32 **Subdivision 1. Total Appropriation** **\$ 6,117,000**

17.33 To the commissioner of administration for
 17.34 the purposes specified in this section.

18.1 **Subd. 2. Minnesota Correctional Facility - Oak**
 18.2 **Park Heights**

18.3 **(a) Perimeter System Renovation** 3,875,000

18.4 This appropriation is from the general fund to
 18.5 renovate the perimeter system at the Oak Park
 18.6 Heights Correctional Facility by replacing
 18.7 the security fence system for the inside wall
 18.8 of the main prison yard and exterior fence,
 18.9 replacing the perimeter lighting system and
 18.10 the security razor ribbon, and installing
 18.11 cameras and lighting to correspond to the
 18.12 perimeter system's added security zones.

18.13 **(b) Ventilation System Renovation** 2,242,000

18.14 This appropriation is from the general fund
 18.15 to renovate the ventilation system at the
 18.16 Oak Park Heights Correctional Facility by
 18.17 demolishing sections of existing ductwork,
 18.18 installing new ductwork, installing an
 18.19 ultraviolet lighting system, installing system
 18.20 air controls and electronics, and cleaning
 18.21 or otherwise renovating sections of existing
 18.22 ductwork.

18.23 **Sec. 15. EMPLOYMENT AND ECONOMIC**
 18.24 **DEVELOPMENT**

18.25 **Subdivision 1. Total Appropriation** **\$ 60,282,000**

18.26 To the commissioner of employment and
 18.27 economic development or other named
 18.28 agency for the purposes specified in this
 18.29 section.

18.30 **Subd. 2. DECC Arena** 30,000,000

18.31 This appropriation is from the general fund
 18.32 for a grant to the Duluth Entertainment
 18.33 and Convention Center Authority to
 18.34 design, construct, furnish, and equip capital

- 19.1 improvements and renovations to the Duluth
- 19.2 Entertainment and Convention Center. The
- 19.3 capital improvements and renovations must
- 19.4 include an approximately 217,446 square
- 19.5 foot arena with an ice sheet of at least 200
- 19.6 feet by 85 feet; trade show and concert space;
- 19.7 seating capacity of at least 6,630 with suites,
- 19.8 club seats, and concessions; state-of-the-art
- 19.9 locker and training facilities; and accessible
- 19.10 and expanded media space. Notwithstanding
- 19.11 any law to the contrary, the authority may
- 19.12 adopt a design and construction procurement
- 19.13 process as determined by the authority, in
- 19.14 its discretion, to be in the public interest in
- 19.15 connection with the Duluth Entertainment
- 19.16 and Convention Center improvements.
- 19.17 **Subd. 3. Itasca County Infrastructure** 20,000,000
- 19.18 For a grant to Itasca County for public
- 19.19 infrastructure needed to support a steel plant
- 19.20 in Itasca County. Grant money may be used
- 19.21 by Itasca County to acquire rights-of-way
- 19.22 and mitigate loss of wetlands and runoff of
- 19.23 storm water, to predesign, design, construct,
- 19.24 and equip roads and rail lines, and, in
- 19.25 cooperation with municipal public utilities,
- 19.26 to predesign, design, construct, and equip
- 19.27 natural gas pipelines, electric infrastructure,
- 19.28 water supply systems, and wastewater
- 19.29 collection and treatment systems.
- 19.30 **Subd. 4. Mayo Civic Center Complex** 2,500,000
- 19.31 For a grant to the city of Rochester to design
- 19.32 the renovation and expansion of the Mayo
- 19.33 Civic Center Complex.
- 19.34 **Subd. 5. Wildlife Rehabilitation Center** 500,000

20.1 This appropriation is from the general fund
 20.2 for a grant to the Wildlife Rehabilitation
 20.3 Center of Minnesota to retire loans incurred
 20.4 by the center for construction of its facility in
 20.5 the city of Roseville, and for completion of
 20.6 educational technology infrastructure at the
 20.7 center.

20.8 **Subd. 6. Rice Street Bridge** 2,000,000

20.9 For a grant to Ramsey County for
 20.10 the preliminary planning, design, and
 20.11 engineering of the Rice Street bridge where
 20.12 it crosses marked Trunk Highway 36 in
 20.13 Ramsey County.

20.14 **Sec. 16. BOND SALE EXPENSES** \$ 167,000

20.15 To the commissioner of finance for bond sale
 20.16 expenses under Minnesota Statutes, section
 20.17 16A.641, subdivision 8.

20.18 **Sec. 17. BOND SALE SCHEDULE**

20.19 The commissioner of finance shall schedule
 20.20 the sale of state general obligation bonds so
 20.21 that, during the biennium ending June 30,
 20.22 2009, no more than \$918,620,000 will need
 20.23 to be transferred from the general fund to the
 20.24 state bond fund to pay principal and interest
 20.25 due and to become due on outstanding
 20.26 state general obligation bonds. During
 20.27 the biennium, before each sale of state
 20.28 general obligation bonds, the commissioner
 20.29 of finance shall calculate the amount of
 20.30 debt service payments needed on bonds
 20.31 previously issued and shall estimate the
 20.32 amount of debt service payments that will
 20.33 be needed on the bonds scheduled to be

21.1 sold. The commissioner shall adjust the
21.2 amount of bonds scheduled to be sold so as
21.3 to remain within the limit set by this section.
21.4 The amount needed to make the debt service
21.5 payments is appropriated from the general
21.6 fund as provided in Minnesota Statutes,
21.7 section 16A.641.

21.8 **Sec. 18. BOND SALE AUTHORIZATION.**

21.9 Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in this act
21.10 from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the
21.11 state in an amount up to \$110,282,000 in the manner, upon the terms, and with the effect
21.12 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
21.13 Constitution, article XI, sections 4 to 7.

21.14 Subd. 2. **Maximum effort school loan fund.** To provide the money appropriated in
21.15 this act from the maximum effort school loan fund, the commissioner of finance shall sell
21.16 and issue bonds of the state in an amount up to \$30,000,000 in the manner, upon the terms,
21.17 and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by
21.18 the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except
21.19 accrued interest and any premium received on the sale of the bonds, must be credited to a
21.20 bond proceeds account in the maximum effort school loan fund.

21.21 Subd. 3. **Trunk highway bonds.** To provide the money appropriated in this act
21.22 from the bond proceeds account in the trunk highway fund, the commissioner of finance
21.23 shall sell and issue trunk highway bonds in an amount up to \$33,420,000 in the manner, on
21.24 the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52,
21.25 and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts
21.26 requested by the commissioner of transportation. The proceeds of the bonds, except
21.27 accrued interest and any premium received on the sale of the bonds, must be credited to
21.28 the bond proceeds account in the trunk highway fund.

21.29 **Sec. 19. BOND SALE AUTHORIZATION REDUCTIONS.**

21.30 The bond sale authorization in Laws 2005, chapter 20, article 1, section 28,
21.31 subdivision 1, is reduced by \$2,000,000.

21.32 The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is
21.33 reduced by \$3,282,000.

22.1 Sec. 20. Minnesota Statutes 2006, section 16A.695, subdivision 2, is amended to read:

22.2 Subd. 2. **Leases and management contracts.** (a) A public officer or agency that is
22.3 authorized by law to lease or enter into a management contract with respect to state bond
22.4 financed property shall comply with this subdivision.

22.5 (b) The lease or management contract may be entered into for the express purpose of
22.6 carrying out a governmental program established or authorized by law and established by
22.7 official action of the contracting public officer or agency, in accordance with orders of the
22.8 commissioner intended to ensure the legality and tax-exempt status of bonds issued to
22.9 finance the property, and with the approval of the commissioner. A lease or management
22.10 contract, including any renewals that are solely at the option of the lessee, must be for a
22.11 term substantially less than the useful life of the property, but may allow renewal beyond
22.12 that term ~~upon a determination~~ by the lessee provided that the lessee demonstrates to the
22.13 lessor that the use continues to carry out the governmental program. In the event that the
22.14 lessor and lessee do not renew the lease or management contract and if the lessee has
22.15 contributed to the land and the capital improvements on the state bond financed property,
22.16 the lessor may agree to reimburse the lessee for its investment in the land and capital
22.17 improvements by purchasing the lessee's interest in the property or otherwise, which
22.18 amount may be paid, at the option of the lessor and lessee, at the time of nonrenewal
22.19 without a requirement of a prior escrow for funds or at such later date and additional
22.20 terms as are agreed to by the lessor and the lessee. A lease or management contract must
22.21 be terminable by the contracting public officer or agency if the other contracting party
22.22 defaults under the contract or if the governmental program is terminated or changed, and
22.23 must provide for program oversight by the contracting public officer or agency. Money
22.24 received by the public officer or agency under the lease or management contract that is
22.25 not needed to pay and not authorized to be used to pay operating costs of the property,
22.26 or to pay the principal, interest, redemption premiums, and other expenses when due on
22.27 debt related to the property other than state bonds, must be:

22.28 (1) paid to the commissioner in the same proportion as the state bond financing is
22.29 to the total public debt financing for the property, excluding debt issued by a unit of
22.30 government for which it has no financial liability;

22.31 (2) deposited in the state bond fund; and

22.32 (3) used to pay or redeem or defease bonds issued to finance the property in
22.33 accordance with the commissioner's order authorizing their issuance.

22.34 The money paid to the commissioner is appropriated for this purpose.

22.35 (c) With the approval of the commissioner, a lease or management contract between
22.36 a city and a nonprofit corporation under section 471.191, subdivision 1, need not require

23.1 the lessee to pay rentals sufficient to pay the principal, interest, redemption premiums,
23.2 and other expenses when due with respect to state bonds issued to acquire and better
23.3 the facilities.

23.4 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2006,
23.5 and applies to lease or management agreements entered into on or after that date.

23.6 Sec. 21. Minnesota Statutes 2006, section 16A.695, subdivision 3, is amended to read:

23.7 Subd. 3. **Sale of property.** A public officer or agency shall not sell any state bond
23.8 financed property unless the public officer or agency determines by official action that
23.9 the property is no longer usable or needed by the public officer or agency to carry out
23.10 the governmental program for which it was acquired or constructed, the sale is made as
23.11 authorized by law, the sale is made for fair market value, and the sale is approved by the
23.12 commissioner. If any state bonds issued to purchase or better the state bond financed
23.13 property that is sold remain outstanding on the date of sale, the net proceeds of sale must
23.14 be applied as follows:

23.15 (1) if the state bond financed property was acquired and bettered solely with state
23.16 bond proceeds, the net proceeds of sale must be paid to the commissioner, deposited in
23.17 the state bond fund, and used to pay or redeem or defease the outstanding state bonds in
23.18 accordance with the commissioner's order authorizing their issuance, and the proceeds are
23.19 appropriated for this purpose; or

23.20 (2) if the state bond financed property was acquired or bettered partly with state
23.21 bond proceeds and partly with other money, the net proceeds of sale must be used: first, to
23.22 pay to the state the amount of state bond proceeds used to acquire or better the property;
23.23 second, to pay in full any outstanding public or private debt incurred to acquire or better
23.24 the property; ~~and~~ third, to pay interested public and private entities, other than any
23.25 private lender already paid in full, the amount of money contributed to the acquisition
23.26 or betterment of the property; and fourth, any excess over the amount needed for those
23.27 purposes must be divided in proportion to the shares contributed to the acquisition or
23.28 betterment of the property and paid to the interested public and private entities, other than
23.29 any private lender already paid in full, and the proceeds are appropriated for this purpose.
23.30 In calculating the share contributed by each entity, the amount to be attributed to the owner
23.31 of the property shall be the fair market value of the property that was bettered by state
23.32 bond proceeds at the time the betterment began.

23.33 When all of the net proceeds of sale have been applied as provided in this
23.34 subdivision, this section no longer applies to the property.

24.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2006,
24.2 and applies to lease or management agreements entered into on or after that date.

24.3 Sec. 22. Minnesota Statutes 2006, section 16A.695, is amended by adding a
24.4 subdivision to read:

24.5 **Subd. 6. Match requirements.** Recipients of grants from money appropriated
24.6 from the bond proceeds fund may be required to demonstrate a commitment of funds
24.7 from nonstate sources. These matching funds may be pledged payments that have been
24.8 deposited into a segregated account and/or multiyear pledges that are converted into
24.9 cash or cash equivalent through a loan or irrevocable letter of credit from a financial
24.10 institution. The loan or irrevocable letter of credit may be secured by a lien on the state
24.11 bond financed property.

24.12 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2006,
24.13 and applies to lease or management agreements entered into on or after that date.

24.14 Sec. 23. Minnesota Statutes 2006, section 16A.695, is amended by adding a
24.15 subdivision to read:

24.16 **Subd. 7. Leased state bond financed property.** A public officer or agency may
24.17 lease real property and improvements which are to be acquired or improved with state
24.18 bond proceeds. The lease shall be for a term equal to or longer than the useful life of the
24.19 property. The expiration of the lease upon the end of its term shall not require that the
24.20 state be repaid or that the property be sold and upon such expiration the real property and
24.21 improvements shall no longer be state bond financed property.

24.22 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2006,
24.23 and applies to lease or management agreements entered into on or after that date.

24.24 Sec. 24. Minnesota Statutes 2006, section 16A.86, subdivision 3, is amended to read:

24.25 **Subd. 3. Evaluation.** (a) The commissioner shall evaluate all requests from political
24.26 subdivisions for state assistance based on the following criteria:

24.27 (1) the political subdivision has provided for local, private, and user financing for
24.28 the project to the maximum extent possible;

24.29 (2) the project helps fulfill an important state mission;

24.30 (3) the project is of regional or statewide significance;

24.31 (4) the project will ~~not require new or any additional state operating subsidies~~ meet
24.32 or exceed sustainable building guidelines established under section 16B.325;

25.1 (5) the project will ~~not expand the state's role in a new policy area~~ use sustainable
 25.2 building designs to the extent possible;

25.3 (6) state funding for the project will not create significant inequities among local
 25.4 jurisdictions;

25.5 (7) the project will not compete with other facilities in such a manner that they lose a
 25.6 significant number of users to the new project;

25.7 (8) the governing bodies of those political subdivisions primarily benefiting from the
 25.8 project have passed resolutions in support of the project and have established priorities
 25.9 for all projects within their jurisdictions for which bonding appropriations are requested
 25.10 when submitting multiple requests; and

25.11 (9) if a predesign that meets the requirements of section 16B.335 has been completed
 25.12 and is available at the time the project request is submitted to the commissioner of finance,
 25.13 the applicant has submitted the project predesign to the commissioner of administration.

25.14 (b) The commissioner's evaluation of each request, including whether it meets
 25.15 each of the criteria in paragraph (a), must be submitted to the legislature along with the
 25.16 governor's recommendations under section 16A.11, subdivision 1, whether or not the
 25.17 governor recommends that the request be funded.

25.18 Sec. 25. Minnesota Statutes 2006, section 116R.01, subdivision 6, is amended to read:

25.19 Subd. 6. **Project.** "Project" means the facilities or any property described in section
 25.20 116R.02, subdivision 5 ~~or 6, as applicable.~~

25.21 Sec. 26. Minnesota Statutes 2006, section 116R.02, subdivision 1, is amended to read:

25.22 Subdivision 1. **Sale authorization.** The commissioner of finance, upon the request
 25.23 of the governor, may issue and sell revenue bonds as provided under sections 116R.01 to
 25.24 ~~116R.16~~ 116R.15 in one or more series or issues for the purposes provided in this section
 25.25 in the aggregate principal amount of up to \$350,000,000, except for refunding bonds.
 25.26 Proceeds of the bonds and investment income on the proceeds are appropriated in the
 25.27 amounts and for the purposes specified in subdivisions 2; and 5, ~~and 6~~ and section 116R.04.

25.28 Sec. 27. Minnesota Statutes 2006, section 116R.02, subdivision 2, is amended to read:

25.29 Subd. 2. **Loan, lease, and revenue agreements.** (a) The commissioner may loan
 25.30 the proceeds of the bonds, make other loans or enter into lease agreements or other
 25.31 revenue agreements for the ~~projects~~ project described in ~~subdivisions 5 and 6~~ subdivision
 25.32 5. The commissioner may provide for servicing of the loans and agreements, the times
 25.33 they are payable and the amounts of payments, the amount of the loans and agreements,

26.1 their security, and other terms, conditions, and provisions necessary or convenient in
26.2 connection with them and may enter into all necessary contracts and security instruments
26.3 in connection with them. The commissioner shall seek to obtain the best available terms
26.4 and security for the loans or agreements. The terms and security must be reasonably
26.5 determined by the commissioner to be adequate and of the kind and degree which would
26.6 be required by an investment banking or other financial institution. The facilities described
26.7 in ~~subdivisions 5 and 6~~ subdivision 5 must be pledged as collateral for the loans made and
26.8 bonds issued under sections 116R.01 to ~~116R.16~~ 116R.15.

26.9 (b) To reduce the risk that state general funds will be needed to pay debt service on
26.10 the state guaranteed bonds, the commissioner must require that the financing arrangements
26.11 include a coverage test satisfactory to the commissioner so that the sum of the value of the
26.12 assets and other security pledged to the payment of bonds or the rent due under any lease
26.13 of the project and taken into account by the commissioner is no less than 125 percent of
26.14 the difference between the outstanding state guaranteed bonds, and any cash collateral
26.15 held in a debt service reserve account and pledged to the payment of principal and interest
26.16 for the state guaranteed bonds and no other bonds. Assets and other security that may be
26.17 taken into account include (1) net unencumbered value of the project and any collateral
26.18 or third party guaranty, including a letter of credit, pledged or otherwise furnished by a
26.19 user of the project or by a benefited airline company as security for the payment of rent,
26.20 (2) bond proceeds, including earnings thereon, and (3) prepayments of rent, after making
26.21 such adjustments the commissioner determines to be appropriate to take into account
26.22 any outstanding bonds secured by a lien on the project or rent that is prior to the lien
26.23 securing the state guaranteed bonds, but excluding any cash collateral deducted from the
26.24 outstanding state guaranteed bonds in applying the coverage test. The commissioner may
26.25 adopt the method of valuing the assets and other security as the commissioner determines
26.26 to be appropriate, including valuation of the project at its original cost less depreciation.

26.27 Sec. 28. Minnesota Statutes 2006, section 116R.02, subdivision 4, is amended to read:

26.28 Subd. 4. **Security.** (a) If so provided in the commissioner's order or any indenture
26.29 authorizing the applicable series of bonds, up to \$125,000,000 principal amount of bonds
26.30 for the facility described in subdivision 5, ~~up to \$50,000,000 principal amount of bonds~~
26.31 ~~for the facility described in subdivision 6~~, and any bonds issued to refund these bonds may
26.32 be secured by either of the following methods:

26.33 (1) upon the occurrence of any deficiency in a debt service reserve fund for a series
26.34 of bonds as provided in section 116R.13, subdivision 3, the commissioner shall issue and
26.35 sell deficiency bonds in a principal amount not to exceed ~~(+)~~ \$125,000,000 for facilities

27.1 described in subdivision 5 ~~and (ii) \$50,000,000 for the facilities described in subdivision~~
27.2 ~~6~~; or

27.3 (2) the bonds may be directly secured by a pledge of the full faith, credit, and taxing
27.4 power of the state and issued as general obligation revenue bonds of the state in accordance
27.5 with the Minnesota Constitution, article XI, sections 4 to 7. In no event may the security
27.6 provided by this paragraph extend in whole or part to any series of bonds other than the
27.7 initial series of bonds so secured and any series of bonds issued to refund these bonds.

27.8 Deficiency bonds and bonds issued under clause (2) must be issued in accordance
27.9 with and subject to sections 16A.641, 16A.66, 16A.672, and 16A.675, except for section
27.10 16A.641, subdivision 5, except as otherwise provided in Laws 1991, chapter 350, article
27.11 1, and except that the bonds may be sold at public or private sale at a price or prices
27.12 determined by the commissioner as provided in section 116R.13, subdivision 3.

27.13 (b) The commissioner may request St. Louis County to pay or secure payment of
27.14 principal and interest due on up to \$12,600,000 principal amount of revenue bonds for the
27.15 facility described in subdivision 5 ~~and principal and interest due on up to \$15,000,000~~
27.16 ~~principal amount of revenue bonds for the facility described in subdivision 6~~. At the
27.17 request of the commissioner, St. Louis County shall, by resolution of its county board,
27.18 unconditionally and irrevocably pledge as a general obligation, its full faith, credit, and
27.19 taxing power to pay or secure payment of principal and interest due on the principal
27.20 amount or amounts requested by the commissioner. The general obligation and pledge of
27.21 St. Louis County are not subject to and shall not be taken into account for purposes of any
27.22 debt limitation. A levy of taxes for the St. Louis County general obligation is not subject
27.23 to and shall not be taken into account for purposes of any levy limitations. The general
27.24 obligation and the bonds secured by the general obligation may be issued without an
27.25 election. Except for sections 475.61 and 475.64, chapter 475 does not apply to the general
27.26 obligation or to the bonds secured by the general obligation.

27.27 (c) The commissioner may request the city of Duluth to pay or secure payment of
27.28 principal and interest due on up to \$47,600,000 principal amount of revenue bonds for the
27.29 facility described in subdivision 5. At the request of the commissioner, the city of Duluth
27.30 shall pledge specified revenues of the city, as provided in Laws 1991, chapter 350, article
27.31 1, section 24, to pay principal and interest due on the principal amount requested by
27.32 the commissioner.

27.33 (d) Bonds and deficiency bonds issued under sections 116R.01 to ~~116R.16~~ 116R.15
27.34 and any indenture entered into in connection with the issuance of the bonds are not subject
27.35 to section 16B.06.

28.1 Sec. 29. Minnesota Statutes 2006, section 116R.02, subdivision 5, is amended to read:

28.2 Subd. 5. **Use of proceeds; aircraft maintenance facility.** The proceeds of the
28.3 bonds issued in a principal amount not to exceed \$250,000,000 may be used to finance
28.4 the costs related to the planning, construction, improvement, or equipping of a heavy
28.5 maintenance facility for aircraft and facilities subordinate and related to the facility to be
28.6 located at the Duluth International Airport and any costs of issuance, reserves, credit
28.7 enhancement, or an initial period of interest payments related to the bonds or the facility.
28.8 The bond proceeds are appropriated to the commissioner for the purposes specified in this
28.9 subdivision. ~~The facility may be owned by the Metropolitan Airports Commission and~~
28.10 ~~leased for the benefit of one or more airline companies for use as a heavy maintenance~~
28.11 ~~base.~~ With the approval of the commissioner, the owner of the facility may place a
28.12 mortgage or security interest lien on the facility or any interest in or part of the facility.
28.13 The mortgage is exempt from the mortgage registry tax imposed under chapter 287. In
28.14 the event of a default under the loan, lease agreement, or other revenue agreement, the
28.15 facility, or any part of the facility, may be leased or sold to another person for any lawful
28.16 purpose, subject to the approval of the commissioner. The approval of the commissioner
28.17 is not required if the bond trustee has taken control of the facility as a result of a default.

28.18 The ownership of the facility by the owner may create no liability of the owner for
28.19 payment of the debt service on the bonds if so determined by the commissioner. The
28.20 owner may require as a condition of entering into the lease of the facility that the lessee or
28.21 other party pay all costs, expenses, or any other obligations of ownership of the facility.

28.22 No revenues derived from the lease of the project may be used other than for a
28.23 purpose related to the project, including its operation, administration, maintenance,
28.24 improvement, or financing.

28.25 Sec. 30. Minnesota Statutes 2006, section 116R.03, is amended to read:

28.26 **116R.03 GENERAL POWERS.**

28.27 For the purpose of exercising the specific powers authorized under sections 116R.01
28.28 to ~~116R.16~~ 116R.15 and effectuating the other purposes of sections 116R.01 to ~~116R.16~~,
28.29 116R.15, the commissioner may:

28.30 (1) acquire, hold, pledge, assign, lease, or dispose of real or personal property or
28.31 any interest in property, including a mortgage or security interest in a facility described in
28.32 section 116R.02, subdivision 5 ~~or 6~~;

28.33 (2) enter into agreements, contracts, or other transactions with any federal or state
28.34 agency, any person and any domestic or foreign partnership, corporation, association, or

29.1 organization, including contracts or agreements for administration and implementation of
 29.2 all or part of sections 116R.01 to ~~116R.16~~ 116R.15;

29.3 (3) acquire real property, or an interest therein, by purchase or foreclosure, where
 29.4 the acquisition is necessary or appropriate;

29.5 (4) enter into agreements with lenders, borrowers, or the issuers of securities for the
 29.6 purpose of regulating the development and management of any facility financed in whole
 29.7 or in part by the proceeds of bonds or loans;

29.8 (5) enter into agreements with other appropriate federal, state, or local governmental
 29.9 units; ~~and~~

29.10 (6) contract with, use, or employ any federal, state, regional, or local public or
 29.11 private agency or organization, legal counsel, financial advisors, investment bankers or
 29.12 others, upon terms the commissioner considers necessary or desirable, to assist in the
 29.13 exercise of any of the powers authorized under sections 116R.01 to ~~116R.16~~ 116R.15 and
 29.14 to carry out the objectives of sections 116R.01 to ~~116R.16~~ 116R.15 and may pay for the
 29.15 services from bond proceeds or otherwise available department money-; and

29.16 (7) in the event of a default under the loan, lease agreement, or other revenue
 29.17 agreement, the facility, or any part of the facility, may be leased or sold to another person
 29.18 for any lawful purpose, subject to the approval of the commissioner. The approval of the
 29.19 commissioner is not required if the bond trustee has taken control of the facility as a
 29.20 result of a default.

29.21 Sec. 31. Minnesota Statutes 2006, section 116R.05, subdivision 2, is amended to read:

29.22 Subd. 2. **Sources of payment.** Except as otherwise provided for bonds issued
 29.23 under section 116R.02, subdivision 4, paragraph (a), the bonds and interest payable
 29.24 thereon are payable solely from the following sources and are irrevocably appropriated
 29.25 for that purpose, but only to the extent provided in the order or indenture authorizing or
 29.26 securing the bonds:

29.27 (1) revenues of any nature derived from the ownership, lease, operation, sale,
 29.28 foreclosure, or refinancing of a project described in section 116R.02, subdivision 5 ~~or 6~~;

29.29 (2) repayments of any loans made under sections 116R.01 to ~~116R.16~~ 116R.15;

29.30 (3) proceeds of any bonds or deficiency bonds;

29.31 (4) amounts in any account or accounts authorized by section 116R.11 or 116R.12;

29.32 (5) amounts paid by St. Louis County under its obligations referred to in section
 29.33 116R.02, subdivision 4, and amounts paid under Laws 1991, chapter 350, article 1, section
 29.34 24 or 25, for the payment of bonds or interest thereon;

30.1 (6) amounts payable under any insurance policy, guaranty, letter of credit, or other
30.2 instrument securing the bonds;

30.3 (7) any other revenues which the commissioner may pledge but excluding state
30.4 appropriations unless the appropriation was specifically designated for that purpose; and

30.5 (8) investment income on any of the sources specified in clauses (1) to (7).

30.6 Sec. 32. Minnesota Statutes 2006, section 116R.11, subdivision 1, is amended to read:

30.7 Subdivision 1. **Funds.** The commissioner or any trustee appointed by the
30.8 commissioner under sections 116R.01 to ~~116R.16~~ 116R.15 shall establish and maintain an
30.9 aircraft facilities fund for ~~each of the projects~~ the project described in section 116R.02,
30.10 ~~subdivisions 5 and 6~~ subdivision 5. Except for amounts required by the commissioner to
30.11 be deposited in a debt service account, proceeds of each issue of bonds authorized under
30.12 section 116R.02, subdivision 1, must be deposited in a separate account, debt service
30.13 reserve, or other account designated by the commissioner. Money in the account is
30.14 appropriated to the commissioner. The commissioner or the owner of ~~each~~ the project
30.15 described in section 116R.02, ~~subdivisions 5 and 6~~ subdivision 5, may withdraw proceeds
30.16 of bonds for application to the appropriated purposes in the manner provided by order
30.17 of the commissioner or in any indenture authorized by order of the commissioner. The
30.18 commissioner may establish whatever accounts might be necessary to carry out sections
30.19 116R.01 to ~~116R.16~~ 116R.15. All deposits into and disbursements from accounts for the
30.20 purposes and from the sources of revenue authorized by sections 116R.01 to ~~116R.16~~
30.21 116R.15 and provided in an order of the commissioner or an indenture or other agreement
30.22 authorized by the commissioner are appropriated for that purpose.

30.23 Sec. 33. Minnesota Statutes 2006, section 116R.12, is amended by adding a subdivision
30.24 to read:

30.25 Subd. 4. **Approval.** The approval of the commissioner is not required if the bond
30.26 trustee has taken control of the facility as a result of a default.

30.27 Sec. 34. Minnesota Statutes 2006, section 272.01, subdivision 2, is amended to read:

30.28 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or
30.29 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is
30.30 leased, loaned, or otherwise made available and used by a private individual, association,
30.31 or corporation in connection with a business conducted for profit, there shall be imposed a
30.32 tax, for the privilege of so using or possessing such real or personal property, in the same
30.33 amount and to the same extent as though the lessee or user was the owner of such property.

31.1 (b) The tax imposed by this subdivision shall not apply to:

31.2 (1) property leased or used as a concession in or relative to the use in whole
31.3 or part of a public park, market, fairgrounds, port authority, economic development
31.4 authority established under chapter 469, municipal auditorium, municipal parking facility,
31.5 municipal museum, or municipal stadium;

31.6 (2) property of an airport owned by a city, town, county, or group thereof which is:

31.7 (i) leased to or used by any person or entity including a fixed base operator; and

31.8 (ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods,
31.9 services, or facilities to the airport or general public;

31.10 the exception from taxation provided in this clause does not apply to:

31.11 (i) property located at an airport owned or operated by the Metropolitan Airports
31.12 Commission or by a city of over 50,000 population according to the most recent federal
31.13 census or such a city's airport authority; or

31.14 (ii) hangars leased by a private individual, association, or corporation in connection
31.15 with a business conducted for profit other than an aviation-related business; ~~or~~

31.16 ~~(iii) facilities leased by a private individual, association, or corporation in connection~~
31.17 ~~with a business for profit, that consists of a major jet engine repair facility financed, in~~
31.18 ~~whole or part, with the proceeds of state bonds and located in a tax increment financing~~
31.19 ~~district;~~

31.20 (3) property constituting or used as a public pedestrian ramp or concourse in
31.21 connection with a public airport;

31.22 (4) property constituting or used as a passenger check-in area or ticket sale counter,
31.23 boarding area, or luggage claim area in connection with a public airport but not the
31.24 airports owned or operated by the Metropolitan Airports Commission or cities of over
31.25 50,000 population or an airport authority therein. Real estate owned by a municipality
31.26 in connection with the operation of a public airport and leased or used for agricultural
31.27 purposes is not exempt;

31.28 (5) property leased, loaned, or otherwise made available to a private individual,
31.29 corporation, or association under a cooperative farming agreement made pursuant to
31.30 section 97A.135; or

31.31 (6) property leased, loaned, or otherwise made available to a private individual,
31.32 corporation, or association under section 272.68, subdivision 4.

31.33 (c) Taxes imposed by this subdivision are payable as in the case of personal property
31.34 taxes and shall be assessed to the lessees or users of real or personal property in the same
31.35 manner as taxes assessed to owners of real or personal property, except that such taxes
31.36 shall not become a lien against the property. When due, the taxes shall constitute a debt

32.1 due from the lessee or user to the state, township, city, county, and school district for
32.2 which the taxes were assessed and shall be collected in the same manner as personal
32.3 property taxes. If property subject to the tax imposed by this subdivision is leased or used
32.4 jointly by two or more persons, each lessee or user shall be jointly and severally liable for
32.5 payment of the tax.

32.6 (d) The tax on real property of the state or any of its political subdivisions that is
32.7 leased by a private individual, association, or corporation and becomes taxable under
32.8 this subdivision or other provision of law must be assessed and collected as a personal
32.9 property assessment. The taxes do not become a lien against the real property.

32.10 Sec. 35. Minnesota Statutes 2006, section 290.06, subdivision 24, is amended to read:

32.11 Subd. 24. **Credit for job creation.** (a) A corporation that leases and operates
32.12 a heavy maintenance base for aircraft that is owned by the state of Minnesota or one
32.13 of its political subdivisions, ~~or an engine repair facility described in section 116R.02,~~
32.14 ~~subdivision 6, or both,~~ may take a credit against the tax due under this chapter.

32.15 (b) For the first taxable year when the facility has been in operation for at least three
32.16 consecutive months, the credit is equal to \$5,000 multiplied by the number of persons
32.17 employed by the corporation on a full-time basis at the facility on the last day of the taxable
32.18 year, not to exceed the number of persons employed by the corporation on a full-time basis
32.19 at the facility on the date 90 days before the last day of the taxable year. For each of the
32.20 succeeding four taxable years, the credit is equal to \$5,000 multiplied by the number of
32.21 persons employed by the corporation on a full-time basis at the facility on the last day of
32.22 the taxable year, not to exceed the number of persons employed by the corporation on a
32.23 full-time basis at the facility on the date 90 days before the last day of the taxable year.

32.24 (c) For the first taxable year in which the credit is allowed for the facility, the credit
32.25 must not exceed 80 percent of the wages paid to or incurred for persons employed by the
32.26 taxpayer at the facility during the taxable year. For the succeeding four taxable years, the
32.27 credit must not exceed 20 percent of the wages paid to or incurred for persons employed
32.28 by the taxpayer at the facility during the taxable year. For purposes of this section,
32.29 "wages" has the meaning given under section 3121(b) of the Internal Revenue Code,
32.30 except the limitation to the contribution and benefit base does not apply.

32.31 (d) If the credit provided under this subdivision exceeds the tax liability of the
32.32 corporation for the taxable year, the excess amount of the credit may be carried over to
32.33 each of the 20 taxable years succeeding the taxable year. The entire amount of the credit
32.34 must be carried to the earliest taxable year to which the amount may be carried. The
32.35 unused portion of the credit must be carried to the following taxable year. No credit

33.1 may be carried to a taxable year more than 20 years after the taxable year in which the
33.2 credit was earned.

33.3 (e) If an unused portion of the credit remains at the end of the carryover period under
33.4 paragraph (d), the commissioner shall refund the unused portion to the taxpayer. The
33.5 provisions of this paragraph do not apply if the corporation that earned the credit under this
33.6 subdivision or a successor in interest to the corporation filed for bankruptcy protection.

33.7 Sec. 36. Minnesota Statutes 2006, section 297A.71, subdivision 10, is amended to read:

33.8 Subd. 10. **Aircraft heavy maintenance facility.** Materials, equipment, and supplies
33.9 used or consumed in constructing a heavy maintenance facility for aircraft that is to be
33.10 owned by the state of Minnesota or one of its political subdivisions and leased by an airline
33.11 company, ~~or an aircraft engine repair facility described in section 116R.02, subdivision~~
33.12 ~~6, are~~ is exempt. Except for equipment owned or leased by a contractor, all machinery,
33.13 equipment, and tools necessary to the construction and equipping of that facility in order
33.14 to provide those services are also exempt.

33.15 Sec. 37. Minnesota Statutes 2006, section 360.013, subdivision 39, is amended to read:

33.16 Subd. 39. **Airport.** "Airport" means any area of land or water, except a restricted
33.17 landing area, which is designed for the landing and takeoff of aircraft, whether or not
33.18 facilities are provided for the shelter, surfacing, or repair of aircraft, or for receiving or
33.19 discharging passengers or cargo, and all appurtenant areas used or suitable for airport
33.20 buildings or other airport facilities, ~~including facilities described in section 116R.02,~~
33.21 ~~subdivision 6,~~ and all appurtenant rights-of-way, whether heretofore or hereafter
33.22 established. The operation and maintenance of airports is an essential public service.

33.23 Sec. 38. Minnesota Statutes 2006, section 360.032, subdivision 1, is amended to read:

33.24 Subdivision 1. **Acquisition.** Every municipality is hereby authorized, through its
33.25 governing body, to acquire property, real or personal, for the purpose of establishing,
33.26 constructing, and enlarging airports and other air navigation facilities and to acquire,
33.27 establish, construct, enlarge, improve, maintain, equip, operate, and regulate such airports
33.28 and other air navigation facilities and structures and other property incidental to their
33.29 operation, either within or without the territorial limits of such municipality and within
33.30 or without this state; to make, prior to any such acquisition, investigations, surveys, and
33.31 plans; to construct, install, and maintain airport facilities for the servicing ~~and repair~~ of
33.32 aircraft ~~and facilities authorized under section 116R.02, subdivision 6,~~ and for the comfort
33.33 and accommodation of air travelers; and to purchase and sell equipment and supplies as

34.1 an incident to the operation of its airport properties. It may not acquire, or take over any
 34.2 airport or other air navigation facility owned or controlled by any other municipality of
 34.3 the state without the consent of such municipality. It may use for airport purposes any
 34.4 available property that is now or may at any time hereafter be owned or controlled by it.
 34.5 Such air navigation facilities as are established on airports shall be supplementary to and
 34.6 coordinated in design and operation with those established and operated by the federal and
 34.7 state governments. It may assist other municipalities in the construction of approach roads
 34.8 leading to any airport or restricted landing area owned or controlled by it. ~~In financing the~~
 34.9 ~~facilities authorized under section 116R.02, subdivision 6, it may borrow from the state~~
 34.10 ~~or otherwise arrange for financing of the facilities and for that purpose may exercise any~~
 34.11 ~~powers vested in a municipality under sections 469.152 to 469.165.~~

34.12 Sec. 39. Minnesota Statutes 2006, section 360.038, subdivision 4, is amended to read:

34.13 Subd. 4. **Leased property.** To lease for a term not exceeding 30 years such airports;
 34.14 or other air navigation facilities ~~or facilities authorized under section 116R.02, subdivision~~
 34.15 ~~6~~; or real property acquired or set apart for airport purposes, to private parties, any
 34.16 municipal or state government or the national government, or any department of either
 34.17 thereof, for operation; to lease or assign for a term not exceeding 99 years to private
 34.18 parties, any municipal or state government, or the national government, or any department
 34.19 of either thereof, for operation or use consistent with the purposes of sections 360.011 to
 34.20 360.076, space, area, improvements, or equipment on such airports; notwithstanding any
 34.21 other provisions in this subdivision, to lease ground area for a term not exceeding 99 years
 34.22 to private persons for the construction of structures which in its opinion are essential and
 34.23 necessary to serve aircraft, persons, and things engaged in or incidental to aeronautics,
 34.24 including but not limited to shops, hangars, offices, restaurants, hotels, motels, factories,
 34.25 storage space, and any and all other structures necessary or essential to and consistent with
 34.26 the purposes of sections 360.011 to 360.076, to sell any part of such airports, other air
 34.27 navigation facilities, or real property to any municipal or state government, or to the
 34.28 United States or any department or instrumentality thereof, for aeronautical purposes
 34.29 incidental thereto, and to confer the privileges of concessions of supplying upon its
 34.30 airports goods, commodities, things, services, and facilities; provided that in each case in
 34.31 so doing the public is not deprived of its rightful, equal, and uniform use thereof.

34.32 Sec. 40. Laws 2005, chapter 20, article 1, section 7, subdivision 21, is amended to read:

34.33 Subd. 21. **State Park and Recreation Area**
 34.34 **Acquisition** 2,500,000

35.1 For acquisition of land under Minnesota
 35.2 Statutes, section 86A.05, subdivisions 2 and
 35.3 3, from willing sellers of private lands within
 35.4 state park and recreation area boundaries
 35.5 established by law.
 35.6 \$500,000 is to purchase land within the
 35.7 boundaries of Greenleaf Lake state park
 35.8 in Meeker county. The commissioner of
 35.9 natural resources, in consultation with the
 35.10 local elected officials and citizens of Meeker
 35.11 County, shall develop a plan for Greenleaf
 35.12 Lake State Park. The commissioner shall
 35.13 submit the plan to the legislative committees
 35.14 with jurisdiction over state parks and capital
 35.15 investment by February 1, 2008.

35.16 Sec. 41. Laws 2005, chapter 20, article 1, section 20, subdivision 3, is amended to read:

35.17 **Subd. 3. Systemwide Redevelopment, Reuse,**
 35.18 **or Demolition** 17,600,000

35.19 To demolish or improve surplus,
 35.20 nonfunctional, or deteriorated facilities and
 35.21 infrastructure at Department of Human
 35.22 Services campuses statewide.

35.23 (a) Up to \$8,600,000 may be used to
 35.24 predesign, design, construct, furnish,
 35.25 and equip renovation of existing space
 35.26 or construction of new space for skilled
 35.27 nursing home capacity for forensic treatment
 35.28 programs operated by state-operated services
 35.29 on the campus of St. Peter Regional
 35.30 Treatment Center.

35.31 (b) \$4,000,000 may be used to prepare
 35.32 and develop a site, including demolition of
 35.33 buildings and infrastructure, to implement
 35.34 the redevelopment and reuse of the

36.1 Ah-Gwah-Ching Regional Treatment Center
36.2 campus. If the property is sold or transferred
36.3 to a local unit of government, the unspent
36.4 portion of this appropriation may be granted
36.5 to the local unit of government that acquires
36.6 the campus for the purposes stated in this
36.7 subdivision. Notwithstanding Minnesota
36.8 Statutes, section 16A.642, this appropriation
36.9 and its corresponding bond authorization do
36.10 not cancel until June 30, 2010.

36.11 (c) \$1,000,000 may be used to renovate one
36.12 or more buildings for chemical dependency
36.13 treatment specializing in methamphetamine
36.14 addiction, and demolish buildings, on the
36.15 Willmar Regional Treatment Center campus.
36.16 If the property is sold or transferred to a local
36.17 unit of government, the unspent portion of
36.18 this appropriation may be granted to the local
36.19 unit of government that acquires the campus
36.20 for the purposes stated in this subdivision.

36.21 (d) Up to \$2,210,000 may be spent by the
36.22 commissioner of finance to retire municipal
36.23 bonds issued by the city of Fergus Falls and
36.24 to retire interfund loans incurred by the city
36.25 of Fergus Falls in connection with the waste
36.26 incinerator and steam heating facility at the
36.27 Fergus Falls Regional Treatment Center.

36.28 (e) Up to \$400,000 may be used for a grant to
36.29 the city of Fergus Falls to demolish the city's
36.30 waste-to-energy incineration plant located
36.31 on the grounds of the Fergus Falls Regional
36.32 Treatment Center.

36.33 (f) The provisions, terms, and conditions
36.34 of any grant made by the director of the
36.35 Office of Environmental Assistance under

37.1 Minnesota Statutes, chapter 115A, to the
 37.2 city of Fergus Falls for the waste incinerator
 37.3 steam heating facility that supports the
 37.4 Fergus Falls Regional Treatment Center and
 37.5 that may come into effect as a result of the
 37.6 incinerator and facility being closed, are
 37.7 hereby waived.

37.8 Sec. 42. Laws 2005, chapter 20, article 1, section 23, subdivision 8, is amended to read:

37.9 **Subd. 8. Lewis and Clark Rural Water System,**
 37.10 **Inc. 2,000,000**

37.11 This appropriation is from the general fund
 37.12 to the Public Facilities Authority for grants
 37.13 to the ~~city of Luverne, city of Worthington~~
 37.14 ~~Public Utilities, Lincoln-Pipestone rural~~
 37.15 ~~water system, and Rock County rural water~~
 37.16 ~~system~~ Lewis and Clark Joint Powers
 37.17 Board to acquire land, predesign, design,
 37.18 construct, furnish, and equip ~~one or more~~
 37.19 water transmission and storage facilities to
 37.20 ~~accommodate the connection with~~ of the
 37.21 Lewis and Clark Rural Water System, Inc.
 37.22 that will serve southwestern Minnesota.

37.23 ~~The grants~~ Payment to the Lewis and Clark
 37.24 Rural Water System, Inc., must be awarded
 37.25 to projects approved by the Lewis and Clark
 37.26 Joint Powers Board.

37.27 This appropriation is available only to the
 37.28 extent that each \$1 of state money is matched
 37.29 by at least \$1 of local money paid to the
 37.30 Lewis and Clark Rural Water System, Inc.
 37.31 ~~for each \$1 of state money to be used to~~
 37.32 ~~reimburse costs incurred on eligible projects.~~

37.33 This appropriation is the first phase of the
 37.34 state share for the Lewis and Clark Rural

38.1 Water System, Inc. project as defined in the
38.2 federal Lewis and Clark Rural Water System
38.3 Act of 2000.

38.4 Sec. 43. Laws 2005, chapter 20, article 1, section 23, subdivision 16, is amended to
38.5 read:

38.6 Subd. 16. **Minneapolis**

38.7 (a) Minnesota Planetarium 22,000,000

38.8 For a grant to ~~the city of Minneapolis~~
38.9 Hennepin County to complete design and
38.10 to construct, furnish, and equip a new
38.11 Minnesota planetarium and space discovery
38.12 center in conjunction with the Minneapolis
38.13 downtown library.

38.14 (b) Heritage Park

38.15 Any unspent balance remaining on December
38.16 31, 2004, in the appropriation made by
38.17 Laws 2000, chapter 492, article 1, section
38.18 22, subdivision 10, for a grant to the city of
38.19 Minneapolis, may be used by the city for
38.20 improvements to the Heritage Park project.

38.21 (c) Minnesota Shubert Center 1,000,000

38.22 For a grant to the city of Minneapolis to
38.23 predesign and design and provide for related
38.24 capital costs for an associated atrium to
38.25 create the Minnesota Shubert Center.

38.26 **EFFECTIVE DATE.** This section is effective on the same date as H.F. 1973/S.F.
38.27 1812, if enacted in the 2007 legislative session.

38.28 Sec. 44. Laws 2006, chapter 258, section 4, subdivision 4, is amended to read:

38.29 Subd. 4. **MacPhail Music Center** 5,000,000

38.30 (a) For a grant to the city of Minneapolis to
38.31 predesign, design, construct, furnish, and

39.1 equip a new facility for the MacPhail Center
39.2 for Music. The city of Minneapolis may
39.3 enter into a lease or management agreement
39.4 to operate the center, subject to Minnesota
39.5 Statutes, section 16A.695. This appropriation
39.6 is not available until the commissioner has
39.7 determined that not less than \$15,000,000
39.8 has been committed to the MacPhail Center
39.9 for Music from nonstate sources, and that
39.10 the available money is sufficient to complete
39.11 a functional facility. Money secured before
39.12 the effective date of this section may count
39.13 toward the required commitment of nonstate
39.14 sources, provided it is used for qualified
39.15 capital expenditures. Any land acquisition
39.16 costs paid by MacPhail Center for Music
39.17 qualify as capital expenditures.

39.18 (b) The city of Minneapolis may provide
39.19 money to predesign, design, construct,
39.20 furnish, and equip a center for music
39.21 education, including classrooms and a
39.22 recital hall in the city of Minneapolis,
39.23 to provide a facility for education of
39.24 students, music therapy programs for
39.25 persons with disabilities, music teacher
39.26 training opportunities, curriculum and
39.27 program development, and to provide the
39.28 programming in public and private schools
39.29 and in partnership with other organizations
39.30 throughout the state.

39.31 (c) The required demonstration of a
39.32 commitment of funds from nonstate sources
39.33 has been met by cash, prepaid qualified
39.34 expenses, and private multiyear pledges that
39.35 have been converted into cash through bond
39.36 financing and a letter of credit secured by

40.1 a mortgage lien on the state bond financed
 40.2 property. The \$5,000,000 construction grant
 40.3 shall be disbursed without requirement that
 40.4 the mortgage lien be released.

40.5 (d) The commissioners of education and
 40.6 finance shall agree to a provision in the
 40.7 ground lease that permits the city of
 40.8 Minneapolis to purchase for fair market
 40.9 value, as that term is defined in Minnesota
 40.10 Statutes, section 16A.695, subdivision 1,
 40.11 paragraph (d), the interest of the operating
 40.12 lease lessee in the state bond financed
 40.13 property (based on investment in land
 40.14 and capital improvements) in the event of
 40.15 nonrenewal of the operating lease at the time
 40.16 of nonrenewal without requirement of a prior
 40.17 escrow for funds by the city of Minneapolis.

40.18 **EFFECTIVE DATE.** This section is effective retroactively from June 2, 2006.

40.19 Sec. 45. Laws 2006, chapter 258, section 7, subdivision 11, is amended to read:

40.20 Subd. 11. **Water control structures** 1,000,000

40.21 To rehabilitate or replace water control
 40.22 structures used to manage shallow lakes and
 40.23 wetlands for waterfowl habitat on wildlife
 40.24 management areas under Minnesota Statutes,
 40.25 section 86A.05, subdivision 8, or for the
 40.26 purposes of public water reserves under
 40.27 Minnesota Statutes, section 97A.101.

40.28 Sec. 46. Laws 2006, chapter 258, section 21, subdivision 6, is amended to read:

40.29 Subd. 6. **Redevelopment Account** 9,000,000

40.30 For purposes of the redevelopment account
 40.31 under Minnesota Statutes, section 116J.571.

41.1 \$800,000 is for a grant to the city of
 41.2 Worthington to remediate contaminated
 41.3 soil and redevelop the site of the former
 41.4 Campbell Soup factory. This grant is exempt
 41.5 from the requirements of Minnesota Statutes,
 41.6 sections 116J.572 to 116J.575.

41.7 \$250,000 is for a grant to the city of
 41.8 Winona to predesign facilities for the
 41.9 Shakespeare Festival as part of the riverfront
 41.10 redevelopment plan. This grant is exempt
 41.11 from the requirements of Minnesota Statutes,
 41.12 sections 116J.572 to 116J.575.

41.13 Sec. 47. Laws 2006, chapter 258, section 21, subdivision 15, is amended to read:

41.14 **Subd. 15. Lewis and Clark Rural Water**
 41.15 **System, Inc. 3,282,000**

41.16 This appropriation is from the general fund
 41.17 to the Public Facilities Authority for grants
 41.18 to the ~~city of Luverne, city of Worthington~~
 41.19 ~~Public Utilities, Lincoln-Pipestone rural~~
 41.20 ~~water system, and Rock County rural water~~
 41.21 ~~system~~ Lewis and Clark Joint Powers
 41.22 Board to acquire land, predesign, design,
 41.23 construct, furnish, and equip ~~one or more~~
 41.24 water transmission and storage facilities ~~to~~
 41.25 ~~accommodate the connection with~~ of the
 41.26 Lewis and Clark Rural Water System, Inc.
 41.27 that will serve southwestern Minnesota.

41.28 ~~The grants~~ Payment to the Lewis and Clark
 41.29 Rural Water System, Inc., must be ~~awarded~~
 41.30 ~~to projects~~ approved by the Lewis and Clark
 41.31 Joint Powers Board.

41.32 This appropriation is available to the extent
 41.33 that each \$1 of state money is matched by at
 41.34 least \$1 of local money paid to the Lewis and

42.1 Clark Rural Water System, Inc. ~~to reimburse~~
42.2 ~~the system for costs incurred on eligible~~
42.3 ~~projects.~~

42.4 Sec. 48. **REPORT ON EAST PHILLIPS CULTURAL AND COMMUNITY**
42.5 **CENTER.**

42.6 The Metropolitan Council shall report by January 1, 2008, to the legislative
42.7 committees with jurisdiction over capital investment on the terms of the grant agreement
42.8 and progress on design and construction of the East Phillips Cultural and Community
42.9 Center by the Minneapolis Park and Recreation Board with the appropriation in Laws
42.10 2006, chapter 258, section 17, subdivision 8.

42.11 Sec. 49. **REVISOR'S INSTRUCTION.**

42.12 The revisor of statutes shall change "116R.01 to 116R.16" to "116R.01 to 116R.15"
42.13 wherever it appears in Minnesota Statutes.

42.14 Sec. 50. **REPEALER.**

42.15 Minnesota Statutes 2006, sections 116R.02, subdivisions 3, 6, 7, and 9; and 116R.16,
42.16 are repealed.

42.17 Sec. 51. **EFFECTIVE DATE.**

42.18 Except as otherwise provided, this act is effective the day following final enactment.