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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 132

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Authored by Mahoney, Tingelstad, Carlson, Kahn, Hausman and others

The bill was read for the first time and referred to the Committee on Biosciences and Emerging Technology

1.1 A bill for an act
1.2 relating to economic development; establishing the Minnesota Biomedical
1.3 Sciences Research Facilities Authority and the biomedical sciences research
1.4 project funding program; providing for the University of Minnesota to apply for
1.5 facility program funds; authorizing sale of state bonds to fund program; requiring
1.6 reports; appropriating money; proposing coding for new law in Minnesota
1.7 Statutes, chapter 116J.

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

1.9 Section 1. **[116J.8860] PURPOSE.**

1.10 Sections 116J.8861 to 116J.8865 provide a framework for a biomedical science
1.11 research funding program to further the investment in biomedical science research
1.12 facilities in the state which will benefit the state's economy, advance the biomedical
1.13 technology industry, benefit human health, and facilitate research collaboration between
1.14 the University of Minnesota and other private and public institutions in the state.

1.15 Sec. 2. **[116J.8861] DEFINITIONS.**

1.16 Subdivision 1. **Definitions.** Notwithstanding section 116J.03, for the purposes of
1.17 sections 116J.8860 to 116J.8865, the terms in this section have the meanings given them.

1.18 Subd. 2. **Authority.** "Authority" means the Minnesota Biomedical Science
1.19 Research Facilities Authority.

1.20 Subd. 3. **Biomedical science research facility.** "Biomedical science research
1.21 facility" means a facility located in the state to be used as research facilities and
1.22 laboratories for biomedical science and biomedical technology.

1.23 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of finance.

2.1 Subd. 5. **Cost.** "Cost" of a project means the sum of all obligations paid, or to
 2.2 be paid, or incurred which are reasonably required for the design, construction, and
 2.3 completion of the project, including, but not limited to:

2.4 (1) site acquisition;

2.5 (2) soil and environmental testing, surveys, estimates, plans and specifications,
 2.6 supervision of construction, and other engineering and architectural services;

2.7 (3) payment under construction contracts and for payment and performance bonds;
 2.8 and

2.9 (4) purchase and installation of furniture, fixtures, and equipment.

2.10 Subd. 6. **Program.** "Program" means the program authorized under section
 2.11 116J.8864.

2.12 Subd. 7. **Project.** "Project" means the acquisition, construction, improvement,
 2.13 expansion, repair, or rehabilitation of all or any part of any structure, facility, infrastructure,
 2.14 or equipment necessary for a biomedical science research facility.

2.15 **Sec. 3. [116J.8862] MINNESOTA BIOMEDICAL SCIENCE RESEARCH**
 2.16 **FACILITIES AUTHORITY.**

2.17 Subdivision 1. **Membership.** (a) The Minnesota Biomedical Science Research
 2.18 Facilities Authority consists of:

2.19 (1) the commissioner of employment and economic development;

2.20 (2) one current and one former member of the senate appointed by the majority
 2.21 leader of the senate;

2.22 (3) one current and one former member of the senate appointed by the minority
 2.23 leader of the senate;

2.24 (4) one current and one former member of the house of representatives appointed by
 2.25 the speaker of the house of representatives;

2.26 (5) one current and one former member of the house of representatives appointed by
 2.27 the minority leader of the house of representatives; and

2.28 (6) four members who are not members of the senate or house of representatives or
 2.29 officers or employees of any agency in the executive branch appointed by the governor
 2.30 with the advice and consent of the senate.

2.31 (b) The current legislative members serve at the pleasure of the appointing authority
 2.32 and are nonvoting members. The members of the authority, other than the commissioner
 2.33 of employment and economic development, shall be appointed for staggered terms of
 2.34 four years. The initial four members of the authority appointed by the governor shall be

3.1 appointed for a term of one, two, three, and four years, respectively, as specified by the
3.2 governor. Members of the authority are public officials for purposes of chapter 10A.

3.3 Subd. 2. **Authority actions.** A majority of the authority, excluding vacancies,
3.4 constitutes a quorum to conduct its business, to exercise its powers, and for all other
3.5 purposes.

3.6 Subd. 3. **Meeting by telephone or other means.** (a) If compliance with section
3.7 13D.02 is impractical, the authority may conduct a meeting of its members by telephone
3.8 or other electronic means so long as the following conditions are met:

3.9 (1) all members of the authority participating in the meeting, wherever their physical
3.10 location, can hear one another and can hear all discussion and testimony;

3.11 (2) members of the public present at the regular meeting location of the authority
3.12 can hear clearly all discussion and testimony and all votes of members of the authority
3.13 and, if needed, receive those services required by sections 15.44 and 15.441;

3.14 (3) at least one member of the authority is physically present at the regular meeting
3.15 location; and

3.16 (4) all votes are conducted by roll call, so each member's vote on each issue can be
3.17 identified and recorded.

3.18 (b) Each member of the authority participating in a meeting by telephone or other
3.19 electronic means is considered present at the meeting for purposes of determining a
3.20 quorum and participating in all proceedings.

3.21 (c) If telephone or other electronic means is used to conduct a meeting, the authority,
3.22 to the extent practical, shall allow a person to monitor the meeting electronically from a
3.23 remote location. The authority may require the person making such a connection to pay for
3.24 documented marginal costs that the authority incurs as a result of the additional connection.

3.25 (d) If telephone or other electronic means is used to conduct a regular, special, or
3.26 emergency meeting, the authority shall provide notice of the regular meeting location,
3.27 of the fact that some members may participate by telephone or other electronic means,
3.28 and of the provisions of paragraph (c). The timing and method of providing notice
3.29 is governed by section 13D.04.

3.30 Subd. 4. **Administrative services.** The commissioner shall provide administrative
3.31 services to the authority and establish an annual budget for the authority. The reasonable
3.32 costs of administrative services are payable as provided in section 116J.8865.

3.33 Subd. 5. **Personal liability.** Members and officers of the authority are not liable
3.34 personally for any debt or obligation of the authority.

3.35 Subd. 6. **In general.** The authority has all the powers necessary and convenient
3.36 to carry out its duties under this chapter.

4.1 Sec. 4. **[116J.8863] POWERS; DUTIES.**

4.2 Subdivision 1. **Bylaws; rules.** The authority shall adopt bylaws for its organization
4.3 and internal management. The commissioner may adopt rules governing the authority's
4.4 operations, properties, and facilities.

4.5 Subd. 2. **Power to sue; enter contracts.** The authority may sue and be sued. The
4.6 authority may make and enter into contracts, leases, and agreements necessary to perform
4.7 its duties and exercise its powers.

4.8 Subd. 3. **Gifts; grants.** The authority may apply for, accept, and disburse gifts,
4.9 grants, loans, or other property from the United States, the state, private sources, or
4.10 any other source for any of its purposes. Money received by the authority under this
4.11 subdivision must be deposited in the biomedical science research facilities program fund
4.12 established under section 116J.8864.

4.13 Subd. 4. **Contract for services.** The authority may retain or contract for the
4.14 services of accountants, financial advisors, and other consultants or agents needed to
4.15 perform its duties and exercise its powers.

4.16 Subd. 5. **Report.** The authority must report to the legislature by July 1 of each
4.17 odd-numbered year on implementation of projects since the last report and on plans for
4.18 the upcoming year.

4.19 Sec. 5. **[116J.8864] BIOMEDICAL SCIENCE RESEARCH FACILITIES**
4.20 **FUNDING PROGRAM.**

4.21 Subdivision 1. **Program established.** The authority will establish a biomedical
4.22 science research facilities funding program to provide grants to the Board of Regents
4.23 of the University of Minnesota for 90 percent of the costs of projects approved under
4.24 subdivision 4.

4.25 Subd. 2. **Establishment of program fund; appropriation.** The biomedical
4.26 science research facilities program fund is established as a special and dedicated fund
4.27 to be held and invested separately from all other funds of the state. All proceeds of
4.28 state bonds authorized and issued for the purposes of the biomedical science research
4.29 facilities program fund and any other money from any source which may be credited to
4.30 the biomedical science research facilities program fund pursuant to law or pursuant to
4.31 the terms of any grants, contributions, or contracts are appropriated and shall remain
4.32 available for the purposes of the biomedical science research facilities program fund until
4.33 those purposes have been fully accomplished. The biomedical science research facilities
4.34 program fund may be used only for making grants for projects pursuant to the program.

5.1 Subd. 3. **Grant applications.** Applications for grants for a project are to be made
5.2 by the Board of Regents of the University of Minnesota to the authority. To be eligible for
5.3 a grant under the program a project must meet the following criteria:

5.4 (1) the University of Minnesota, either acting on its own or in collaboration with
5.5 another private or public institution, must pay ten percent of the costs of the project and
5.6 may meet all or part of the required share of the costs of the project through the prior
5.7 purchase of scientific equipment and materials incident to the project provided such
5.8 purchase is completed not more than two years prior to the approval of a grant by the
5.9 authority and the University of Minnesota must be responsible for the ongoing facilities
5.10 maintenance and operations of the biomedical science research facility resulting from
5.11 the project;

5.12 (2) if the application is for a project in which the University of Minnesota proposes
5.13 to work in collaboration with another private or public institution, such other institution
5.14 must be one that generates at least \$75,000,000 annually in competitive federal funding
5.15 from the National Institute of Health, National Science Foundation, or similar agency;

5.16 (3) the biomedical science research facility resulting from the project will be owned
5.17 by the Board of Regents of the University of Minnesota; and

5.18 (4) at a minimum the application must include the following information:

5.19 (i) a resolution of the governing body that the required match is available and
5.20 committed;

5.21 (ii) a detailed estimate, along with necessary supporting evidence, of the total cost
5.22 of the project;

5.23 (iii) an assessment of the potential to attract new or continue existing public and
5.24 private research grant awards resulting from the project;

5.25 (iv) a detailed facility operating financial analysis projecting the annual expected
5.26 revenues and costs associated with the project;

5.27 (v) a timeline indicating the major milestones of the project and their anticipated
5.28 completion dates; and

5.29 (vi) an assessment of the likelihood of public benefits from the project including
5.30 benefitting public health and enhancement of employment opportunities within the state,
5.31 stimulation of economic growth, and the potential for advancing the development of
5.32 commercially successful and affordable products, processes, or services.

5.33 The factors listed are not in priority order and the authority may weigh each factor,
5.34 depending upon the facts and circumstances, as the authority considers appropriate.

5.35 Subd. 4. **Grant approvals.** The authority shall determine for each project for which
5.36 an application is submitted whether it appears in the authority's judgment to conform to

6.1 the purposes and policies stated in section 116J.8860 and meets the criteria stated in
 6.2 subdivision 3. Upon determination by the authority that a project conforms to the purposes
 6.3 and policies stated in section 116J.8860 and meets the criteria stated in subdivision 3, it
 6.4 may approve a grant under the program for the project in an amount equal to 90 percent of
 6.5 the costs of the project. Upon approval of a grant by the authority, the Board of Regents of
 6.6 the University of Minnesota has the power to identify project costs eligible for financing
 6.7 by the authority and execute all requisite certifications required for a state tax-exempt
 6.8 debt issuance, if any. The authority may approve total grants up to the percentage of the
 6.9 amount of bond proceeds authorized in section 116J.8892, subdivision 1, for the fiscal
 6.10 year ending June 30 as set forth opposite such date.

<u>Percent of Bond Proceeds</u>	<u>Fiscal Year</u>
6.11 <u>5.8 percent</u>	6.11 <u>2008</u>
6.12 <u>21.5 percent</u>	6.12 <u>2009</u>
6.13 <u>45.0 percent</u>	6.13 <u>2011</u>
6.14 <u>71.0 percent</u>	6.14 <u>2013</u>
6.15 <u>100.0 percent</u>	6.15 <u>2015</u>

6.17 Subd. 5. **Disbursements.** Disbursement of grants approved by the authority under
 6.18 the program must be made for eligible project costs as incurred according to the project
 6.19 grant agreement and applicable state laws governing the payment.

6.20 Sec. 6. **[116J.8865] AUTHORIZATION OF BONDS AND ESTABLISHMENT**
 6.21 **OF BOND FUND.**

6.22 Subdivision 1. **Establishment of bond fund; appropriation.** The biomedical
 6.23 science research facilities bond fund is hereby established as a special and dedicated
 6.24 fund to be held and invested separately from all other funds of the state. The biomedical
 6.25 science research facilities bond fund may be used only for paying the principal of,
 6.26 premium, if any, and interest on bonds issued pursuant to section 8. Funds sufficient to
 6.27 pay the principal of, premium, if any, and interest on bonds issued authorized pursuant to
 6.28 section 8 are appropriated from the biomedical science research facilities bond fund to
 6.29 the commissioner.

6.30 Subd. 2. **Transfer; appropriation.** (a) The commissioner shall annually transfer
 6.31 from the general fund to the biomedical science research facilities bond fund on October 1
 6.32 of each year the amount necessary to pay the debt service required under subdivision 1.
 6.33 The amounts to be transferred are appropriated to the commissioner from the general fund.

6.34 (b) All amounts in the biomedical science research facilities bond fund not required
 6.35 to pay the principal of, premium, if any, and interest on bonds issued pursuant to section 8

7.1 in any fiscal year or required to pay the authority's administrative costs shall be transferred
7.2 by the commissioner to the general fund by June 30 of such fiscal year.

7.3 **Sec. 7. [116J.996] BIOSCIENCE AND BIOTECHNOLOGY SUBSIDIES.**

7.4 Subdivision 1. **Reporting by subsidy recipients.** Each recipient of a state subsidy
7.5 for bioscience or biotechnology must provide to the commissioner of employment and
7.6 economic development two written reports by January 15 each year. The first report must
7.7 address the projected and actual impact, if any, of the subsidy on reducing the unit cost
7.8 to consumers of pharmaceuticals, medical devices, and other bioengineered products,
7.9 including, but not limited to, agricultural products. The second report must address the
7.10 projected and actual jobs created, including information about wage levels and benefits of
7.11 all employees and consultants, as a result of the subsidy.

7.12 Subd. 2. **Compilation and summary report.** By March 1 each year, the
7.13 commissioner of employment and economic development must provide to the legislature
7.14 a compilation and summary report of the reports received from all recipients of state
7.15 subsidies for bioscience and biotechnology in compliance with sections 3.195 and 3.197.

7.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
7.17 and applies to all state subsidies awarded on or after January 1, 2007.

7.18 **Sec. 8. BIOMEDICAL SCIENCE RESEARCH FACILITIES PROGRAM;**
7.19 **BOND SALE.**

7.20 To provide money in the biomedical science research facilities program fund for
7.21 the purpose of the program for which the biomedical science research facilities program
7.22 fund is appropriated and dedicated under the provisions of Minnesota Statutes, sections
7.23 116J.8860 to 116J.8864, the commissioner shall sell and issue bonds of the state in the
7.24 aggregate amount of \$279,000,000 in the manner, upon the terms, and with the effect
7.25 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
7.26 Constitution, article XI, sections 4 to 7. Before the issuance of any series of bonds the
7.27 authority shall determine that the proceeds of the series of bonds to be issued will be
7.28 needed to make disbursements of grants approved by the authority under the program.
7.29 The provisions of Minnesota Statutes, section 16A.642, do not apply to this section.