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; establishing new programs and modifying existing programs; authorizing the sale of state bonds; canceling and modifying previous appropriations; appropriating money; amending Minnesota Statutes 2006, sections 85.013, by adding a subdivision; 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, subdivisions 2, 21; 17; 20, subdivision 3; 21, subdivision 2; 23, subdivisions 8, 16; Laws 2005, chapter 156, article 2, section 46; Laws 2006, chapter 258, sections 4, subdivision 4; 7, subdivisions 3, 7, 11, 22; 16, subdivision 4; 21, subdivisions 6, 15; 23, subdivision 3; repealing Minnesota Statutes 2006, sections 85.012, subdivision 24b; 116R.02, subdivisions 3, 6, 7, 9; 116R.16; Laws 2006, chapter 258, section 14, subdivision 6.

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

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column under "appropriations" are appropriated from the bond proceeds fund, or another named 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 article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this article are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

**SUMMARY**

| | | |
|---|---|---|
| University of Minnesota | $ | 36,400,000 |

| | | |
|---|---|---|
| Minnesota State Colleges and Universities | | 34,520,000 |
| Education | | 30,240,000 |
| Natural Resources | | 4,684,000 |
| Pollution Control Agency | | 2,500,000 |
| Board of Water and Soil Resources | | 8,165,000 |
| Zoological Garden | | 1,526,000 |
| Administration | | 15,240,000 |
| Public Safety | | 7,550,000 |
| Transportation | | 53,673,000 |
| Metropolitan Council | | 51,150,000 |
| Human Services | | 150,000 |
| Corrections | | 6,117,000 |
| Employment and Economic Development | | 82,150,000 |
| Bond Sale Expenses | | 167,000 |
| **Cancellations** | | **(5,432,000)** |
| Lewis and Clark | | 5,282,000 |
| **TOTAL** | **$** | **334,082,000** |
| Bond Proceeds Fund (General Fund Debt Service) | | 110,438,000 |
| Bond Proceeds Fund (User Financed Debt Service) | | 1,267,000 |
| State Transportation Fund | | 30,000,000 |
| Trunk Highway Fund Bond Proceeds Account | | 33,420,000 |
| General Fund | | 164,389,000 |
| Bond Proceeds Cancellations | | (5,432,000) |

**APPROPRIATIONS**

Sec. 2. **UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation** **$ 36,400,000**

To the Board of Regents of the University of Minnesota for the purposes specified in this section.

Subd. 2. **Higher Education Asset Preservation and Replacement (HEAPR)** 22,000,000

To be spent in accordance with Minnesota Statutes, section 135A.046.

Subd. 3. **717 Delaware** 14,400,000

To renovate the building at 717 Delaware for use as a biomedical science research facility. This appropriation is intended to cover approximately 80 percent of the cost of the project. The remaining costs must be paid from university sources.

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

| | | |
|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **34,520,000** |

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

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|---|---|
| Subd. 2. **Higher Education Asset Preservation And Replacement** | 30,720,000 |

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

| | |
|---|---|
| Subd. 3. **Bemidji State University** | 2,000,000 |

To acquire property adjacent to Bemidji State University.

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

To acquire property adjacent to the Fond du Lac Tribal and Community College.

Subd. 5. **Debt Service**

(a) The board shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except for higher education asset preservation and replacement, except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Subd. 6. **Unspent Appropriations**

(a) Upon substantial completion of a project authorized in this section and after written notice to the commissioner of finance, the Board of Trustees must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046. The Board of Trustees must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments and higher education finance, and to the chairs of the house Ways and Means Committee and the senate Finance Committee, on how the remaining money has been allocated or spent.

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

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

| | | |
|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **30,240,000** |

To the commissioner of education for the purposes specified in this section. The appropriations in this section are from the general fund.

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|---|---|
| Subd. 2. **Independent School District No. 11, Anoka-Hennepin** | 240,000 |

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

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|---|---|
| Subd. 3. **Independent School District No. 38, Red Lake** | 30,000,000 |

For a grant to Independent School District No. 38, Red Lake, to design, construct, furnish, and equip renovation of existing facilities and construction of new facilities. The project includes renovation of, and an addition to, the high school and middle school to provide classrooms and related facilities for technology education, vocational education, physical education, and community education, and to provide for food services and administrative offices. The heating plant and piping for the high school and middle school will be upgraded and the motor vehicle fuel and propane tanks may be relocated. The project may include renovation of the Red Lake Elementary School to add classrooms and to link it to the Early Childhood Learning Center. The project may include renovation of the Ponemah Elementary School to add a media center and Head Start center, add parking, improve the bus drop-off, and expand playground facilities. The commissioner and Independent School District No. 38, Red Lake, shall report to the legislature by January 10, 2008, on the progress of the project funded by the grant. The unexpended balance of the appropriation in Laws 2005, chapter 20, article 1, section 5, subdivision 2, as amended by Laws 2006, chapter 258, section 42, to design, construct, renovate, furnish, equip, and make health and safety capital improvements to school facilities may be added to this appropriation.

Sec. 5. **NATURAL RESOURCES**

| | | |
|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **4,684,000** |

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

The appropriations in this section are from the general fund.

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

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

For a grant under Minnesota Statutes, section 103F.161, to the city of Stillwater to predesign, design, and begin construction of Phase III of the Stillwater flood control project, including flood control structures and pumping stations. This appropriation is not available until the commissioner has determined that at least $2,000,000 has been committed from nonstate sources.

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| Subd. 3. **Canisteo Mine** | 1,300,000 |

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

| | |
|---|---|
| Subd. 4. **Lake Zumbro Restoration** | 350,000 |
| For an agreement with Olmsted and Wabasha Counties to design and engineer the restoration of Lake Zumbro. This is a onetime appropriation and is available until June 30, 2009. | |
| Subd. 5. **Red River Digital Elevation Model** | 600,000 |
| To develop and implement a high-resolution digital elevation model for the Red River basin. | |
| Subd. 6. **Greenleaf Lake State Recreation Area** | 500,000 |
| To acquire from willing sellers land within the boundaries of Greenleaf Lake State Recreation Area, established under Minnesota Statutes, section 85.013, subdivision 11b. | |
| Subd. 7. **Fort Snelling Upper Bluff** | 500,000 |
| For a grant to Hennepin County to conduct emergency building stabilization at Fort Snelling Upper Bluff. This appropriation is not available until the commissioner of finance has determined that Hennepin County has entered into appropriate agreements to use sentence-to-serve labor for the project that will train sentence-to-serve laborers in the skills needed for the work. | |
| Subd. 8. **State Trail Acquisition and Development** | 1,234,000 |
| To acquire land for and to construct and renovate state trails under Minnesota Statutes, section 85.015. | |

$125,000 is for the Cuyuna Lakes Trail, to develop a natural surface multiuse trail in the Cuyuna Country State Recreation Area.

$650,000 is for the Gateway Trail, to replace an at-grade crossing of the Gateway Trail at Highway 120 with a tunnel.

$209,000 is for the Luce Line Trail, to acquire land for, develop, and rehabilitate the trail.

$250,000 is for acquisition of the Browns Creek segment of the Willard Munger Trail System, currently the right-of-way for the Minnesota Zephyr.

| | | |
|---|---|---|
| Sec. 6. **POLLUTION CONTROL AGENCY** | **$** | **2,500,000** |

**Closed landfill program**

This appropriation is from the general fund for a grant to the city of Albert Lea to construct remedial systems at the Albert Lea landfill. This includes relocating and incorporating waste from the former Albert Lea dump owned by the city of Albert Lea under Minnesota Statutes, section 115B.403, which action may be taken by the Pollution Control Agency notwithstanding the provisions of Minnesota Statutes, section 115B.403, paragraphs (a) and (b).

The appropriation in this section is added to the amounts for the city of Albert Lea landfill funding in Laws 2006, chapter 258, section 8, subdivision 2.

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

| | | |
|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **8,165,000** |

To the Board of Water and Soil Resources for the purposes specified in this section. The appropriations in this section are from the general fund.

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

To acquire conservation easements from landowners on marginal lands and to construct conservation measures on acquired land in order to protect soil and water quality and to support fish and wildlife habitat as provided in Minnesota Statutes, sections 103F.501 to 103F.535. Of this, $1,200,000 is to implement the program. The board must submit to the legislative committees with jurisdiction over environment finance and capital investment an interim report on this program by October 1, 2007, and a final report by February 1, 2008.

Subd. 3. **Lake Titlow Watershed Improvements** 165,000

$150,000 is for a grant to the city of Gaylord to predesign and design holding ponds upstream from Lake Titlow. The design must include the best location for the ponds, an estimate of the cost of land acquisition or easements, construction costs of the holding ponds, and the estimated expense of maintaining the structures and who will be responsible for the expense. The city must also coordinate with state and county conservation officials to ensure correct conservation practices and improvements in the watershed district.

$15,000 is for a grant to the city of Gaylord to purchase open intake tile covers or cones that limit soil erosion and chemicals from entering the water ditch systems and waterways of the Lake Titlow watershed. These water control devices must be provided at low cost to landowners to promote conservation improvement and clean up groundwater. Volunteers from the city of Gaylord and local clubs and high school students must be used to install the water control devices at no cost to the landowner.

The criteria, limitations, and assessment requirements in Minnesota Statutes, sections 103D.701, 103D.705, and 103D.901 do not apply to this subdivision.

| | | |
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| Sec. 8. **MINNESOTA ZOOLOGICAL GARDEN** | **$** | **1,526,000** |

**Inflow and infiltration emergency abatement**

This appropriation is from the general fund to the Minnesota Zoological Garden to design and construct improvements to its water management system. The project must be designed to address inflow and infiltration problems associated with the Minnesota Zoo's water discharge flow to the city of Eagan.

Sec. 9. **ADMINISTRATION**

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|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **15,240,000** |

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

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|---|---|
| Subd. 2. **Exterior Repair of Transportation Building** | 12,715,000 |

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

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

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

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

This appropriation is from the general fund for a grant to the city of Eden Prairie to design and construct improvements of a capital nature for a veterans memorial in Purgatory Creek Recreation Area in the city of Eden Prairie.

Sec. 10. **PUBLIC SAFETY**

| | | |
|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **7,550,000** |

To the commissioner of public safety for the purposes specified in this section.

The appropriations in this section are from the general fund.

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| Subd. 2. **Anoka County Forensic Crime Laboratory** | 2,500,000 |

Notwithstanding any law to the contrary, this appropriation is for a grant to Anoka County to design, construct, furnish, and equip a regional forensic crime laboratory, for the use of Anoka, Sherburne, and Wright Counties, to be located in Anoka County.

This appropriation is not available until the commissioner has determined that at least $7,500,000 has been committed or will be committed from nonstate sources to the forensic crime laboratory and/or a public safety facility that will contain the forensic crime laboratory.

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| Subd. 3. **Gonvick Public Safety Training Center** | 50,000 |

Notwithstanding any law to the contrary, for a grant to the city of Gonvick to predesign a regional emergency training administration center in Gonvick.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

| | |
|---|---|
| Subd. 4. **Scott County Public Safety Training Center** | 1,500,000 |

Notwithstanding any law to the contrary, for a grant to Scott County to design, construct, furnish, and equip a regional public safety training center in Scott County.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

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|---|---|
| Subd. 5. **Southeastern Minnesota Regional Public Safety Training Center** | 1,500,000 |

Notwithstanding any law to the contrary, to design, construct, furnish, and equip the Southeastern Minnesota Regional Public Safety Training Center in Rochester. The facility must include a live burn training simulator, a driving range, and a weapons training facility.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

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|---|---|---|
| Subd. 6. **Browns Valley Flood Relief** | | 2,000,000 |

For a grant to the city of Browns Valley to be used to mitigate damage to public and private property caused by the flooding of March 2007. Grant money may be used to repair, buy, or replace private property damaged by flooding.

Sec. 11. **TRANSPORTATION**

| | | |
|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **53,673,000** |

To the commissioner of transportation for the purposes specified in this section.

| | | |
|---|---|---|
| Subd. 2. **Local Bridge Replacement and Rehabilitation** | | 30,000,000 |

This appropriation is from the bond proceeds account in the state transportation fund as provided in Minnesota Statutes, section 174.50, to match federal money and to replace or rehabilitate local deficient bridges.

Political subdivisions may use grants made under this section to construct or reconstruct bridges, including:

(1) matching federal aid grants to construct or reconstruct key bridges;

(2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;

(3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and

(4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more cost efficient than the replacement of the existing bridge.

Subd. 3. **Port Development Assistance** 500,000

This appropriation is from the general fund for grants under Minnesota Statutes, chapter 457A. Any improvements made with the proceeds of these grants must be publicly owned.

Subd. 4. **Mankato District Headquarters** 20,673,000

This appropriation is from the bond proceeds account in the trunk highway fund to design, construct, furnish, and equip a new Department of Transportation district headquarters facility in Mankato.

Subd. 5. **High-Speed Rail Line** 2,000,000

This appropriation is from the general fund for the state's share of a high-speed rail line connecting Chicago, LaCrescent, Winona, Red Wing, and the Union Depot Concourse Multimodal Transit Hub, located in downtown St. Paul in the area south of Kellogg Boulevard and east of Jackson Street. No part of this appropriation may be spent to acquire or better capital improvements that are located outside the state of Minnesota, that may be used from time to time outside the state of Minnesota, or that are part of a rail corridor that is not designated by the Midwest Interstate Passenger Rail Compact.

| | |
|---|---|
| Subd. 6. **Commuter Rail Extension** | 250,000 |

This appropriation is from the general fund for a grant to the Northstar Corridor Development Authority to fund advanced preliminary engineering, updated environmental documentation, property appraisals, and negotiations with the railroad to extend commuter rail service on the Burlington Northern Santa Fe rail line between Big Lake and Rice.

| | |
|---|---|
| Subd. 7. **North Shore Express Intercity Rail Initiative** | 250,000 |

This appropriation is from the general fund for a grant to St. Louis and Lake County Regional Rail Authority for railroad acquisition and track restoration, environmental impact studies, advanced corridor planning, preliminary design and preliminary engineering, station design, analysis of railroad capacity, and easement costs for intercity and passenger rail service between the city of Duluth and the cities of Minneapolis and St. Paul.

Sec. 12. **METROPOLITAN COUNCIL**

| | | |
|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **51,150,000** |

To the Metropolitan Council for the purposes specified in this section. The appropriations in this section are from the general fund, unless another fund is named.

| | |
|---|---|
| Subd. 2. **Central Corridor Transit Way** | 40,000,000 |

This appropriation is from the bond proceeds fund for preliminary engineering, preliminary design, final design, and construction of the central corridor transit way between downtown Minneapolis and downtown St. Paul, terminating in downtown St. Paul at the Union Depot.

This appropriation may not be spent for capital improvements within a trunk highway right-of-way.

District heating and district cooling nonprofit corporations organized under Minnesota Statutes, chapter 317A, that are exempt organizations under section 501(c)(3) of the United States Internal Revenue Code that are public right-of-way users under Minnesota Rules, chapter 7819, are eligible to receive grants and federal money for costs of relocating facilities from public rights-of-way to prevent interference with public light rail projects.

| | |
|---|---|
| Subd. 3. **South St. Paul - Span Arch Bridge** | 600,000 |

For a grant to the city of South St. Paul to design and construct a span arch bridge under 19th Avenue in South St. Paul for connection with the Dakota County North Urban Regional Trail.

| | |
|---|---|
| Subd. 4. **Union Depot** | 3,000,000 |

$2,500,000 of this appropriation is from the general fund.

$500,000 of this appropriation is from the bond proceeds fund.

For a grant to the Ramsey County Regional Railroad Authority to acquire land and structures, to renovate structures, and for design, engineering, and environmental work to revitalize Union Depot for use as a multimodal transit center in St. Paul.

| | |
|---|---|
| Subd. 5. **Rush Line Corridor Transit Way** | 500,000 |

For a grant to the Ramsey County Regional Railroad Authority to acquire land for, design, and construct park-and-ride or park-and-pool lots located along the Rush Line Corridor along I-35E/I-35W and Highway 61 from the Union Depot in downtown St. Paul to Hinckley.

| | |
|---|---|
| Subd. 6. **Red Rock Corridor Transit Way** | 500,000 |

To design, construct, and furnish park-and-ride lots for the Red Rock Corridor transit way between Hastings and Minneapolis via St. Paul, and any extension between Hastings and Red Wing.

| | |
|---|---|
| Subd. 7. **Southwest Corridor Transit Way** | 500,000 |

For a grant to the Hennepin County Regional Rail Authority to prepare a draft environmental impact statement (DEIS) and for preliminary engineering for the Southwest Corridor Transit Way, from the Hiawatha light rail in downtown Minneapolis to the vicinity of the Southwest Station transit hub in Eden Prairie.

| | |
|---|---|
| Subd. 8. **Transit Master Plan** | 250,000 |

(a) The Metropolitan Council, in consultation with the regional railroad authorities in the metropolitan area, must complete a revision of the regional master plan for transit. The plan must identify recommended transit investments in the metropolitan area through 2030. The revised plan must be completed for presentation to the legislature by February

20, 2008. The plan must include an analysis and comparison of transit way corridors and the potential for bus and busway, light rail transit, and commuter rail development within the corridors based on current and projected:

(1) population and population density;

(2) employment concentrations and job density;

(3) transit dependent segments of the population;

(4) ridership;

(5) capital and operating costs:

(6) land use;

(7) right-of-way availability; and

(8) adequacy of existing transportation options within the corridor.

The council and regional rail authorities must jointly select the corridors to be included in the analysis.

(b) The plan must include, but is not limited to, an analysis of the following corridors:

(1) the I-94 corridor, beginning at the Union Depot Concourse Multimodal Transit Hub, located in downtown St. Paul in the area south of Kellogg Boulevard and east of Jackson Street, extending eastward through Washington County to the Minnesota-Wisconsin border, and terminating in St. Croix County, Wisconsin; and

(2) the I-494 corridor, on or near marked Interstate Highway 494, from

Minneapolis-St. Paul International Airport to a transit station on the proposed Southwest Corridor transit way.

| | | |
|---|---|---|
| Subd. 9. **Metropolitan Regional Parks Capital Improvements** | | 5,800,000 |

**Saint Paul - National Great River Park**

$3,800,000 is for a grant to the city of St. Paul to design, construct, furnish, and equip river park development and redevelopment infrastructure in National Great River Park along the Mississippi River in St. Paul.

**Fridley - Springbrook Nature Center**

$2,000,000 is from the general fund for a grant to the city of Fridley to predesign, design, construct, and equip the redevelopment and expansion of the Springbrook Nature Center. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

| | | |
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| Sec. 13. **HUMAN SERVICES** | **$** | **150,000** |

**West central secured treatment facility**

This appropriation is from the general fund to the commissioner of human services for a grant to Pope County to predesign a multicounty regional secured treatment facility in west central Minnesota. The commissioner shall prepare a report to the legislature assessing the need for and the viability of the facility and the benefits derived from a coordinated multicounty, regional approach to local chemical dependency needs in west central Minnesota.

The report is due to the legislature by February 1, 2008.

Sec. 14. **CORRECTIONS**

Subdivision 1. **Total Appropriation** **$** **6,117,000**

To the commissioner of administration for the purposes specified in this section. The appropriations in this section are from the general fund.

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

(a) **Perimeter system renovation** 3,875,000

To renovate the perimeter system at the Oak Park Heights Correctional Facility by replacing the security fence system for the inside wall of the main prison yard and exterior fence, replacing the perimeter lighting system and the security razor ribbon, and installing cameras and lighting to correspond to the perimeter system's added security zones.

(b) **Ventilation system renovation** 2,242,000

To renovate the ventilation system at the Oak Park Heights Correctional Facility by demolishing sections of existing ductwork, installing new ductwork, installing an ultraviolet lighting system, installing system air controls and electronics, and cleaning or otherwise renovating sections of existing ductwork.

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

Subdivision 1. **Total Appropriation** **$** **82,150,000**

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

Subd. 2. **Bayport Storm Sewer** 150,000

To the Public Facilities Authority for a grant to the city of Bayport for the Middle St. Croix River Watershed Management Organization to complete construction documents and bidding for the sewer system extending from Minnesota Department of Natural Resources pond 82-310P (the prison pond) in Bayport through the Stillwater prison grounds to the St. Croix River.

This appropriation is in addition to the appropriations in Laws 2000, chapter 492, article 1, section 21, subdivision 8, to the commissioner of corrections and in Laws 2005, chapter 20, article 1, section 23, subdivision 3, to the Public Facilities Authority, for the same project.

Subd. 3. **DECC Arena** 37,000,000

This appropriation is from the general fund for a grant to the Duluth Entertainment and Convention Center Authority to design, construct, furnish, and equip capital improvements and renovations to the Duluth Entertainment and Convention Center. The capital improvements and renovations must include an approximately 217,446 square foot arena with an ice sheet of at least 200 feet by 85 feet; trade show and concert space; seating capacity of at least 6,630 with suites, club seats, and concessions; state-of-the-art locker and training facilities; and accessible and expanded media space. Notwithstanding any law to the contrary, the authority may adopt a design and construction procurement process as determined by the authority, in its discretion, to be in the public interest in connection with the Duluth Entertainment and Convention Center improvements.

Subd. 4. **Itasca County - Steel Plant Infrastructure** 30,000,000

This appropriation is from the general fund and is in addition to the appropriation in Laws 2006, chapter 258, section 21, subdivision 14.

For a grant to Itasca County for public infrastructure needed to support a steel plant in Itasca County. Grant money may be used by Itasca County to acquire right-of-way and mitigate loss of wetlands and runoff of storm water, to predesign, design, construct, and equip roads and rail lines, and, in cooperation with municipal public utilities, to predesign, design, construct, and equip natural gas pipelines, electric infrastructure, water supply systems, and wastewater collection and treatment systems.

Subd. 5. **Rochester - Mayo Civic Center Complex** 2,500,000

This appropriation is from the general fund for a grant to the city of Rochester to design the renovation and expansion of the Mayo Civic Center Complex.

Subd. 6. **Wildlife Rehabilitation Center** 500,000

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

| | |
|---|---|
| Subd. 7. **Rice Street Bridge** | 2,000,000 |

This appropriation is from the general fund for a grant to Ramsey County for the preliminary planning, design, and engineering of the Rice Street bridge where it crosses marked Trunk Highway 36 in Ramsey County.

| | |
|---|---|
| Subd. 8. **St. Cloud State University - National Hockey Center** | 10,000,000 |

This appropriation is from the general fund to the Board of Trustees of the Minnesota State Colleges and Universities to predesign, design, construct, furnish, and equip the renovation of the National Hockey Center.

Sec. 16. **HOUSING FINANCE AGENCY**

**Browns Valley flooding**

The Housing Finance Agency may use the disaster relief contingency fund established under Minnesota Statutes, section 462A.21, subdivision 29, to assist with the rehabilitation or replacement of housing damaged as a result of the Browns Valley flooding of March 2007, notwithstanding that the area is not included in a presidential declaration of major disaster.

| | | |
|---|---|---|
| Sec. 17. **BOND SALE EXPENSES** | **$** | **167,000** |

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. Of this amount,

$32,000 is from the bond proceeds account in the trunk highway fund.

Sec. 18. **BOND SALE SCHEDULE**

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2009, no more than $918,620,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 19. **BOND SALE AUTHORIZATION.**

Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $111,705,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

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

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

Sec. 20. **BOND SALE AUTHORIZATION REDUCTIONS.**

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

The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by $3,432,000.

Sec. 21. Minnesota Statutes 2006, section 85.013, is amended by adding a subdivision to read:

Subd. 11b. Greenleaf Lake State Recreation Area, which is hereby renamed from Greenleaf Lake State Park.

Sec. 22. Minnesota Statutes 2006, section 116R.01, subdivision 6, is amended to read:

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

Sec. 23. Minnesota Statutes 2006, section 116R.02, subdivision 1, is amended to read:

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

Sec. 24. Minnesota Statutes 2006, section 116R.02, subdivision 2, is amended to read:

Subd. 2. **Loan, lease, and revenue agreements.** (a) The commissioner may loan the proceeds of the bonds, make other loans or enter into lease agreements or other revenue agreements for the ~~projects~~ project described in ~~subdivisions 5 and 6~~ subdivision 5. The commissioner may provide for servicing of the loans and agreements, the times they are payable and the amounts of payments, the amount of the loans and agreements, their security, and other terms, conditions, and provisions necessary or convenient in connection with them and may enter into all necessary contracts and security instruments in connection with them. The commissioner shall seek to obtain the best available terms and security for the loans or agreements. The terms and security must be reasonably determined by the commissioner to be adequate and of the kind and degree which would be required by an investment banking or other financial institution. The facilities described in ~~subdivisions 5 and 6~~ subdivision 5 must be pledged as collateral for the loans made and bonds issued under sections 116R.01 to ~~116R.16~~ 116R.15.

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

Sec. 25. Minnesota Statutes 2006, section 116R.02, subdivision 4, is amended to read:

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

(1) upon the occurrence of any deficiency in a debt service reserve fund for a series of bonds as provided in section 116R.13, subdivision 3, the commissioner shall issue and sell deficiency bonds in a principal amount not to exceed ~~(i)~~ $125,000,000 for facilities described in subdivision 5 ~~and (ii) $50,000,000 for the facilities described in subdivision 6~~; or

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

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

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

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

1, section 24, to pay principal and interest due on the principal amount requested by the commissioner.

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

Sec. 26. Minnesota Statutes 2006, section 116R.02, subdivision 5, is amended to read:

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

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

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

Sec. 27. Minnesota Statutes 2006, section 116R.03, is amended to read:

**116R.03 GENERAL POWERS.**

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

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

(2) enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of sections 116R.01 to ~~116R.16~~ 116R.15;

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

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

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

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

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

Sec. 28. Minnesota Statutes 2006, section 116R.05, subdivision 2, is amended to read:

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

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

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

(3) proceeds of any bonds or deficiency bonds;

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

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

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

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

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

Sec. 29. Minnesota Statutes 2006, section 116R.11, subdivision 1, is amended to read:

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

Sec. 30. Minnesota Statutes 2006, section 116R.12, is amended by adding a subdivision to read:

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

Sec. 31. Minnesota Statutes 2006, section 272.01, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Taxes imposed by this subdivision are payable as in the case of personal property taxes and shall be assessed to the lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

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

Sec. 32. Minnesota Statutes 2006, section 290.06, subdivision 24, is amended to read:

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

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

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

(d) If the credit provided under this subdivision exceeds the tax liability of the corporation for the taxable year, the excess amount of the credit may be carried over to each of the 20 taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than 20 years after the taxable year in which the credit was earned.

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

Sec. 33. Minnesota Statutes 2006, section 297A.71, subdivision 10, is amended to read:

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

Sec. 34. Minnesota Statutes 2006, section 360.013, subdivision 39, is amended to read:

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

Sec. 35. Minnesota Statutes 2006, section 360.032, subdivision 1, is amended to read:

Subdivision 1. **Acquisition.** Every municipality is hereby authorized, through its governing body, to acquire property, real or personal, for the purpose of establishing, constructing, and enlarging airports and other air navigation facilities and to acquire, establish, construct, enlarge, improve, maintain, equip, operate, and regulate such airports and other air navigation facilities and structures and other property incidental to their operation, either within or without the territorial limits of such municipality and within or without this state; to make, prior to any such acquisition, investigations, surveys, and plans; to construct, install, and maintain airport facilities for the servicing ~~and repair~~ of aircraft ~~and facilities authorized under section 116R.02, subdivision 6~~, and for the comfort and accommodation of air travelers; and to purchase and sell equipment and supplies as an incident to the operation of its airport properties. It may not acquire, or take over any airport or other air navigation facility owned or controlled by any other municipality of the state without the consent of such municipality. It may use for airport purposes any available property that is now or may at any time hereafter be owned or controlled by it. Such air navigation facilities as are established on airports shall be supplementary to and coordinated in design and operation with those established and operated by the federal and state governments. It may assist other municipalities in the construction of approach roads leading to any airport or restricted landing area owned or controlled by it. ~~In financing the facilities authorized under section 116R.02, subdivision 6, it may borrow from the state or otherwise arrange for financing of the facilities and for that purpose may exercise any powers vested in a municipality under sections 469.152 to 469.165.~~

Sec. 36. Minnesota Statutes 2006, section 360.038, subdivision 4, is amended to read:

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

Sec. 37. Laws 2005, chapter 20, article 1, section 7, subdivision 2, is amended to read:

Subd. 2. **Flood Hazard Mitigation Grants** 27,000,000

For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

The commissioner shall determine project priorities as appropriate based on need.

This appropriation includes money for the following projects: Ada, Austin, Breckenridge, <u>Browns Valley, </u>Canisteo Mine, Cannon Falls, Crookston, Dawson, East Grand Forks, Grand Marais Creek, Granite Falls, Green Meadow Dam, Inver Grove Heights, Little McDonald Lake, Malung, Manston Slough, Minneapolis, Montevideo, Oakport, Palmville, Roseau River, St. Louis Park, Two River Ross Impoundment, Warren, and Whiskey Creek.

$2,000,000 is for Austin for identified capital improvement projects, and any other authorized federal or state flood mitigation projects in the area designated under Presidential Declaration of Major Disaster, DR-1569, whether included in the original declaration or added later by federal government action. The area currently included in DR-1569 includes territory within the counties of Dodge, Faribault, Freeborn, Martin, Mower, Olmsted, and Steele.

$175,000 is for the state share of a grant to the city of Cannon Falls for predesign and design of capital improvements to alleviate flooding caused by runoff from the bluffs and the flooding of the Little Cannon River and the Cannon River.

For any project listed in this subdivision that is not ready to proceed or does not expend all the money allocated to it, the commissioner may allocate that project's money to a project on the commissioner's priority list.

To the extent that the cost of a project in Ada, Austin, Breckenridge, Browns Valley, Dawson, East Grand Forks, Granite Falls, Montevideo, Oakport Township, Roseau, or Warren exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

There is no local share required for the Canisteo Mine project.

For grants for Roseau River wildlife management area, Palmville, and Malung, the state share must be $3 for each $1 of nonstate contribution.

Notwithstanding the grant expiration date of June 30, 2002, the commissioner of natural resources shall extend until June 30, 2007, the expiration date of a grant made to the city of Stillwater under Minnesota Statutes, section 103F.161, used to match certain federal appropriations for flood hazard mitigation.

Sec. 38. Laws 2005, chapter 20, article 1, section 7, subdivision 21, is amended to read:

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

For acquisition of land under Minnesota Statutes, section 86A.05, subdivisions 2 and 3, from willing sellers of private lands within state park and recreation area boundaries established by law.

$500,000 is to purchase land within the boundaries of Greenleaf Lake state ~~park~~ recreation area in Meeker county.

Sec. 39. Laws 2005, chapter 20, article 1, section 17, is amended to read:

Sec. 17. **PUBLIC SAFETY** **642,000**

To the commissioner of public safety for a grant to the Economic Development Authority in and for the city of Blue Earth to acquire land for and to predesign, design, construct, furnish, and equip a fire and police station. This appropriation is not available until the commissioner of finance has determined that at least an equal amount has been committed to the project from nonstate sources.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 40. Laws 2005, chapter 20, article 1, section 20, subdivision 3, is amended to read:

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

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

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

(b) $4,000,000 may be used to prepare and develop a site, including demolition of buildings and infrastructure, to implement the redevelopment and reuse of the Ah-Gwah-Ching Regional Treatment Center campus. If the property is sold or transferred to a local unit of government, the unspent portion of this appropriation may be granted to the local unit of government that acquires the campus for the purposes stated in this subdivision. Notwithstanding Minnesota Statutes, section 16A.642, this appropriation and its corresponding bond authorization do not cancel until June 30, 2010.

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

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

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

(f) The provisions, terms, and conditions of any grant made by the director of the Office of Environmental Assistance under Minnesota Statutes, chapter 115A, to the city of Fergus Falls for the waste incinerator steam heating facility that supports the Fergus Falls Regional Treatment Center and that may come into effect as a result of the incinerator and facility being closed, are hereby waived.

Sec. 41. Laws 2005, chapter 20, article 1, section 21, subdivision 2, is amended to read:

Subd. 2. **Asset Preservation** 4,000,000

For asset preservation improvements and betterments of a capital nature at veterans homes statewide to be spent in accordance with Minnesota Statutes, section 16A.632.

Up to $2,200,000 of federal money received by the Minnesota Veterans Homes Board of Directors as reimbursement for state capital expenditures at the veterans homes must be credited to the general fund and is appropriated to the commissioner of administration for ~~asset preservation~~ repairs and betterments at the homes ~~in accordance with Minnesota Statutes, section 16A.632~~.

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

| | |
|---|---|
| Subd. 8. **Lewis and Clark Rural Water System, Inc.** | 2,000,000 |

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

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

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

This appropriation is the first phase of the state share for the Lewis and Clark Rural Water System, Inc. project as defined in the federal Lewis and Clark Rural Water System Act of 2000.

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

Subd. 16. **Minneapolis**

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| (a) Minnesota Planetarium | 22,000,000 |

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

(b) Heritage Park

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

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|---|---|
| (c) Minnesota Shubert Center | 1,000,000 |

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

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

Sec. 44. Laws 2005, chapter 156, article 2, section 46, is amended to read:

Sec. 46. **FORD BUILDING.**

The Ford Building at 117 University Avenue in St. Paul may not be demolished ~~during the biennium ending~~ before June 30, ~~2007~~ 2008. By January 15, 2006, the commissioner of administration, in consultation with interested legislators, private sector real estate professionals, historic preservation specialists, and representatives of the city of St. Paul, neighboring property, and St. Paul neighborhood associations, must report to the legislature with recommendations regarding potential means of preserving and using the Ford Building. The report must include:

(1) availability of potential lessees for the building;

(2) constraints on leasing the building, including the requirement to pay off any state general obligation bonds previously used in maintaining or rehabilitating the building; and

(3) the cost of restoring and rehabilitating the building, and the feasibility of various means of paying these costs, including potential use of revenue bonds.

Sec. 45. Laws 2006, chapter 258, section 4, subdivision 4, is amended to read:

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

(a) For a grant to the city of Minneapolis to predesign, design, construct, furnish, and equip a new facility for the MacPhail Center for Music. The city of Minneapolis may enter into a lease or management agreement to operate the center, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner has determined that not less than $15,000,000 has been committed to the MacPhail Center for Music from nonstate sources, and that the available money is sufficient to complete a functional facility. Money secured before the effective date of this section may count toward the required commitment of nonstate sources, provided it is used for qualified capital expenditures. Any land acquisition costs paid by MacPhail Center for Music qualify as capital expenditures.

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

(c) The required demonstration of a commitment of funds from nonstate sources has been met by cash, prepaid qualified expenses, and private multiyear pledges that have been converted into cash through bond financing and a letter of credit secured by a mortgage lien on the state bond financed property. The $5,000,000 construction grant shall be disbursed without requirement that the mortgage lien be released.

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

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

Sec. 46. Laws 2006, chapter 258, section 7, subdivision 3, is amended to read:

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| Subd. 3. **Flood Hazard Mitigation Grants** | 25,000,000 |

For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

The commissioner shall determine project priorities as appropriate, based on need.

This appropriation includes money for the following projects:

(a) Austin

(b) Albert Lea

(c) Browns Valley

(d) Crookston

~~(d)~~ (e) Canisteo Mine

~~(e)~~ (f) Delano

~~(f)~~ (g) East Grand Forks

~~(g)~~ (h) Golden Valley

~~(h)~~ (i) Grand Marais Creek

~~(i)~~ (j) Granite Falls

~~(j)~~ (k) Inver Grove Heights

~~(k)~~ (l) Manston Slough

~~(l)~~ (m) Oakport Township

~~(m)~~ (n) Riverton Township

~~(n)~~ (o) Roseau

(p) Shell Rock Watershed District

~~(o)~~ (q) St. Vincent

~~(p)~~ (r) Wild Rice River Watershed District

For any project listed in this subdivision that the commissioner determines is not ready to proceed or does not expend all the money allocated to it, the commissioner may allocate that project's money to a project on the commissioner's priority list.

To the extent that the cost of a project in Ada, Breckenridge, Browns Valley, Crookston, Dawson, East Grand Forks, Granite Falls, Montevideo, Oakport Township, Roseau, St. Vincent, or Warren exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project. The local share for the St. Vincent dike may not exceed $30,000.

Sec. 47. Laws 2006, chapter 258, section 7, subdivision 7, is amended to read:

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| Subd. 7. **Lake Superior safe harbors** | 3,000,000 |

To design and construct capital improvements to public accesses and small craft harbors on Lake Superior in accordance with Minnesota Statutes, sections 86A.20 to 86A.24, and in cooperation with the United States Army Corps of Engineers.

This appropriation may be used to develop the harbor of refuge and marina at Two Harbors and is added to the appropriations in Laws 1998, chapter 404, section 7, subdivision 24; and Laws 2000, chapter 492, article 1, section 7, subdivision 21, as amended by Laws 2005, chapter 20, article 1, section 42. Notwithstanding those laws, the commissioner may proceed with the Two Harbors project by providing up to $625,000 to complete the design specifications and environmental work currently underway and proceed with the remaining money for the project upon securing an agreement with the U.S. Army Corps of Engineers that commits federal expenditures of at least $4,000,000 to the project.

Sec. 48. Laws 2006, chapter 258, section 7, subdivision 11, is amended to read:

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

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

Sec. 49. Laws 2006, chapter 258, section 7, subdivision 22, is amended to read:

Subd. 22. **Regional trails** 1,133,000

For matching grants under Minnesota Statutes, section 85.019, subdivision 4b.

$648,000 is for the Agassiz Recreational ATV Trail. Snowmobile trail grant money received under Minnesota Statutes, section 84.83, subdivision 3, and all-terrain vehicle trail grant money received under Minnesota Statutes, section 84.927, subdivision 2, may be counted as part of the county's required 50 percent nonstate match.

$485,000 is for a grant to the Central Minnesota Regional Parks and Trails Coordination Board to design, engineer, and construct 6.3 miles of trail and two parking areas along the Mississippi River in Sherburne County, to be known as Xcel Energy Great River Woodland Trail.

Sec. 50. Laws 2006, chapter 258, section 16, subdivision 4, is amended to read:

Subd. 4. **Northstar Commuter Rail** 60,000,000

(a) To acquire land, or an interest in land, and to design, construct, furnish, and equip the Northstar commuter rail line serving Big Lake to downtown Minneapolis and to acquire land, or an interest in land, and to design, construct, furnish, and equip the extension of the Hiawatha light rail transit line from its terminus in downtown Minneapolis to a new terminus near Fifth Avenue North adjacent to the proposed downtown Minneapolis commuter rail station.

(b) This appropriation is added to the appropriation in Laws 2005, chapter 20, article 1, section 18, subdivision 5.

(c) This appropriation is not available until a full-funding grant agreement has been executed with, or a letter of no prejudice for a specific component of the project or pre-award authority has been issued by, the Federal Transit Administration.

(d) If the Northstar commuter rail line is extended from Big Lake to the St. Cloud area, regional rail authority members of the Northstar Corridor Development Authority who did not fund a portion of the share of capital costs from Minneapolis to Big Lake shall contribute an amount for the extension equal to the amount they would have contributed for their proportional share of the entire line from Minneapolis to the St. Cloud area.

Sec. 51. Laws 2006, chapter 258, section 21, subdivision 6, is amended to read:

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

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

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

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

Sec. 52. Laws 2006, chapter 258, section 21, subdivision 15, is amended to read:

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

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

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

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

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

Sec. 53. Laws 2006, chapter 258, section 23, subdivision 3, is amended to read:

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| Subd. 3. **Historic Fort Snelling Museum and Visitor Center** | 1,100,000 |

To design ~~the restoration and renovation of the 1904 Cavalry Barracks Building for~~ the historic Fort Snelling Museum and Visitor Center and other site improvements to revitalize historic Fort Snelling.

Sec. 54. **REPORT ON EAST PHILLIPS CULTURAL AND COMMUNITY CENTER.**

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

Sec. 55. **PUBLIC FACILITIES AUTHORITY FUNDING.**

To the greatest practical extent, projects on the Public Facilities Authority's 2007 intended use plan, the listings for which were based on the Pollution Control Agency's 2006 project priority list, shall be carried over to the 2008 intended use plan. Projects that qualified for funding from the Public Facilities Authority under Laws 2006, chapter 258, section 21, that could not be certified by the Pollution Control Agency by the applicable deadline shall have until May 1, 2008, or six months after the Minnesota Supreme Court issues an opinion in the cities of Maple Lake and Annandale matter, whichever is later, to obtain the required certification from the Pollution Control Agency.

Sec. 56. **GREENLEAF LAKE STATE RECREATION AREA.**

Subdivision 1. **[85.013] [Subd. 11b.] Greenleaf Lake State Recreation Area.** In addition to the lands designated under Laws 2003, First Special Session chapter 13, section 6, as amended by Laws 2004, chapter 262, article 2, section 10, the following lands are added to the Greenleaf Lake State Recreation Area:

(1) the West 1104.98 feet of Government Lot 4, Section 21, Township 118 North, Range 30 West, Meeker County, Minnesota; and

(2) that part of Government Lot 7 of Section 20, Township 118, Range 30, which lies south of the following described line and its extensions: said line commencing at the southwest corner of said Section 20; thence on an assumed bearing of North 08 degrees 22 minutes 44 seconds West, along the west line of said section, a distance of 1350.00 feet to the point of beginning of the line to be described; thence North 88 degrees 28 minutes 35 seconds East, a distance of 699 feet to the shoreline of Greenleaf Lake and said line terminating thereat; and Government Lot 8 of said section except the following described tract: said tract being that part of said Government Lot 8 lying east of the following described line: said line commencing at the southwest corner of said section; thence easterly, along the south line of said section, a distance of 734.60 feet to the point of beginning of the line to be described; thence north at a right angle, a distance of 100 feet and said line terminating thereat.

Subd. 2. **Management plan.** The commissioner of natural resources, in consultation with local elected officials and citizens of Meeker County and other interested stakeholders, shall develop a comprehensive management plan that provides for opportunities for outdoor recreation, as defined under Minnesota Statutes, section 86A.03, subdivision 3, in Greenleaf Lake State Recreation Area. The completed management plan shall serve as the master plan for purposes of Minnesota Statutes, section 86A.09.

Sec. 57. **REVISOR'S INSTRUCTION.**

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

Sec. 58. **REPEALER.**

(a) Minnesota Statutes 2006, sections 85.012, subdivision 24b; 116R.02, subdivisions 3, 6, 7, and 9; and 116R.16, are repealed.

(b) Laws 2006, chapter 258, section 14, subdivision 6, is repealed.

Sec. 59. **EFFECTIVE DATE.**

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

**85.012 STATE PARKS.**

Subd. 24b. Greenleaf Lake State Park, Meeker County.

**116R.02 BOND ISSUE; SALE AUTHORIZATION.**

Subd. 3. **Review procedure; data practices.** (a) Before issuing the bonds for a project, approving financial assistance, or entering into loan, lease, or other revenue agreements for the project described in subdivisions 5 and 6, the commissioner of finance shall review the financial condition of the proposed lessee or lessees of the project or projects, and any related person. The commissioner shall exercise due diligence in the review. The commissioner shall engage an independent, nationally recognized consultant having special expertise with the airline industry and its financing to prepare a written report on the financial condition of the lessee or lessees and any related person. A lessee and any related person shall provide all information required for the commissioner's review and the consultant's report, including information substantially equivalent to that required by an investment bank or other financial institution considering a project for debt financing.

(b) Except as otherwise provided in this subdivision, business plans, financial statements, customer lists, and market and feasibility studies required under sections 116R.01 to 116R.16 or submitted in connection with the provision of financial assistance or any agreement authorized under Laws 1991, chapter 350, are nonpublic data, as defined in section 13.02, subdivision 9. The commissioner or the commissioner of employment and economic development may make the data accessible to any person, agency, or public entity if the commissioner or the commissioner of employment and economic development determines that access is required under state or federal securities law or is necessary for the person, agency, or public entity to perform due diligence in connection with the provision of financial assistance to the projects described in subdivisions 5 and 6. The data may also be made available as requested by the Legislative Commission on Planning and Fiscal Policy.

(c) Before the commissioner issues bonds for a project, approves financial assistance, or enters into loan, lease, or other revenue agreements for the project, the commissioner shall submit a report on the proposed transaction to the governor. The report must describe: all proposed state, metropolitan, and local government financial commitments; the financial assistance proposed to be provided; the proposed loan, lease, and revenue agreements; any other arrangements related to state and local debt, taxes, financing, and debt service; and the estimates of economic activity, air traffic, and other factors that have been used in assessing the prospective financial condition of the lessee or lessees and any related person. The report must contain the following findings:

(1) that the commissioners of employment and economic development and finance and, for purposes of a project described in subdivision 5, the Metropolitan Airports Commission have reviewed the current and prospective financial condition of each proposed lessee of the project or projects and any related person; and

(2) that, on the basis of their review, the commissioners and, for purposes of the project described in subdivision 5, the commission have determined that the revenues estimated to be available to the lessee or lessees for payments under the loan, lease, or other revenue agreements are at least sufficient during each year of the term of the proposed bonds to pay when due all financial obligations of the lessee or lessees under the terms of the proposed loan, lease, or other revenue agreements. Copies of the report must be filed at the legislature as provided in section 3.195 when the report is submitted to the governor.

Subd. 6. **Use of proceeds; aircraft engine repair facility.** The proceeds of the bonds issued in a principal amount not to exceed $100,000,000 may be used to finance the costs related to the planning, construction, improvement, or equipping of an aircraft engine repair facility and facilities subordinate and related to the facility to be located at the Chisholm-Hibbing Municipal Airport in the city of Hibbing and any costs of issuance, reserves, credit enhancement, or an initial period of interest payments related to the bonds or the facility. The bond proceeds are appropriated to the commissioner for the purposes specified in this subdivision. The facility may be owned by the owner of the Chisholm-Hibbing Municipal Airport, but may be leased, with or without a purchase option, to any person for the primary purpose of repairing aircraft engines or components. With the approval of the commissioner, the owner of the facility may place a mortgage or security interest lien on the facility. The mortgage is exempt from the mortgage registry tax imposed under chapter 287. In the event of a default under the loan, lease agreement, or other revenue agreement, the facility may be leased or sold to another person for any lawful purpose, subject to the approval of the commissioner. The approval of the commissioner is not required if the bond trustee has taken control of the facility as a result of a default.

Subd. 7. **Agreement of lessee.** (a) Before issuing the bonds for the facilities, approving financial assistance, or entering into loan, lease, or other revenue agreements for the projects described in subdivisions 5 and 6, the commissioner shall determine that the lessee and, if necessary, other corporations affiliated with by common ownership with the lessee have agreed to requirements satisfactory to the commissioner respecting aircraft noise abatement.

(b) The leases for each of the facilities described in subdivisions 5 and 6 must contain covenants and agreements by the airline corporation and any successor in interest providing for the retention and location of existing employees, operations, and facilities, including headquarters, of the airline corporation in the state until the principal and interest on the last series of deficiency bonds and general obligation revenue bonds issued under subdivision 4, paragraph (a), clause (2), are paid.

Subd. 9. **Project cost report.** Before the commissioner of finance issues bonds, approves financial assistance, or enters into loan, lease, or other revenue agreements for the projects described in subdivisions 5 and 6, the commissioner of employment and economic development shall report to the governor on total public costs related to the construction of the projects. The report must include: an estimate of the total state, metropolitan, and local tax costs for the project; and an estimate of the total state, metropolitan, and local capital costs, and method of financing, of any airport and off-airport improvements related to the construction of the facilities but not included in the cost of the facilities, including any runway or taxiway improvements and road, highway, sewer, or other public facility or utility improvement costs. Copies of the report must be filed at the legislature as provided in section 3.195 when the report is submitted to the governor.

**116R.16 CORPORATE HEADQUARTERS.**

A lease agreement may be entered under sections 116R.01 to 116R.15 only if the affected parties provide an enforceable pledge that their corporate headquarters will remain in Minnesota for the duration of the agreement.