

A bill for an act

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

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

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

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

SUMMARY

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

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

3.1	Sec. 3. <u>MINNESOTA STATE COLLEGES</u>	
3.2	<u>AND UNIVERSITIES</u>	
3.3	Subdivision 1. <u>Total Appropriation</u>	\$ <u>34,520,000</u>
3.4	<u>To the Board of Trustees of the Minnesota</u>	
3.5	<u>State Colleges and Universities for the</u>	
3.6	<u>purposes specified in this section.</u>	
3.7	Subd. 2. <u>Higher Education Asset Preservation</u>	
3.8	<u>And Replacement</u>	<u>30,720,000</u>
3.9	<u>This appropriation is for the purposes</u>	
3.10	<u>specified in Minnesota Statutes, section</u>	
3.11	<u>135A.046. Of this, \$720,000 is for HVAC</u>	
3.12	<u>replacement and asbestos removal at</u>	
3.13	<u>the Brooklyn Park campus of Hennepin</u>	
3.14	<u>Technical College.</u>	
3.15	Subd. 3. <u>Bemidji State University</u>	<u>2,000,000</u>
3.16	<u>To acquire property adjacent to Bemidji State</u>	
3.17	<u>University.</u>	
3.18	Subd. 4. <u>Fond du Lac Tribal and Community</u>	
3.19	<u>College</u>	<u>1,800,000</u>
3.20	<u>To purchase from willing sellers</u>	
3.21	<u>approximately 3.9 acres in six residential</u>	
3.22	<u>properties adjacent to the Fond du Lac Tribal</u>	
3.23	<u>and Community College.</u>	
3.24	Subd. 5. <u>Debt Service</u>	
3.25	<u>(a) The board shall pay the debt service on</u>	
3.26	<u>one-third of the principal amount of state</u>	
3.27	<u>bonds sold to finance projects authorized by</u>	
3.28	<u>this section, except for higher education asset</u>	
3.29	<u>preservation and replacement, except that,</u>	
3.30	<u>where a nonstate match is required, the debt</u>	
3.31	<u>service is due on a principal amount equal</u>	
3.32	<u>to one-third of the total project cost, less the</u>	
3.33	<u>match committed before the bonds are sold.</u>	
4.1	<u>After each sale of general obligation bonds,</u>	

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

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

4.26 **Subd. 6. Unspent Appropriations**

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

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

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

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

5.20	<u>Subdivision 1. Total Appropriation</u>	\$ 30,300,000
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5.21 To the commissioner of education for the
5.22 purposes specified in this section.

5.23	<u>Subd. 2. Independent School District No. 11,</u>	
5.24	<u>Anoka-Hennepin</u>	300,000

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

5.31	<u>Subd. 3. Independent School District No. 38,</u>	
5.32	Red Lake	30,000,000

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

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

6.12 Sec. 5. **NATURAL RESOURCES**

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

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

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

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

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

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

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7.2	<u>For a grant to the Western Mesabi Mine</u>	
7.3	<u>Planning Board to construct siphons, a</u>	
7.4	<u>conveyance system, and other improvements</u>	
7.5	<u>to accommodate water level and outflow</u>	
7.6	<u>control of the water level in the Canisteo</u>	
7.7	<u>mine pit in Itasca County. This appropriation</u>	
7.8	<u>does not require a local match. The</u>	
7.9	<u>commissioner of natural resources shall be</u>	
7.10	<u>responsible to maintain the improvements</u>	
7.11	<u>after completion of the project.</u>	
7.12	<u>Subd. 4. Springbrook Nature Center</u>	<u>2,000,000</u>
7.13	<u>For a grant to the city of Fridley to redevelop</u>	
7.14	<u>and expand the Springbrook Nature Center.</u>	
7.15	<u>Subd. 5. Big Bog State Recreation Area</u>	<u>1,000,000</u>
7.16	<u>To upgrade the contact station, make</u>	
7.17	<u>improvements in the recreation area, and</u>	
7.18	<u>forest restoration and interpretation at the</u>	
7.19	<u>Big Bog State Recreation Area.</u>	
7.20	<u>Subd. 6. Fort Snelling Upper Bluff</u>	<u>500,000</u>
7.21	<u>This appropriation is from the general fund</u>	
7.22	<u>for a grant to Hennepin County to conduct</u>	
7.23	<u>emergency building stabilization at Fort</u>	
7.24	<u>Snelling Upper Bluff. This appropriation</u>	
7.25	<u>is not available until the commissioner of</u>	
7.26	<u>finance has determined that Hennepin County</u>	
7.27	<u>has entered into appropriate agreements to</u>	
7.28	<u>use Sentence to Serve labor for the project</u>	
7.29	<u>that will train Sentence to Serve laborers in</u>	
7.30	<u>the skills needed for the work.</u>	
7.31	<u>Subd. 7. Red River Basin Digital Elevation</u>	
7.32	<u>Model</u>	<u>600,000</u>
7.33	<u>This appropriation is from the general fund</u>	
7.34	<u>to develop and implement a high resolution</u>	

8.1 digital elevation model for the Red River
8.2 basin.

8.3 **Subd. 8. Flood Hazard Mitigation Grant** 2,093,000

8.4 For flood hazard mitigation grants under
8.5 Minnesota Statutes, section 103F.161, for:
8.6 (a) the city of Roseau, for the state share of
8.7 land acquisition, engineering, design, and
8.8 construction costs for the U.S. Army Corps
8.9 of Engineers Flood Control Project, which
8.10 will protect the city of Roseau from recurring
8.11 flooding; and

8.12 (b) flood hazard mitigation projects in
8.13 Browns Valley.

8.14 To the extent that the cost of the project
8.15 in Roseau and Browns Valley exceeds two
8.16 percent of the median household income in
8.17 the municipality multiplied by the number
8.18 of households in the municipality, this
8.19 appropriation is also for the local share of the
8.20 project.

8.21 **Subd. 9. Cuyuna Country State Recreation**
8.22 **Area** 125,000

8.23 This appropriation is from the general fund
8.24 to develop a natural surface multiuse trail in
8.25 the Cuyuna Country State Recreation Area.

8.26 **Subd. 10. Gateway Trail Tunnel** 650,000

8.27 This appropriation is from the general fund to
8.28 replace an at-grade crossing of the Gateway
8.29 Trail at Highway 120 with a tunnel.

8.30 **Subd. 11. Luce Line Trail** 209,000

8.31 This appropriation is from the general fund to
8.32 acquire land for, develop, and rehabilitate the
8.33 Luce Line Trail, under Minnesota Statutes,
8.34 section 85.015.

9.1	Subd. 12. <u>Browns Creek Nature Preserve</u>	<u>250,000</u>
9.2	<u>This appropriation is from the general fund</u>	
9.3	<u>for acquisition of the Browns Creek segment</u>	
9.4	<u>of the Willard Munger Trail System.</u>	
9.5	Sec. 6. <u>POLLUTION CONTROL AGENCY</u>	<u>\$ 2,500,000</u>
9.6	<u>This appropriation is from the general fund</u>	
9.7	<u>to the Pollution Control Agency for a grant</u>	
9.8	<u>to the city of Albert Lea for construction</u>	
9.9	<u>costs of remedial systems at the Albert</u>	
9.10	<u>Lea landfill. This includes relocating and</u>	
9.11	<u>incorporating waste from the former Albert</u>	
9.12	<u>Lea dump owned by the city of Albert Lea</u>	
9.13	<u>pursuant to Minnesota Statutes, section</u>	
9.14	<u>115B.403, which action may be taken by the</u>	
9.15	<u>Pollution Control Agency notwithstanding</u>	
9.16	<u>the provisions of Minnesota Statutes, section</u>	
9.17	<u>115B.403, paragraphs (a) and (b).</u>	
9.18	<u>The appropriation in this section is added to</u>	
9.19	<u>the amounts for the city of Albert Lea landfill</u>	
9.20	<u>funding in Laws 2006, chapter 258, section</u>	
9.21	<u>8, subdivision 2.</u>	
9.22	Sec. 7. <u>BOARD OF WATER AND SOIL</u>	
9.23	<u>RESOURCES</u>	
9.24	Subdivision 1. <u>Total Appropriation</u>	<u>\$ 8,165,000</u>
9.25	<u>To the Board of Water and Soil Resources</u>	
9.26	<u>for the purposes specified in this section.</u>	
9.27	Subd. 2. <u>RIM Conservation Reserve</u>	<u>8,000,000</u>
9.28	<u>This appropriation is from the general fund</u>	
9.29	<u>to acquire conservation easements from</u>	
9.30	<u>landowners on marginal lands to protect soil</u>	
9.31	<u>and water quality and to support fish and</u>	
9.32	<u>wildlife habitat as provided in Minnesota</u>	
9.33	<u>Statutes, sections 103F.501 to 103F.535.</u>	

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

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

165,000

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

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

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

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

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

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

11.5 **Inflow and Infiltration Emergency Abatement**

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

11.14 Sec. 9. **ADMINISTRATION**

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

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

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

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

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

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

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

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

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

13.3 Subd. 2. **Local Bridge Replacement and**
13.4 **Rehabilitation**

10,000,000

13.5 This appropriation is from the general fund
13.6 for the state transportation fund provided in
13.7 Minnesota Statutes, section 174.50, to match
13.8 federal money and to replace or rehabilitate
13.9 local deficient bridges.

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

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

13.15 (2) paying the costs of preliminary
13.16 engineering and environmental studies
13.17 authorized under Minnesota Statutes, section
13.18 174.50, subdivision 6a;

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

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

13.30 Subd. 3. **Port Development Assistance**

1,500,000

13.31 \$1,001,000 of this appropriation is from the
13.32 general fund for grants under Minnesota
13.33 Statutes, chapter 457A. Any improvements

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14.1 made with the proceeds of these grants must
14.2 be publicly owned.

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

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

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

14.10 For the state's share of a high-speed rail
14.11 line between St. Paul and Chicago. No
14.12 part of this appropriation may be spent to
14.13 acquire or better capital improvements that
14.14 are located outside the state of Minnesota,
14.15 that may be used from time to time outside
14.16 the state of Minnesota, or that are part of
14.17 a rail corridor that is not designated by the
14.18 Midwest Interstate Passenger Rail Compact.

14.19 Subd. 6. **Commuter Rail Extension** 250,000

14.20 For a grant to the Northstar Corridor
14.21 Development Authority to fund advanced
14.22 preliminary engineering, updated
14.23 environmental documentation, property
14.24 appraisals, and negotiations with the railroad
14.25 to extend commuter rail service on the
14.26 Burlington Northern Santa Fe rail line
14.27 between Big Lake and Rice.

14.28 Subd. 7. **North Shore Express Intercity Rail**
14.29 **Initiative** 500,000

14.30 For a grant to St. Louis and Lake
14.31 County Regional Rail Authority for
14.32 railroad acquisition and track restoration,
14.33 environmental impact studies, advanced
14.34 corridor planning, preliminary design and

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

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

17.1	<u>Multimodal Transit Hub, located in</u>		
17.2	<u>downtown St. Paul in the area south of</u>		
17.3	<u>Kellogg Boulevard and east of Jackson Street,</u>		
17.4	<u>extending eastward through Washington</u>		
17.5	<u>County to the Minnesota-Wisconsin border,</u>		
17.6	<u>to terminate in St. Croix County, Wisconsin.</u>		
17.7	<u>No part of this appropriation may be spent to</u>		
17.8	<u>acquire or better capital improvements that</u>		
17.9	<u>are located outside the state of Minnesota.</u>		
17.10	<u>Subd. 9. Metropolitan Regional Parks Capital</u>		
17.11	<u>Improvements</u>		<u>3,800,000</u>
17.12	<u>This appropriation is from the general fund</u>		
17.13	<u>for a grant to the city of St. Paul to construct,</u>		
17.14	<u>furnish, and equip river park development</u>		
17.15	<u>and redevelopment infrastructure in National</u>		
17.16	<u>Great River Park along the Mississippi River</u>		
17.17	<u>in St. Paul.</u>		
17.18	Sec. 13. <u>HUMAN SERVICES</u>	<u>\$</u>	<u>150,000</u>
17.19	<u>This appropriation is from the general fund</u>		
17.20	<u>to the commissioner of administration to</u>		
17.21	<u>predesign a multicounty regional secured</u>		
17.22	<u>treatment facility in west central Minnesota.</u>		
17.23	<u>The commissioner of human services</u>		
17.24	<u>shall prepare a report to the legislature</u>		
17.25	<u>assessing the need for and the viability of</u>		
17.26	<u>the facility and the benefits derived from a</u>		
17.27	<u>coordinated multicounty, regional approach</u>		
17.28	<u>to local chemical dependency needs in west</u>		
17.29	<u>central Minnesota. The report is due to the</u>		
17.30	<u>legislature by February 1, 2008.</u>		
17.31	Sec. 14. <u>CORRECTIONS</u>		
17.32	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>6,117,000</u>
17.33	<u>To the commissioner of administration for</u>		
17.34	<u>the purposes specified in this section.</u>		

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

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

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

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

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

18.23 Sec. 15. EMPLOYMENT AND ECONOMIC
 18.24 DEVELOPMENT

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

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

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

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

19.1 improvements and renovations to the Duluth
19.2 Entertainment and Convention Center. The
19.3 capital improvements and renovations must
19.4 include an approximately 217,446 square
19.5 foot arena with an ice sheet of at least 200
19.6 feet by 85 feet; trade show and concert space;
19.7 seating capacity of at least 6,630 with suites,
19.8 club seats, and concessions; state-of-the-art
19.9 locker and training facilities; and accessible
19.10 and expanded media space. Notwithstanding
19.11 any law to the contrary, the authority may
19.12 adopt a design and construction procurement
19.13 process as determined by the authority, in
19.14 its discretion, to be in the public interest in
19.15 connection with the Duluth Entertainment
19.16 and Convention Center improvements.

19.17 Subd. 3. **Itasca County Infrastructure** 20,000,000

19.18 For a grant to Itasca County for public
19.19 infrastructure needed to support a steel plant
19.20 in Itasca County. Grant money may be used
19.21 by Itasca County to acquire rights-of-way
19.22 and mitigate loss of wetlands and runoff of
19.23 storm water, to predesign, design, construct,
19.24 and equip roads and rail lines, and, in
19.25 cooperation with municipal public utilities,
19.26 to predesign, design, construct, and equip
19.27 natural gas pipelines, electric infrastructure,
19.28 water supply systems, and wastewater
19.29 collection and treatment systems.

19.30 Subd. 4. **Mayo Civic Center Complex** 2,500,000

19.31 For a grant to the city of Rochester to design
19.32 the renovation and expansion of the Mayo
19.33 Civic Center Complex.

19.34 Subd. 5. **Wildlife Rehabilitation Center** 500,000

20.1	<u>This appropriation is from the general fund</u>		
20.2	<u>for a grant to the Wildlife Rehabilitation</u>		
20.3	<u>Center of Minnesota to retire loans incurred</u>		
20.4	<u>by the center for construction of its facility in</u>		
20.5	<u>the city of Roseville, and for completion of</u>		
20.6	<u>educational technology infrastructure at the</u>		
20.7	<u>center.</u>		
20.8	<u>Subd. 6. Rice Street Bridge</u>		<u>2,000,000</u>
20.9	<u>For a grant to Ramsey County for</u>		
20.10	<u>the preliminary planning, design, and</u>		
20.11	<u>engineering of the Rice Street bridge where</u>		
20.12	<u>it crosses marked Trunk Highway 36 in</u>		
20.13	<u>Ramsey County.</u>		
20.14	<u>Sec. 16. BOND SALE EXPENSES</u>	<u>\$</u>	<u>167,000</u>
20.15	<u>To the commissioner of finance for bond sale</u>		
20.16	<u>expenses under Minnesota Statutes, section</u>		
20.17	<u>16A.641, subdivision 8.</u>		
20.18	<u>Sec. 17. BOND SALE SCHEDULE</u>		
20.19	<u>The commissioner of finance shall schedule</u>		
20.20	<u>the sale of state general obligation bonds so</u>		
20.21	<u>that, during the biennium ending June 30,</u>		
20.22	<u>2009, no more than \$918,620,000 will need</u>		
20.23	<u>to be transferred from the general fund to the</u>		
20.24	<u>state bond fund to pay principal and interest</u>		
20.25	<u>due and to become due on outstanding</u>		
20.26	<u>state general obligation bonds. During</u>		
20.27	<u>the biennium, before each sale of state</u>		
20.28	<u>general obligation bonds, the commissioner</u>		
20.29	<u>of finance shall calculate the amount of</u>		
20.30	<u>debt service payments needed on bonds</u>		
20.31	<u>previously issued and shall estimate the</u>		
20.32	<u>amount of debt service payments that will</u>		
20.33	<u>be needed on the bonds scheduled to be</u>		

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

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

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

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

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

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

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

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

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

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

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

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

(2) deposited in the state bond fund; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. 28. 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 ~~(+)~~ \$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. 29. 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. 30. 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

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

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

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

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

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

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

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

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

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

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

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

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

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

(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. 32. 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. 33. 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. 34. 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. 35. 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

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

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

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

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

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

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

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

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

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

34.12 Sec. 39. Minnesota Statutes 2006, section 360.038, subdivision 4, is amended to read:
34.13 Subd. 4. **Leased property.** To lease for a term not exceeding 30 years such airports;
34.14 or other air navigation facilities ~~or facilities authorized under section 116R.02, subdivision~~
34.15 ~~6,~~ or real property acquired or set apart for airport purposes, to private parties, any
34.16 municipal or state government or the national government, or any department of either
34.17 thereof, for operation; to lease or assign for a term not exceeding 99 years to private
34.18 parties, any municipal or state government, or the national government, or any department
34.19 of either thereof, for operation or use consistent with the purposes of sections 360.011 to
34.20 360.076, space, area, improvements, or equipment on such airports; notwithstanding any
34.21 other provisions in this subdivision, to lease ground area for a term not exceeding 99 years
34.22 to private persons for the construction of structures which in its opinion are essential and
34.23 necessary to serve aircraft, persons, and things engaged in or incidental to aeronautics,
34.24 including but not limited to shops, hangars, offices, restaurants, hotels, motels, factories,
34.25 storage space, and any and all other structures necessary or essential to and consistent with
34.26 the purposes of sections 360.011 to 360.076, to sell any part of such airports, other air
34.27 navigation facilities, or real property to any municipal or state government, or to the
34.28 United States or any department or instrumentality thereof, for aeronautical purposes
34.29 incidental thereto, and to confer the privileges of concessions of supplying upon its
34.30 airports goods, commodities, things, services, and facilities; provided that in each case in
34.31 so doing the public is not deprived of its rightful, equal, and uniform use thereof.

34.32 Sec. 40. Laws 2005, chapter 20, article 1, section 7, subdivision 21, is amended to read:
34.33 Subd. 21. **State Park and Recreation Area**
34.34 **Acquisition** 2,500,000

35.1 For acquisition of land under Minnesota
35.2 Statutes, section 86A.05, subdivisions 2 and
35.3 3, from willing sellers of private lands within
35.4 state park and recreation area boundaries
35.5 established by law.

35.6 \$500,000 is to purchase land within the
35.7 boundaries of Greenleaf Lake state park
35.8 in Meeker county. The commissioner of
35.9 natural resources, in consultation with the
35.10 local elected officials and citizens of Meeker
35.11 County, shall develop a plan for Greenleaf
35.12 Lake State Park. The commissioner shall
35.13 submit the plan to the legislative committees
35.14 with jurisdiction over state parks and capital
35.15 investment by February 1, 2008.

35.16 Sec. 41. Laws 2005, chapter 20, article 1, section 20, subdivision 3, is amended to read:
35.17 Subd. 3. **Systemwide Redevelopment, Reuse,**
35.18 **or Demolition** 17,600,000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38.6 Subd. 16. **Minneapolis**

38.7 (a) Minnesota Planetarium 22,000,000

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

38.14 (b) Heritage Park

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42.14 Sec. 50. **REPEALER.**

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

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

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