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; repealing and modifying previous appropriations; appropriating money; amending Minnesota Statutes 2008, sections 16A.641, subdivisions 4, 7; 16A.66, subdivision 2; 16A.86, subdivision 2, by adding a subdivision; 85.015, by adding a subdivision; 134.45, by adding a subdivision; 135A.046, subdivision 2; 174.03, subdivision 1b; 174.88, subdivision 2; Laws 2005, chapter 20, article 1, section 23, subdivision 16, as amended; Laws 2006, chapter 258, sections 20, subdivision 7; 21, subdivisions 5, 6, as amended; 23, subdivision 3, as amended; Laws 2008, chapter 179, section 3, subdivisions 12, as amended, 21, 25; proposing coding for new law in Minnesota Statutes, chapters 16A; 84; 174; 473; repealing Minnesota Statutes 2008, sections 16A.86, subdivision 3; 116.156; 473.399, subdivision 4; Laws 2008, chapter 179, section 8, subdivision 3.

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 a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. 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

University of Minnesota	$	23,000,000
Minnesota State Colleges and Universities		67,905,000

Education		5,780,000
Natural Resources		13,700,000
Board of Water and Soil Resources		1,000,000
Rural Finance Authority		35,000,000
Zoological Garden		4,000,000
Military Affairs		3,602,000
Transportation		29,500,000
Metropolitan Council		21,000,000
Human Services		24,000,000
Veterans Affairs		7,138,000
Corrections		5,000,000
Employment and Economic Development		700,000
Housing Finance Agency		4,000,000
Minnesota Historical Society		2,065,000
Bond Sale Expenses		245,000
TOTAL	**$**	**247,635,000**
Bond Proceeds Fund (General Fund Debt Service)		183,220,000
Bond Proceeds Fund (User Financed Debt Service)		47,635,000
Maximum Effort School Loan Fund		5,780,000
State Transportation Fund		11,000,000

APPROPRIATIONS

Sec. 2. **UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation** **$ 23,000,000**

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)** 20,000,000

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

Subd. 3. **Morris**

National Solar Testing and Certification Laboratory 3,000,000

For the initiative for renewable energy and the environment to design, construct, furnish, and equip a national solar testing and certification laboratory to test, rate, and certify the performance of equipment and devices that utilize solar energy for heating and cooling air and water and for generating electricity.

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

Subdivision 1. **Total Appropriation**	**$**	**67,905,000**

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

Subd. 2. **Higher Education Asset Preservation And Replacement (HEAPR)**	30,000,000

For the purposes specified in Minnesota Statutes, section 135A.046, including safety and statutory compliance, building envelope integrity, mechanical systems, and space restoration.

Subd. 3. **Lake Superior Community and Technical College**

Health and Science Center Addition	11,000,000

To complete design of and to construct, furnish, and equip an addition to the Health and Science Center and to renovate existing spaces.

Subd. 4. **Mesabi Range Community and Technical College, Eveleth**

Carpentry and Industrial Mechanical Technology and Shops	5,000,000

To construct, furnish, and equip shop space for the industrial mechanical technology and carpentry programs. This appropriation includes funding for renovation of existing space for ADA compliance.

Subd. 5. **Metropolitan State University**

Smart Classroom Center 4,980,000

To construct, furnish, and equip renovation of two floors of technology-enhanced classrooms and academic offices in the power plant building. This appropriation includes money to demolish the power plant annex to enable the new construction.

Subd. 6. **Minnesota State College, Southeast Technical - Aviation Training Center**

Notwithstanding Minnesota Statutes, section 136F.60, subdivision 5, the net proceeds of the sale or disposition of the Aviation Training Center in Winona operated by Minnesota State College - Southeast Technical, after paying all expenses incurred in selling the property and retiring any remaining debt attributable to the project, are appropriated to the board of trustees of the Minnesota State Colleges and Universities for use in a capital project at the Winona campus and need not be paid to the commissioner of finance, as would otherwise be required by Minnesota Statutes, section 16A.695, subdivision 3.

When the sale is complete and the sale proceeds have been applied as provided in this subdivision, Minnesota Statutes, section 16A.695, no longer applies to the property and the property is no longer state bond financed property.

Subd. 7. **North Hennepin Community College**

Center for Business and Technology 13,300,000

To construct, furnish, and equip an addition to the Center for Business and Technology and to renovate the center for classrooms and related space.

Subd. 8. **Systemwide Initiatives**

Classroom Renovation	3,625,000

To design, construct, furnish, and equip renovation of classroom and academic space. Campuses may use nonstate money to increase the size of the projects. This appropriation may be used only at the following campuses: Central Lakes College, Brainerd; Minnesota State Community Technical College, Moorhead and Wadena; Minnesota West Community Technical College, Pipestone; Northland Community Technical College, Thief River Falls; Pine Technical College, Pine City; and Rochester Community Technical College, Rochester.

Subd. 9. **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, and 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. 10. **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 investment 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 8 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Sec. 4. **EDUCATION**

Independent School District No. 38, Red Lake	**$**	**5,780,000**

From the maximum effort school loan fund to the commissioner of education for a capital loan to Independent School District No. 38, Red Lake, as provided in Minnesota Statutes, sections 126C.60 to 126C.72, to design, construct, furnish, and equip renovation of existing facilities and construction of new facilities.

The project paid for with this appropriation includes a portion of the renovation and construction identified as Phase 4 in the review and comment performed by the commissioner of education under the capital loan provisions of Minnesota Statutes, section 126C.69. This portion includes renovation and construction of a single kitchen and cafeteria to serve the high school and middle school, a receiving area and dock, and adjacent drives, utilities, and grading.

Before any capital loan contract is approved under this authorization, the district must provide documentation acceptable to the commissioner on how the capital loan will be used.

Sec. 5. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation**	**$**	**13,700,000**

To the commissioner of natural resources for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal money from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and any other federal funding.

The appropriations in this section are subject to the requirements of the natural resources capital improvement program under 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.

To the extent possible, any prairie restoration conducted with money appropriated in this section must plant vegetation or sow seed only of ecotypes native to Minnesota, and preferably of the local ecotype, using a high diversity of species originating from as close to the restoration site as possible, and protect existing native prairies from genetic contamination.

Subd. 2. **Statewide Asset Preservation**	1,000,000

For the renovation of state-owned facilities operated by the commissioner of natural resources that can be substantially completed in calendar year 2009, as determined by the commissioner of natural resources, including renovation of buildings for energy efficiency, roof replacements, replacement of well and water treatment systems, road resurfacing, major culvert replacement and erosion control, water access rehabilitation, trail resurfacing and widening, and bridge replacement and rehabilitation.

Subd. 3. **Flood Hazard Mitigation Grants** 12,700,000

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.

This appropriation includes money to maximize federal funds for projects in Ada, Breckenridge, and Roseau. Any remaining money from this appropriation is for the following projects as prioritized by the commissioner based on need:

(a) Agassiz Valley

(b) Albert Lea

(c) Austin

(d) Bois de Sioux Watershed District, North Ottawa project

(e) Crookston

(f) Granite Falls

(g) Hay Creek-Norland

(h) Inver Grove Heights

(i) Manston Slough

(j) Oakport Township

(k) Shell Rock River Watershed

(l) Spring Brook

(m) St. Vincent

(n) Two Rivers

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, Crookston, Granite Falls, Oakport Township, St. Vincent, or Roseau 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.

Sec. 6. **BOARD OF WATER AND SOIL RESOURCES**

RIM Conservation Reserve	**$**	**1,000,000**

To the Board of Water and Soil Resources to acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands, restore and enhance rivers and streams, riparian lands, and associated uplands in order to protect soil and water quality, support fish and wildlife habitat, reduce flood damages, and other public benefits. The board must allocate money appropriated in this section so as to maximize the use of available federal funds. The provisions of Minnesota Statutes, section 103F.515, apply to this appropriation, except that the board may establish alternative payment rates for easements and practices to establish restored native prairies and to protect uplands. To the extent possible, prairie restorations conducted with money appropriated in this section must plant vegetation or sow seed only of ecotypes native to Minnesota, and preferably of the local ecotype, using a high diversity of species originating from as close to the restoration site as possible, and protect existing native prairies from genetic contamination. Of this appropriation, up to ten percent may be used to implement the program.

Sec. 7. **RURAL FINANCE AUTHORITY.** **$** **35,000,000**

For the purposes set forth in the Minnesota Constitution, article XI, section 5, paragraph (h). To the Rural Finance Authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039; the loan restructuring program under Minnesota Statutes, section 41B.04; the seller-sponsored program under Minnesota Statutes, section 41B.042; the agricultural improvement loan program under Minnesota Statutes, section 41B.043; and the livestock expansion loan program under Minnesota Statutes, section 41B.045.

All debt service on bond proceeds used to finance this appropriation must be repaid by the Rural Finance Authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses. Priority for loans must be given first to basic beginning farmer loans, second to seller-sponsored loans, and third to agricultural improvement loans.

Sec. 8. **MINNESOTA ZOOLOGICAL GARDEN**

Asset Preservation and Improvement	**$**	**4,000,000**

To the Minnesota Zoological Garden to design and construct capital asset preservation improvements and betterments to infrastructure and exhibits at the Minnesota Zoo.

Sec. 9. **MILITARY AFFAIRS**

Asset Preservation	**$**	**3,602,000**

To the adjutant general for asset preservation improvements and betterments of a capital nature at military affairs facilities, to be spent in accordance with Minnesota Statutes, section 16B.307. The adjutant general must allocate money appropriated in this section so as to maximize the use of all available federal funding.

This appropriation may be used for life safety improvements, to correct code deficiencies, for Americans with Disabilities Act alterations, and to improve energy efficiency at existing National Guard Training and Community Centers at Hastings, Hutchinson, Red Wing, and Winona; and to match federal stimulus money for backup heating and electricity improvements at Bemidji, Brainerd, Duluth, Inver Grove Heights, Jackson, Northeast Minneapolis, Rosemount, and St. Peter.

Sec. 10. **TRANSPORTATION**

Subdivision 1. **Total Appropriation**	**$**	**29,500,000**

To the commissioner of transportation for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal money from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and any other federal funding.

Subd. 2. **Local Bridge Replacement and Rehabilitation**	11,000,000

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

Political subdivisions may use grants made under this subdivision 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 economical than replacement of the existing bridge.

Subd. 3. **Rail Service Improvement**	3,000,000

For the rail service improvement program to be spent for the purposes set forth in Minnesota Statutes, section 222.50, subdivision 7.

Subd. 4. **Commuter and Passenger Rail Corridor Projects**	7,500,000

To implement capital improvements and betterments for commuter and passenger rail projects identified in the statewide freight and passenger rail plan, under Minnesota Statutes, section 174.03, subdivision 1b.

Subd. 5. **Minnesota Valley Railroad Track Rehabilitation**	5,000,000

For a grant to the Minnesota Valley Regional Railroad Authority to rehabilitate up to 95 miles of railroad track from Norwood-Young America to Hanley Falls. A grant under this subdivision is in addition to any grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62.

Subd. 6. **Port Development Assistance**	3,000,000

For grants under Minnesota Statutes, chapter 457A. Any improvements made with the proceeds of these grants must be publicly owned.

Sec. 11. **METROPOLITAN COUNCIL**

Transit Capital Improvement Program	**$**	**21,000,000**

To the Metropolitan Council:

(a) to implement capital improvements and betterments identified in the council's transit capital improvement program under Minnesota Statutes, section 473.3992, including acquisition of land and right-of-way, design, preliminary engineering, environmental analysis and mitigation, engineering, and construction; and

(b) for capital improvements to facilities for which federal funding is available.

The council must allocate money appropriated in this section so as to maximize the use of all available federal money from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and any other available federal funds.

Sec. 12. **HUMAN SERVICES**

Subdivision 1. **Total Appropriation**	**$**	**24,000,000**

To the commissioner of administration, or another named agency, for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal funding.

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

For asset preservation improvements and betterments of a capital nature at Department of Human Services facilities statewide, in accordance with Minnesota Statutes, section 16B.307.

Subd. 3. **Minnesota Sex Offender Program Moose Lake Expansion**		20,000,000

For infrastructure for phase 2 of the expansion of the Moose Lake Sex Offender Treatment Facility.

Subd. 4. **Early Childhood Learning and Child Protection Facilities**		2,000,000

To the commissioner of human services for grants to construct and rehabilitate facilities for programs under Minnesota Statutes, section 256E.37.

Sec. 13. **VETERANS AFFAIRS**

Subdivision 1. **Total Appropriation**	**$**	**7,138,000**

To the commissioner of administration for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal funding.

Subd. 2. **Asset Preservation**		2,138,000

For asset preservation improvements and betterments of a capital nature at veterans homes statewide, to be spent in accordance with Minnesota Statutes, section 16B.307. Of this, $600,000 is for HVAC replacement and foundation waterproofing in building 4 at the Minneapolis Veterans Home, and $350,000 is for roof replacement projects at the Hastings Veterans Home.

Subd. 3. **Veterans Residential Mental Health Nursing Facility, Kandiyohi County** 5,000,000

To design, construct, furnish, and equip a 90-bed facility in Kandiyohi County to provide residential mental health nursing services to veterans, as described in section 47. This appropriation is not available until the commissioner determines that sufficient funds to complete the project have been committed from nonstate sources.

Sec. 14. **CORRECTIONS** **$** **5,000,000**

To the commissioner of administration for improvements and betterments of a capital nature at Minnesota correctional facilities statewide, in accordance with Minnesota Statutes, section 16B.307.

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

Redevelopment Account **$** **700,000**

To the commissioner of employment and economic development for the purposes of the redevelopment account under Minnesota Statutes, section 116J.571.

Sec. 16. **HOUSING FINANCE AGENCY** **$** **4,000,000**

To the Housing Finance Agency for the purposes of financing the rehabilitation costs to preserve public housing. For purposes of this section, "public housing" is housing for low-income persons and households financed by the federal government and owned and operated by public housing authorities and agencies. Eligible public housing authorities must have a public housing assessment system rating of standard or above. Priority must be given to proposals that maximize federal or local resources to finance the capital costs.

Sec. 17. **MINNESOTA HISTORICAL SOCIETY**

Historic Sites Asset Preservation	**$**	**2,065,000**

To the Minnesota Historical Society for capital improvements and betterments at state historic sites, buildings, landscaping at historic buildings, exhibits, markers, and monuments, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding that section, up to $527,000 may be used to design projects eligible for future funding. The society shall determine project priorities as appropriate based on need.

Sec. 18. **BOND SALE EXPENSES**	**$**	**245,000**

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

Sec. 19. **BOND SALE SCHEDULE.**

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2011, no more than $1,074,985,000 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. 20. **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 $230,855,000 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. **Maximum effort school loan fund.** To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $5,780,000 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 maximum effort school loan fund.

Subd. 3. **Transportation fund bond proceeds account.** To provide the money appropriated in this act from the state transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $11,000,000 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.

Sec. 21. Minnesota Statutes 2008, section 16A.641, subdivision 4, is amended to read:

Subd. 4. **Sale and issuance.** State bonds ~~must~~ may be sold and issued ~~upon competitive bids~~ at public or negotiated sale in the manner and on the terms and conditions determined by the commissioner in accordance with the laws authorizing them and subject to the approval of the attorney general, but not subject to chapter 14, including section 14.386. For each series, in addition to provisions required by subdivision 3, the commissioner may determine:

(1) the time, place, and form of notice of sale ~~and~~ for competitive bids and requests for proposals for negotiated sales;

(2) method of comparing bids;

~~(2)~~ (3) the price, not less than par for highway bonds;

~~(3)~~ (4) the principal amount and date of issue;

~~(4)~~ (5) the interest rates and payment dates;

~~(5)~~ (6) the maturity amounts and dates, not more than 20 years from the date of issue, subject to subdivision 5;

~~(6)~~ (7) the terms, if any, on which the bonds may or must be redeemed before maturity, including notice, times, and redemption prices; and

~~(7)~~ (8) the form of the bonds and the method of execution, delivery, payment, registration, conversion, and exchange, in accordance with section 16A.672.

Sec. 22. Minnesota Statutes 2008, section 16A.641, subdivision 7, is amended to read:

Subd. 7. **Credit of proceeds.** (a) Proceeds of bonds issued under each law must be credited by the commissioner to a special fund, as provided in this subdivision.

(b) Accrued interest ~~and any premium~~ received on sale of the bonds must be credited to the state bond fund created by the Constitution, article XI, section 7. Premium received on the sale of the bonds must be credited either to the state bond fund or to the bond proceeds fund where it is used to reduce the par amount of the bonds issued. Premium may only be credited to the bond proceeds fund and used to reduce the par amount if it does not cause an increase in the general fund debt service transfer for the biennium during which the bonds are sold, as estimated by the commissioner.

(c) Except as otherwise provided by law, proceeds of state bonds issued under the Constitution, article XI, section 5, clause (a), must be credited to the bond proceeds fund established by section 16A.631.

(d) Proceeds of state highway bonds must be credited to the trunk highway fund under the Constitution, article XIV, section 6.

(e) Proceeds of bonds issued for programs of grants or loans to political subdivisions must be credited to special accounts in the bond proceeds fund or to special funds established by laws stating the purposes of the grants or loans, and the standards and criteria under which an executive agency is authorized to make them.

(f) Proceeds of refunding bonds must be credited to the state bond fund as provided in section 16A.66, subdivision 1.

(g) Proceeds of other bonds must be credited as provided in the law authorizing their issuance.

Sec. 23. **[16A.6455] MINNESOTA FIRST BONDS.**

Subdivision 1. **Program established.** The commissioner of finance may establish the Minnesota first bond program to encourage individuals to invest in state general obligation bonds. The program consists of:

(1) issuing a portion of the state general obligation bonds in denominations and maturities that will be attractive to individuals; and

(2) developing a program for marketing the bonds to investors.

Subd. 2. **Denominations.** The commissioner shall determine the appropriate denominations and maturities for the Minnesota first bonds. It is the intent of the legislature to make bonds available in as small denominations as is feasible given the costs of marketing and administering the bond issue. Minimum denominations of $1,000 must be made available. The minimum denomination bonds need not be made available for bonds of all maturities. If a zero coupon bond is sold, "denomination" means the compounded maturity amount of the bond.

Subd. 3. **Direct sale permitted.** The commissioner may sell any series of savings bonds directly to the public or to financial institutions for prompt resale to the public upon the terms and conditions and the restrictions the commissioner prescribes. The commissioner may enter into all contracts deemed necessary or desirable to accomplish the sale in a cost-effective manner including a private or negotiated sale, but the commissioner may contract for investment banking and banking services only after receiving competitive proposals for the services.

Subd. 4. **Marketing plan.** The commissioner shall develop a plan for marketing Minnesota first bonds. The plan must include strategies to:

(1) inform the public about the availability of the bonds;

(2) take orders for the bonds;

(3) target the sale of the bonds to Minnesota residents; and

(4) market the bonds at the lowest cost to the state.

Sec. 24. Minnesota Statutes 2008, section 16A.66, subdivision 2, is amended to read:

Subd. 2. **Special provisions for sale and issuance.** Refunding bonds may be sold ~~publicly~~ at public or negotiated sale, or directly to the State Board of Investment without bids, or may be exchanged for bonds refunded by agreement with their holders. The refunding bonds must be prepared, executed, delivered, and secured in the same way as the refunded bonds. The proceeds of refunding bonds may be deposited, invested, and applied to accomplish the refunding as provided in section 475.67, subdivisions 5 to 10 and 13. The interest rate on refunding bonds may exceed that on the refunded bonds if the purpose of refunding is to extend the maturities and to reduce the amount needed annually to pay and to secure the debt.

Sec. 25. Minnesota Statutes 2008, section 16A.86, subdivision 2, is amended to read:

Subd. 2. **Budget request.** A political subdivision that requests an appropriation of state money for a local capital improvement project is encouraged to submit the request to the commissioner of finance by July 15 of an odd-numbered year to ensure its full consideration. The requests must be submitted in the form and with the supporting documentation required by the commissioner of finance. All requests timely received by the commissioner must be ~~forwarded~~ submitted to the legislature, along with ~~agency requests~~ the governor's recommendations, whether or not the governor recommends that a request be funded, by the deadline established in section 16A.11, subdivision 1.

Sec. 26. Minnesota Statutes 2008, section 16A.86, is amended by adding a subdivision to read:

Subd. 3a. **Information provided.** All requests for state assistance under this section must include the following information:

(1) the name of the political subdivision that will own the capital project for which state assistance is being requested;

(2) the public purpose of the project;

(3) the extent to which the political subdivision has or expects to provide local, private, user financing, or other nonstate funding for the project;

(4) a list of the bondable activities that the project encompasses; examples of bondable activities are public improvements of a capital nature for land acquisition, predesign, design, construction, and furnishing and equipping for occupancy;

(5) whether the project will require new or additional state operating subsidies;

(6) whether the governing body of the political subdivision requesting the project has passed a resolution in support of the project and has established priorities for all projects within its jurisdiction for which bonding appropriations are requested when submitting multiple requests; and

(7) if the project requires a predesign under section 16B.335, whether the predesign has been completed at the time the capital project request is submitted, and whether the political subdivision has submitted the project predesign to the commissioner of administration for review and approval.

Sec. 27. **[84.946] NATURAL RESOURCES ASSET PRESERVATION AND REPLACEMENT (NRAPR).**

Subdivision 1. **Purpose.** The legislature recognizes that the Department of Natural Resources owns and operates capital assets that in number, size, and programmatic use differ significantly from the capital assets owned and operated by other state departments and agencies. However, the legislature recognizes the need for standards to aid in categorizing and funding capital projects. The purpose of this section is to provide standards for those natural resource projects that are intended to preserve and replace existing facilities.

Subd. 2. **Standards.** (a) An appropriation for asset preservation may be used only for a capital expenditure on a capital asset previously owned by the state, within the meaning of generally accepted accounting principles as applied to public expenditures. The commissioner of natural resources will consult with the commissioner of finance to the extent necessary to ensure this and will furnish the commissioner of finance a list of projects to be financed from the account in order of their priority. The legislature assumes that many projects for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the Constitution and capital expenditures under generally accepted accounting principles, and will be financed more efficiently and economically under this section than by direct appropriations for specific projects.

(b) An appropriation for asset preservation must not be used to acquire land or to acquire or construct buildings or other facilities.

(c) Capital budget expenditures for natural resource asset preservation and replacement projects must be for one or more of the following types of capital projects that support the existing programmatic mission of the department: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renovation of other existing improvements to land, including but not limited to trails and bridges.

(d) Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Subd. 3. **Reporting priorities.** The commissioner of natural resources must establish priorities within its natural resource asset preservation and replacement projects. By January 15 of each year, the commissioner must submit to the commissioner of finance and to the chairs of the house and senate committees with jurisdiction over environment and natural resources finance and capital investment a list of the projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during the preceding calendar year as well as a list of those priority projects for which natural resource asset preservation and replacement appropriations will be sought in that year's legislative session.

Sec. 28. Minnesota Statutes 2008, section 85.015, is amended by adding a subdivision to read:

Subd. 26. **Great River Ridge Trail, Wabasha and Olmsted Counties.** The trail shall originate in the city of Plainview in Wabasha County and extend southwesterly through the city of Elgin in Wabasha County and the town of Viola in Olmsted County to the Chester Woods Trail in Olmsted County.

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

Sec. 29. Minnesota Statutes 2008, section 134.45, is amended by adding a subdivision to read:

Subd. 8. **Sale of public library funded with state bond proceeds.** If the commissioner of education and the local or regional governmental entity that owns a public library that has been improved with state bond proceeds under this section determines that the library is no longer usable or needed for the purposes for which the grant of state bond funds was made, the owner of the public library may sell the property in the manner authorized by law for the sale of other property owned by that jurisdiction for its fair market value. The sale must be approved by the commissioner of finance. Notwithstanding section 16A.695, subdivision 3, clause (2), the net proceeds must be applied as follows: first, to pay the state the amount of state bond proceeds used to acquire or better the property; and second, any remaining amount must be paid to the local or regional governmental owner of the property sold. When the sale is complete and the sale proceeds have been applied as provided in this subdivision, section 16A.695 no longer applies to the property and the property is no longer state bond financed property.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the sale of public library property on or after that date.

Sec. 30. Minnesota Statutes 2008, section 135A.046, subdivision 2, is amended to read:

Subd. 2. **Standards.** Capital budget expenditures for Higher Education Asset Preservation and Replacement (HEAPR) projects must be for one or more of the following: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; or building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renewal to support the existing programmatic mission of the campuses. Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Sec. 31. Minnesota Statutes 2008, section 174.03, subdivision 1b, is amended to read:

Subd. 1b. **Statewide freight and passenger rail plan.** (a) The commissioner shall develop a comprehensive statewide freight and passenger rail plan to be included and revised as a part of the statewide transportation plan.

(b) Before the initial version of the plan is adopted, the commissioner shall provide a copy for review and comment to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation policy and finance. Notwithstanding paragraph (a), the commissioner may adopt the next revision of the statewide transportation plan, scheduled to be completed in calendar year 2009, prior to completion of the initial version of the comprehensive statewide freight and passenger rail plan.

(c) The plan must identify the corridors and the capital improvements and betterments to be made. Capital improvements and betterments include preliminary engineering, design, engineering, environmental analysis and mitigation, acquisition of land and right-of-way, and construction. Capital improvements and betterments do not include planning, feasibility studies, or alternatives analysis. The plan must specify criteria for determining the priority for allocation of funds among the projects and routes.

Sec. 32. **[174.632] COMMISSIONER'S DUTIES.**

The planning, design, development, construction, operation, and maintenance of passenger rail track, facilities, and services are governmental functions, serve a public purpose, and are a matter of public necessity. The commissioner is responsible for all aspects of planning, designing, developing, constructing, equipping, operating, and maintaining passenger rail, including system planning, alternatives analysis, environmental studies, preliminary engineering, final design, construction, negotiating with railroads, and developing financial and operating plans. The commissioner may enter into a memorandum of understanding or agreement with a public or private entity, including a regional railroad authority, a joint powers board, and a railroad, to carry out these activities.

Sec. 33. **[174.634] PASSENGER RAIL FUNDING.**

The commissioner may apply for funding from federal, state, regional, local, and private sources to carry out the commissioner's duties in section 174.632.

Sec. 34. **[174.636] EXERCISE OF POWER; PASSENGER RAIL.**

(a) The commissioner has all powers necessary to carry out the duties specified in section 174.632. In the exercise of those powers, the commissioner may acquire by purchase, gift, or by eminent domain proceedings as provided by law, all land and property necessary to preserve future passenger rail corridors or to construct, maintain, and improve passenger rail corridors, to let all necessary contracts as provided by law, and to make agreements with and cooperate with any governmental authority or private entity to carry out statutory duties related to passenger rail.

(b) The commissioner shall consult with metropolitan planning organizations and regional rail authorities in areas where passenger rail corridors are under consideration to ensure that passenger rail services are integrated with existing rail and transit services and other transportation facilities to provide as nearly as possible connected, efficient, and integrated services.

Sec. 35. **[174.638] FUNDING.**

Section 174.88 does not apply to the commissioner's performance of duties and exercise of powers under sections 174.632 to 174.636.

Sec. 36. Minnesota Statutes 2008, section 174.88, subdivision 2, is amended to read:

Subd. 2. **Expenditure of state funds.** The commissioner shall not spend any state funds for construction or equipment of commuter rail facilities unless the funds have been appropriated by law specifically for those purposes. ~~The commissioner shall not spend state funds to study commuter rail unless the funds are appropriated in legislation that identifies the route, including origin and destination.~~

Sec. 37. **[473.3992] TRANSIT CAPITAL IMPROVEMENT PROGRAM.**

Subdivision 1. **Establishment.** A transit capital improvement program is established to prioritize among eligible public projects to be funded from state bond proceeds appropriated to the council that are distinctly specified for transit capital improvements throughout the metropolitan area through the acquisition and betterment of public land and buildings and other public improvements and the construction, improvement, and maintenance of transit capital improvements, which may include the state trunk highway system.

Subd. 2. **Definition.** For purposes of this section, "transit capital improvement" means a busway corridor, express bus corridor with transit advantages, bus rapid transit, light rail transit, or commuter rail.

Subd. 3. **Program standards; criteria.** Article XI, section 5, clause (a), of the Constitution provides that state general obligation bonds may be issued to finance the acquisition and betterment of public land and buildings and other public improvements of a capital nature. Article XI, section 5, clause (e), and article XIV, sections 1, 2, 6, and 11, of the Constitution provide that state general obligation trunk highway bonds may be issued to finance capital projects that are part of, or functionally related to, the construction, improvement, or maintenance of the state trunk highway system. In interpreting these provisions and applying them to the purpose of the program established in this section, the following standards are adopted for determining the priority among eligible transit capital improvement projects to be funded under the program, provided such funding is otherwise consistent with the appropriation of state bond proceeds and all other laws, regulations, and orders applicable to the expenditure of state bond proceeds as determined by the commissioner of finance.

(a) A cost will be an eligible expenditure under this program only when it is a capital expenditure on a capital asset, owned or to be owned by the state, an agency of the state, or a political subdivision of the state, within the meaning of accepted accounting principles as applied to public expenditures. Eligible expenditures may include acquisition, predesign, design, environmental testing and mitigation, utility relocation, traffic mitigation, construction, demolition, furnishing, equipping, and renovating of projects as authorized by law. Notwithstanding any law to the contrary, a portion or a phase of a transit capital improvement project may be accomplished with one or more state appropriations, and a transit capital improvement project need not be completed with any one appropriation.

(b) The council will review eligible transit capital improvement projects and must make allocations of state bond proceeds among such projects based upon the program standards of this subdivision and the following specific criteria:

(1) the ability to use nonstate funds to match state funds, including use of all available federal funds for a project;

(2) expansion of transit capital improvements and use by the public;

(3) urgency in providing for the transit capital improvement;

(4) necessity in ensuring transportation options;

(5) consistency with the council's transportation policy plan; and

(6) additional criteria for priorities otherwise specified in state law, statute, rule, or regulation applicable to a transit capital improvement, including the state law authorizing the state bond fund appropriation for the transit capital improvement.

(c) Criteria can be stated only in general terms, since it is a purpose of the program to improve the allocation of limited amounts of available funds by enlisting the knowledge and experience of the council in determining relative needs as they develop.

(d) The criteria in paragraph (b) are not listed in a rank order of priority.

(e) The council may enter into a memorandum of understanding or agreement with a county or county regional rail authority to carry out the activities of this program.

Subd. 4. **Report.** By January 15 of each year, the council shall submit to the commissioner of finance, the chairs of the legislative committees or divisions that oversee appropriations to the council, and to the chairs of the senate and the house of representatives capital investment committees, a list of the projects that have been funded with state general obligation bond proceeds under this program during the preceding calendar year, as well as a list of those projects for which state general obligation bond proceeds appropriations are anticipated to be sought under this program during that year's legislative session.

EFFECTIVE DATE; APPLICATION. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 38. Laws 2005, chapter 20, article 1, section 23, subdivision 16, as amended by Laws 2008, chapter 179, section 58, is amended to read:

Subd. 16. **Minneapolis**

(a) Minnesota Planetarium	22,000,000

For a grant to 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. Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds for this project are available until December 31, 2012.

(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.

(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.

Sec. 39. Laws 2006, chapter 258, section 20, subdivision 7, is amended to read:

Subd. 7. **Minnesota correctional facility - Stillwater**

Segregation Unit 19,580,000

To complete design and to construct, furnish, and equip a new 150-bed segregation unit and reconstruct the old segregation unit.

Sec. 40. Laws 2006, chapter 258, section 21, subdivision 5, is amended to read:

Subd. 5. **Greater Minnesota Business Development Infrastructure Grant Program** 7,750,000

For grants under Minnesota Statutes, section 116J.431.

$250,000 is for a grant to Polk County to build approximately one mile of ten-ton road to provide access to a ~~new~~ proposed ethanol plant outside of the city of Erskine.

$1,400,000 is for a grant to the city of LaCrescent for public infrastructure made necessary by the reconstruction of a highway and a bridge.

Sec. 41. Laws 2006, chapter 258, section 21, subdivision 6, as amended by Laws 2008, chapter 179, section 65, 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. Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of the bond proceeds for this project are available until December 31, 2012.

$250,000 is for a grant to the city of Winona to predesign facilities for a multipurpose events center and arena to be used for the Shakespeare Festival, Beethoven Festival, and Winona State University events. This grant is exempt from the requirements of Minnesota Statutes, sections 116J.572 to 116J.575.

Sec. 42. Laws 2006, chapter 258, section 23, subdivision 3, as amended by Laws 2008, chapter 179, section 68, is amended to read:

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

To predesign and design the historic Fort Snelling Museum and Visitor Center and other site improvements to revitalize historic Fort Snelling.

Sec. 43. Laws 2008, chapter 179, section 3, subdivision 12, as amended by Laws 2008, chapter 365, section 17, is amended to read:

Subd. 12. **Metropolitan State University**

(a) **Smart Classroom Center**	4,980,000

To construct, furnish, and equip renovation of two floors of technology-enhanced classrooms and academic offices in the power plant building. This appropriation includes money to demolish the power plant annex to enable the new construction. *

(The preceding text beginning "(a) Smart Classroom Center" was indicated as vetoed by the governor.)

(b) **Law Enforcement Training Center**	13,900,000

To compete design of and to construct, furnish, and equip, in cooperation with Minneapolis Community and Technical College, a colocated Law Enforcement Training Center on the campus of Hennepin Technical College in Brooklyn Park. The board may use up to $2,000,000 of <u>funds from each </u>college or university<u>, or other nonstate</u> money for <u>the remainder of the cost of design and construction of </u>this project.

Sec. 44. Laws 2008, chapter 179, section 3, subdivision 21, is amended to read:

Subd. 21. **Owatonna College and University Center**

Property Acquisition	3,500,000

To acquire the Owatonna College and University Center Building in Steele County, including the purchase of adjacent vacant land<u> and for minor capital improvements to the property</u>.

Sec. 45. Laws 2008, chapter 179, section 3, subdivision 25, is amended to read:

Subd. 25. **St. Cloud State University**

(a) **Brown Science Hall Renovation**	14,800,000

To complete design of and to construct, furnish, and equip a renovation of Brown Hall for classrooms, science laboratories, and other instructional and ancillary spaces. This appropriation includes funding to reglaze the existing skyway from the building and to construct a new skyway to Centennial Hall.

<u>This appropriation may also be used to complete design and construction drawings for the Science and Engineering Lab authorized in paragraph (b) and to demolish building number 801.</u>

(b) **Science and Engineering Lab**	900,000

To design an integrated science and engineering laboratory and student and academic support building.

Sec. 46. <u>**PASSENGER RAIL REPORT.**</u>

<u>By February 1, 2010, the commissioner of transportation shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance concerning the status of passenger rail in this state. The report must be made electronically and made available in print only upon request. The report must include a summary of the current status of passenger rail projects and recommend:</u>

<u>(1) a public participation process for intercity passenger rail planning;</u>

<u>(2) appropriate participation and levels of review by local units of government;</u>

<u>(3) future sources of funding for capital costs and operations;</u>

<u>(4) definitions to distinguish passenger rail from commuter rail;</u>

<u>(5) legislative changes to facilitate and improve the passenger rail planning processes and operation; and</u>

<u>(6) state operating subsidy mechanisms designed to create local tax equity between communities served by passenger rail and communities served by commuter rail.</u>

Sec. 47. **VETERANS RESIDENTIAL MENTAL HEALTH NURSING FACILITY, KANDIYOHI COUNTY.**

(a) Services provided by the veterans residential mental health nursing facility in Kandiyohi County must include, but are not limited to:

(1) geriatric care for mentally ill veterans who have severe behavior problems;

(2) inpatient treatment, including long-term and domiciliary care, for veterans with traumatic brain injury;

(3) inpatient treatment services, including long-term and domiciliary care, for veterans with post-traumatic stress disorder;

(4) inpatient treatment for veterans with a dual diagnosis of mental illness and chemical dependency;

(5) long-term and domiciliary care for any veteran; and

(6) standard long-term care.

(b) The facility shall accept referrals from veterans homes in the state.

(c) The commissioner of veterans affairs shall seek private funding to develop a public-private partnership to provide services for veterans with traumatic brain injury and with post-traumatic stress disorder, and for veterans who have a dual diagnosis of mental illness and chemical dependency.

(d) The commissioner of veterans affairs shall seek all sources of federal funding available for long-term and domiciliary care and for treatment of post-traumatic stress disorder and traumatic brain injury.

(e) The commissioner shall seek funding from state and federal sources to fund traumatic brain injury research at this facility.

Sec. 48. **REPORT ON JOBS CREATED OR RETAINED.**

The commissioner of employment and economic development shall report to the house of representatives and senate committees with jurisdiction over capital investment on the jobs created or retained as a result of the projects funded in this act. The report must include, but is not limited to, the following information: the number and types of jobs for each project, whether new or retained, where the jobs were located, and pay ranges. The Board of Regents of the University of Minnesota, the Board of Trustees of the Minnesota State Colleges and Universities, and each agency appropriated money in this act shall collect and provide the information at the time and in the manner required by the commissioner of employment and economic development. The commissioner's report must be compiled using information supplied by each of the agencies appropriated money in this act. The report is due February 15, 2010.

Sec. 49. **REPEALER.**

Minnesota Statutes 2008, sections 16A.86, subdivision 3; 116.156; and 473.399, subdivision 4, and Laws 2008, chapter 179, section 8, subdivision 3, are repealed.

Sec. 50. **EFFECTIVE DATE.**

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

16A.86 CAPITAL PROJECT GRANTS TO POLITICAL SUBDIVISIONS.

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

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

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

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

(4) the project will not require new or any additional state operating subsidies;

(5) the project will not expand the state's role in a new policy area;

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

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

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

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

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

116.156 CLOSED LANDFILL CLEANUP REVENUE BONDS.

Subdivision 1. **Bonding authority.** (a) The commissioner of finance, if requested by the commissioner of the Pollution Control Agency, shall sell and issue state revenue bonds for the following purposes:

(1) to take actions related to hazardous substances, pollutants, or contaminants at and from qualified landfill facilities as provided in section 115B.42, subdivision 2;

(2) to pay the costs of issuance, debt service, and bond insurance or other credit enhancements and to fund reserves; and

(3) to refund bonds issued under this section.

(b) The amount of bonds that may be issued for the purposes of paragraph (a), clause (1), may not exceed $25,000,000. The amount of bonds that may be issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

Subd. 2. **Procedure.** The commissioner of finance may sell and issue the bonds on the terms and conditions the commissioner of finance determines to be in the best interests of the state. The bonds may be sold at public or private sale. The commissioner of finance may enter any agreements or pledges the commissioner of finance determines necessary or useful to sell the bonds that are not inconsistent with this section. Sections 16A.672 to 16A.675 apply to the bonds. The proceeds of the bonds issued under this section must be credited to a special bond proceeds account in the remediation fund and are appropriated to the commissioner of the Pollution Control Agency for the purposes specified in subdivision 1.

Subd. 3. **Revenue sources.** The debt service on the bonds is payable only from the following sources:

(1) the motor vehicle transfer fee under section 115A.908; and

(2) other revenues pledged to the payment of the bonds.

Subd. 4. **Refunding bonds.** The commissioner of finance may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, in the discretion of the commissioner of finance, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the commissioner of finance.

Subd. 5. **Not a general or moral obligation.** Bonds issued under this section are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds may not be paid, directly in whole or in part from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section. The state neither makes nor has a moral obligation to pay the bonds if the pledged revenues and other legal security for them is insufficient.

Subd. 6. **Trustee.** The commissioner of finance may contract with and appoint a trustee for bondholders. The trustee has the powers and authority vested in it by the commissioner of finance under the bond and trust indentures.

Subd. 7. **Pledges.** Any pledge made by the commissioner of finance is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner of finance is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner of finance, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 8. **Bonds; purchase and cancellation.** The commissioner of finance, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the commissioner of finance at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 9. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of finance to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner of finance may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

473.399 TRANSIT WAYS; LIGHT RAIL TRANSIT AND COMMUTER RAIL IN THE METROPOLITAN AREA.

Subd. 4. **Expenditure of state funds.** No state funds may be expended by the Metropolitan Council to study a particular light rail transit or commuter rail facility unless the funds are appropriated in legislation that identifies the route, including the origin and destination.

Laws 2008, chapter 179, section 8, subdivision 3

Sec. 8. POLLUTION CONTROL AGENCY

Subd. 3.**Closed Landfill Cleanup Revenue Bonds** 25,000,000

From the bond proceeds account in the remediation fund under new Minnesota Statutes, section 116.156.

This appropriation is for action at qualified closed landfill facilities in Albert Lea, Mille Lacs County, Washington County, the Western Lake Superior Sanitary District, and other locations as determined by the commissioner of the Pollution Control Agency.

If the dig and fill option is chosen for remediation of the Washington County landfill, the landfill must have a triple liner.

By January 15, 2009, the commissioner of the Pollution Control Agency shall report to the house and senate Finance Committees and divisions with jurisdiction over the environment on whether the remediation fund needs additional revenue in order to provide timely cleanup of closed landfills in the state without depleting the remediation fund. If the fund needs additional revenue, the commissioner shall include in the report recommendations for revenue sources and amounts that will meet that need.