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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1068

- 03/04/2013 Authored by Hausman; Murphy, E.; Carlson and Ward, J.E.,
The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy
- 03/20/2014 Adoption of Report: Amended and re-referred to the Committee on Capital Investment
- 04/03/2014 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 05/07/2014 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration
- 05/09/2014 Adoption of Report: Placed on the General Register
Read Second Time

1.1 A bill for an act
 1.2 relating to capital investment; appropriating money for capital improvement
 1.3 projects; modifying grant programs; authorizing the Housing Finance Agency
 1.4 to issue housing infrastructure bonds; amending Minnesota Statutes 2012,
 1.5 sections 12A.16, subdivision 5; 174.50, subdivisions 6b, 7; 174.52, subdivision
 1.6 3; 462A.37, subdivision 2, by adding subdivisions.

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

1.8 Section 1. CAPITAL IMPROVEMENT APPROPRIATIONS.

1.9 The sums shown in the column under "Appropriations" are appropriated from the
 1.10 general fund to the state agencies or officials indicated, to be spent for public purposes.
 1.11 Unless otherwise specified, the appropriations in this act are available until the project is
 1.12 completed or abandoned subject to Minnesota Statutes, section 16A.642.

1.13 SUMMARY

| | | |
|------|--|------------------------------|
| 1.14 | <u>University of Minnesota</u> | <u>30,000,000</u> |
| 1.15 | <u>Minnesota State Colleges and Universities</u> | <u>30,650,000</u> |
| 1.16 | <u>Natural Resources</u> | <u>11,900,000</u> |
| 1.17 | <u>Agriculture</u> | <u>325,000</u> |
| 1.18 | <u>Public Safety</u> | <u>225,000</u> |
| 1.19 | <u>Transportation</u> | <u>74,250,000</u> |
| 1.20 | <u>Metropolitan Council</u> | <u>2,518,000</u> |
| 1.21 | <u>Human Services</u> | <u>46,512,000</u> |
| 1.22 | <u>Employment and Economic Development</u> | <u>500,000</u> |
| 1.23 | <u>Minnesota Historical Society</u> | <u>1,868,000</u> |
| 1.24 | <u>TOTAL</u> | <u>\$ 198,748,000</u> |

1.25 APPROPRIATIONS

| | | |
|------|--|-----------------------------|
| 1.26 | Sec. 2. <u>UNIVERSITY OF MINNESOTA</u> | <u>\$ 30,000,000</u> |
|------|--|-----------------------------|

2.1 To the Board of Regents of the University
 2.2 of Minnesota for Higher Education Asset
 2.3 Preservation and Replacement (HEAPR),
 2.4 to be spent in accordance with Minnesota
 2.5 Statutes, section 135A.046.

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

2.8 **Subdivision 1. Total Appropriation** **\$ 30,650,000**

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

2.12 **Subd. 2. Higher Education Asset Preservation**
 2.13 **and Replacement (HEAPR)** **30,000,000**

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

2.16 **Subd. 3. Alexandria Technical and Community**
 2.17 **College** **650,000**

2.18 For equipment maintenance and acquisition
 2.19 for manufacturing programs at Alexandria
 2.20 Technical and Community College, including
 2.21 the machine tool and welding programs,
 2.22 and any other appropriate programs as
 2.23 determined by the college.

2.24 **Sec. 4. NATURAL RESOURCES**

2.25 **Subdivision 1. Total Appropriation** **\$ 11,900,000**

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

2.28 **Subd. 2. Flood Hazard Mitigation** **9,900,000**

2.29 (a) For the state share of flood hazard
 2.30 mitigation grants for publicly owned capital
 2.31 improvements to prevent or alleviate flood
 2.32 damage under Minnesota Statutes, section
 2.33 103F.161. Levee projects, to the extent

3.1 practical, shall meet the state standard of
 3.2 three feet above the 100-year flood elevation.
 3.3 Project priorities shall be determined by the
 3.4 commissioner as appropriate and based on
 3.5 need.

3.6 (b) This appropriation includes money for
 3.7 the projects in Montevideo and Moorhead.

3.8 (c) For any project listed in this subdivision
 3.9 that the commissioner determines is not
 3.10 ready to proceed or does not expend all the
 3.11 money allocated to it, the commissioner may
 3.12 allocate that project's money to a project on
 3.13 the commissioner's priority list.

3.14 (d) To the extent that the cost of a project
 3.15 exceeds two percent of the median household
 3.16 income in a municipality or township
 3.17 multiplied by the number of households in the
 3.18 municipality or township, this appropriation
 3.19 is also for the local share of the project.

3.20 **Subd. 3. Forestry Seed Processing Facilities** **2,000,000**

3.21 To construct, furnish, and equip an expansion
 3.22 to the cold storage and processing facilities
 3.23 at Badoura Nursery to support consolidated
 3.24 bareroot production; construct and equip
 3.25 improved seed development, processing,
 3.26 and storage facilities at Badoura Nursery;
 3.27 construct, furnish, and equip greenhouse
 3.28 and laboratory facilities at General Andrews
 3.29 Nursery site to support expanded tree
 3.30 improvement operations; and to upgrade
 3.31 irrigation and artificial propagation bed
 3.32 infrastructure at the General Andrews
 3.33 Nursery site.

3.34 **Sec. 5. AGRICULTURE** **\$ 325,000**

4.1 To the commissioner of agriculture for a grant
 4.2 to the Aitkin County Agricultural Society
 4.3 to predesign, design, construct, furnish, and
 4.4 equip a shared food service building that
 4.5 can be separated into three smaller food
 4.6 preparation areas. This appropriation does
 4.7 not require a nonstate contribution.

4.8 Sec. 6. **PUBLIC SAFETY** **\$** **225,000**

4.9 To the commissioner of public safety for a
 4.10 grant to the city of Cyrus to acquire land for
 4.11 and to predesign, design, construct, furnish,
 4.12 and equip a facility to accommodate the city
 4.13 hall with community meeting space and the
 4.14 fire department. This appropriation does not
 4.15 require a nonstate contribution.

4.16 Sec. 7. **TRANSPORTATION**

4.17 **Subdivision 1. Total Appropriation** **\$** **74,250,000**

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

4.20 **Subd. 2. Local Bridge Replacement and**
 4.21 **Rehabilitation** **21,750,000**

4.22 To match federal money and to replace
 4.23 or rehabilitate local deficient bridges as
 4.24 provided in Minnesota Statutes, section
 4.25 174.50. To the extent practicable, the
 4.26 commissioner shall expend the funds as
 4.27 provided under Minnesota Statutes, section
 4.28 174.50, subdivision 6a, 6b, or 6c.

4.29 \$11,750,000 of this appropriation is for a
 4.30 grant to Hennepin County to restore and
 4.31 recondition the Franklin Avenue Bridge.
 4.32 This appropriation is not available until the
 4.33 commissioner of management and budget
 4.34 determines that at least \$16,500,000 is

5.1 committed to the project from nonstate
 5.2 sources.

5.3 **Subd. 3. Local Road Improvement Fund**
 5.4 **Grants**

49,500,000

5.5 (a) For construction and reconstruction
 5.6 of local roads with statewide or regional
 5.7 significance under Minnesota Statutes,
 5.8 section 174.52, subdivision 4, or for grants to
 5.9 counties to assist in paying the costs of rural
 5.10 road safety capital improvement projects on
 5.11 county state-aid highways under Minnesota
 5.12 Statutes, section 174.52, subdivision 4a.

5.13 (b) This appropriation includes funding for
 5.14 the following projects:

5.15 (1) a grant to the city of Richfield for the
 5.16 77th Street underpass project;

5.17 (2) a grant to Anoka County for the U.S.
 5.18 Highway 10 and County State-Aid Highway
 5.19 83 (Armstrong Boulevard) project;

5.20 (3) a grant to Ramsey County for the road
 5.21 improvements related to the Twin Cities
 5.22 Army Ammunition Plant redevelopment
 5.23 project; and

5.24 (4) a grant for \$250,000 to Pine Lake
 5.25 Township in Otter Tail County for
 5.26 improvements to Nitche Lake Road between
 5.27 County Road 8 and County Road 53 in Pine
 5.28 Lake Township.

5.29 (c) Of this appropriation, \$11,448,000
 5.30 is for materials and supplies related to
 5.31 road repair resulting from effects of the
 5.32 2013-2014 winter season. By September
 5.33 1, 2014, the commissioner shall apportion
 5.34 funds to counties in the same manner as
 5.35 county state-aid highway funds provided

6.1 for calendar year 2014 under Minnesota
 6.2 Statutes, section 162.07; and \$3,552,000 is
 6.3 for materials and supplies related to road
 6.4 repair resulting from effects of the 2013-2014
 6.5 winter season. By September 1, 2014, the
 6.6 commissioner shall apportion funds to cities
 6.7 in the same manner as municipal state-aid
 6.8 street funds provided for calendar year 2014
 6.9 under Minnesota Statutes, section 162.13.

6.10 **Subd. 4. Safe Routes to School** 1,000,000

6.11 For grants under Minnesota Statutes, section
 6.12 174.40.

6.13 **Subd. 5. Port Development Assistance** 2,000,000

6.14 For grants under Minnesota Statutes, chapter
 6.15 457A. Any improvements made with the
 6.16 proceeds of these grants must be publicly
 6.17 owned.

6.18 **Sec. 8. METROPOLITAN COUNCIL**

6.19 **Subdivision 1. Total Appropriation** **\$ 2,518,000**

6.20 To the Metropolitan Council for the purposes
 6.21 specified in this section.

6.22 **Subd. 2. Maplewood - Fish Creek Trail** 318,000

6.23 For a grant to the city of Maplewood to
 6.24 acquire and develop approximately 70 acres
 6.25 of land along Fish Creek to be included
 6.26 within the Fish Creek Natural Greenway, a
 6.27 park of regional and historical significance
 6.28 located in Ramsey County within the
 6.29 Mississippi National River and Recreation
 6.30 Area. This appropriation is not available
 6.31 until the commissioner of management and
 6.32 budget determines that an amount sufficient

7.1 to complete the acquisition is committed to
 7.2 the project from nonstate sources.

7.3 **Subd. 3. I-35E Pedestrian Shared Use Walkway** 200,000

7.4 For a grant to the city of St. Paul to construct
 7.5 a pedestrian shared use walkway on the
 7.6 east side of I-35E from Arlington Avenue
 7.7 to Cuyuga Street. This appropriation is
 7.8 not available until the commissioner of
 7.9 management and budget determines that at
 7.10 least an equal amount has been committed to
 7.11 the project from nonstate sources.

7.12 **Subd. 4. West St. Paul - North Urban Regional**
 7.13 **Trail Bridge** 2,000,000

7.14 For a grant to the city of West St. Paul to
 7.15 predesign, design, and construct a pedestrian
 7.16 bridge for the North Urban Regional Trail as
 7.17 an overpass of Robert Street in the area near
 7.18 Wentworth Avenue in West St. Paul. This
 7.19 appropriation may also be used to acquire
 7.20 property or purchase rights-of-way needed
 7.21 for bridge construction. This appropriation
 7.22 is not available until the commissioner of
 7.23 management and budget has determined that
 7.24 at least an equal amount has been committed
 7.25 to the project from nonstate sources.

7.26 **Sec. 9. HUMAN SERVICES**

7.27 **Subdivision 1. Total Appropriation** **\$ 46,512,000**

7.28 To the commissioner of administration, or
 7.29 another named agency, for the purposes
 7.30 specified in this section.

7.31 **Subd. 2. Minnesota Security Hospital - St.**
 7.32 **Peter** 41,317,000

7.33 (a) To design and perform asbestos
 7.34 and hazardous materials abatement and

8.1 demolition; to complete the design of, and to
 8.2 construct, furnish, and equip the first phase of
 8.3 a two-phase project to remodel existing, and
 8.4 to develop new residential, program, activity,
 8.5 and ancillary facilities for the Minnesota
 8.6 Security Hospital on the upper campus of the
 8.7 St. Peter Regional Treatment Center. This
 8.8 appropriation includes funding to design the
 8.9 second phase of the project. Upon substantial
 8.10 completion of the first phase of this project,
 8.11 any unspent portion of this appropriation is
 8.12 available to design, perform asbestos and
 8.13 hazardous materials abatement, perform
 8.14 demolition, and to construct, renovate,
 8.15 furnish, and equip the second phase.

8.16 (b) The commissioner of human services
 8.17 shall promulgate rules to establish new
 8.18 licensing requirements and a new licensing
 8.19 category for maximum security units at the
 8.20 Minnesota Security Hospital at St. Peter no
 8.21 later than July 1, 2015.

8.22 **Subd. 3. Early Childhood Learning and Child**
 8.23 **Protection Facilities**

5,000,000

8.24 To the commissioner of human services for
 8.25 grants under Minnesota Statutes, section
 8.26 256E.37, to construct and rehabilitate early
 8.27 childhood learning and child protection
 8.28 facilities. Notwithstanding the limits on
 8.29 grant amounts in Minnesota Statutes, section
 8.30 256E.37, a grant from this appropriation
 8.31 for an individual facility may be for up to
 8.32 \$1,000,000.

8.33 Notwithstanding the limitations on grant
 8.34 amounts in Minnesota Statutes, section
 8.35 256E.37, or this subdivision, \$3,000,000 of
 8.36 this appropriation is for a grant to Hennepin

9.1 County to predesign, design, renovate,
 9.2 furnish, and equip the early childhood center
 9.3 at the YWCA of Minneapolis. The grant to
 9.4 Hennepin County is not available until the
 9.5 commissioner of management and budget
 9.6 determines that at least an equal amount has
 9.7 been committed to the project from nonstate
 9.8 sources.

9.9 **Subd. 4. Advocating for Change Together** 195,000

9.10 For grave markers or memorial monuments
 9.11 for the Remembering with Dignity Project as
 9.12 administered by the organization Advocating
 9.13 for Change Together for unmarked graves
 9.14 on public land of deceased residents of state
 9.15 hospitals or regional treatment centers.

9.16 **Sec. 10. EMPLOYMENT AND ECONOMIC**
 9.17 **DEVELOPMENT** **\$ 500,000**

9.18 To the commissioner of employment and
 9.19 economic development for Innovative
 9.20 Business Development Public Infrastructure
 9.21 Grants under Minnesota Statutes, section
 9.22 116J.435.

9.23 **Sec. 11. MINNESOTA HISTORICAL**
 9.24 **SOCIETY** **\$ 1,868,000**

9.25 To the Minnesota Historical Society to be
 9.26 allocated to county and local jurisdictions
 9.27 as matching money for historic preservation
 9.28 projects of a capital nature, as provided in
 9.29 Minnesota Statutes, section 138.0525.

9.30 Sec. 12. Minnesota Statutes 2012, section 12A.16, subdivision 5, is amended to read:

9.31 Subd. 5. **Waivers authorized.** The requirements of section 174.50, subdivisions 5;
 9.32 ~~6, 6a,~~ and to 7, are waived for grants under subdivision 3.

10.1 Sec. 13. Minnesota Statutes 2012, section 174.50, subdivision 6b, is amended to read:

10.2 Subd. 6b. **Bridge engineering and design costs in smaller cities.** ~~Until June 30,~~
10.3 ~~2007,~~ (a) The commissioner may make grants from the state transportation fund to a
10.4 home rule or statutory city with a population of 5,000 or less ~~and a net tax capacity of~~
10.5 ~~under \$200,000~~ for design ~~and preliminary,~~ engineering, and construction of bridges
10.6 on city streets.

10.7 (b) Grants under this subdivision are subject to the procedures and criteria
10.8 established under subdivisions 5 ~~and,~~ 6, and 7.

10.9 (c) Grants may be used for:

10.10 (1) 100 percent of the design and preliminary engineering costs that are in excess of
10.11 \$10,000;

10.12 (2) 100 percent of the bridge approach work costs that are in excess of \$10,000; and

10.13 (3) 100 percent of the bridge construction work costs.

10.14 ~~Total grants under this subdivision to all cities may not exceed \$200,000.~~

10.15 Sec. 14. Minnesota Statutes 2012, section 174.50, subdivision 7, is amended to read:

10.16 Subd. 7. **Bridge grant program requirements; rulemaking.** (a) The commissioner
10.17 of transportation shall develop rules, procedures for application for grants, conditions of
10.18 grant administration, standards, and criteria as provided under subdivision 6, including
10.19 bridge specifications, in cooperation with road authorities of political subdivisions, for use
10.20 in the administration of funds appropriated to the commissioner and for the administration
10.21 of grants to subdivisions.

10.22 (b) The maximum use of standardized bridges is encouraged. Regardless of the size
10.23 of the existing bridge, a bridge or replacement bridge is eligible for assistance from the
10.24 state transportation fund if a hydrological survey indicates that the bridge or replacement
10.25 bridge must be ten feet or more in length.

10.26 (c) As part of the standards or rules, the commissioner shall, in consultation with
10.27 local road authorities, establish a minimum distance between any two bridges that cross
10.28 over the same river, stream, or waterway, so that only one of the bridges is eligible for a
10.29 grant under this section. As appropriate, the commissioner may establish exceptions from
10.30 the minimum distance requirement or procedures for obtaining a variance.

10.31 (d) Political subdivisions may use grants made under this section to construct or
10.32 reconstruct bridges, including but not limited to:

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

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

11.1 (3) paying the costs to construct a road or street to facilitate the abandonment of
 11.2 an existing bridge if the commissioner determines that the bridge is deficient, and that
 11.3 construction of the road or street is more economical than replacement of the existing
 11.4 bridge.

11.5 (e) Funds appropriated to the commissioner from the Minnesota state transportation
 11.6 fund shall be segregated from the highway tax user distribution fund and other funds
 11.7 created by article XIV of the Minnesota Constitution.

11.8 Sec. 15. Minnesota Statutes 2012, section 174.52, subdivision 3, is amended to read:

11.9 Subd. 3. **Advisory committee.** (a) The commissioner shall establish ~~an~~ a local road
 11.10 improvement program advisory committee consisting of five members, including:

11.11 (1) one county commissioner;

11.12 (2) one county engineer;

11.13 (3) one city engineer;

11.14 (4) one city council member or city administrator representing a city with a
 11.15 population over 5,000; and

11.16 (5) one city council member or city administrator representing a city with a
 11.17 population under 5,000.

11.18 (b) The advisory committee shall provide recommendations to the commissioner
 11.19 regarding expenditures from the ~~trunk highway corridor projects account~~ accounts
 11.20 established in this section.

11.21 ~~(b)~~ (c) Notwithstanding section 15.059, subdivision 5, the committee does not expire.

11.22 Sec. 16. Minnesota Statutes 2012, section 462A.37, subdivision 2, is amended to read:

11.23 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
 11.24 principal amount of housing infrastructure bonds in one or more series to which the
 11.25 payment made under this section may be pledged. The housing infrastructure bonds
 11.26 authorized in this subdivision may be issued to fund loans, on terms and conditions the
 11.27 agency deems appropriate, made for one or more of the following purposes:

11.28 (1) to finance the costs of the construction, acquisition, and rehabilitation of
 11.29 supportive housing for individuals and families who are without a permanent residence;

11.30 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or
 11.31 abandoned housing to be used for affordable rental housing and the costs of new
 11.32 construction of rental housing on abandoned or foreclosed property where the existing
 11.33 structures will be demolished or removed;

12.1 (3) to finance that portion of the costs of acquisition of ~~abandoned or foreclosed~~
12.2 property that is attributable to the land to be leased by community land trusts to low- and
12.3 moderate-income homebuyers, and to the extent feasible, projects should help mitigate
12.4 racial disparities in homeownership rates and promote economic integration; and

12.5 (4) to finance the costs of acquisition and rehabilitation of federally assisted rental
12.6 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
12.7 of federally assisted rental housing, including providing funds to refund, in whole or in
12.8 part, outstanding bonds previously issued by the agency or another government unit to
12.9 finance or refinance such costs.

12.10 (b) Among comparable proposals for permanent supportive housing, preference
12.11 shall be given to permanent supportive housing for veterans and other individuals or
12.12 families who:

12.13 (1) either have been without a permanent residence for at least 12 months or at
12.14 least four times in the last three years; or

12.15 (2) are at significant risk of lacking a permanent residence for 12 months or at least
12.16 four times in the last three years.

12.17 (c) Among comparable proposals for acquisition of land to be leased by community
12.18 land trusts, the agency shall give preference to the acquisition of abandoned or foreclosed
12.19 property and the acquisition of property located in a foreclosure priority area identified by
12.20 the agency. Proposals for the acquisition of property that is not foreclosed or abandoned
12.21 or in a foreclosure priority area must include a rationale for not targeting foreclosed or
12.22 abandoned properties or properties in foreclosure priority areas.

12.23 **EFFECTIVE DATE.** This section is effective the day following final enactment for
12.24 bonds authorized in 2014 and thereafter.

12.25 Sec. 17. Minnesota Statutes 2012, section 462A.37, is amended by adding a
12.26 subdivision to read:

12.27 Subd. 2a. **Additional authorization.** In addition to the amount authorized in
12.28 subdivision 2, the agency may issue up to \$80,000,000 of housing infrastructure bonds in
12.29 one or more series to which the payments made under this section may be pledged.

12.30 Sec. 18. Minnesota Statutes 2012, section 462A.37, is amended by adding a
12.31 subdivision to read:

12.32 Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the
12.33 commissioner of management and budget the actual amount of annual debt service on
12.34 each series of bonds issued under subdivision 2a.

13.1 (b) Each July 15, beginning in 2016 and through 2037, if any housing infrastructure
13.2 bonds issued under subdivision 2a remain outstanding, the commissioner of management
13.3 and budget must transfer to the housing infrastructure bond account established under
13.4 section 462A.21, subdivision 32, the amount certified under paragraph (a), not to exceed
13.5 \$6,400,000 annually. The amounts necessary to make the transfers are appropriated from
13.6 the general fund to the commissioner of management and budget.

13.7 (c) The agency may pledge to the payment of the housing infrastructure bonds the
13.8 payments to be made by the state under this section.

13.9 Sec. 19. **APPROPRIATIONS GIVEN EFFECT ONCE.**

13.10 If an appropriation in this act is enacted more than once in the 2014 legislative
13.11 session for the same purpose, the appropriation must be given effect only once. If the
13.12 appropriations for the same purpose are for different amounts, the lowest of the amounts is
13.13 the one to be given effect.

13.14 Sec. 20. **EFFECTIVE DATE.**

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