

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 343

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DATE	D-PG	OFFICIAL STATUS
02/07/2013	173	Introduction and first reading Referred to State and Local Government
02/14/2013	240	Withdrawn and re-referred to Jobs, Agriculture and Rural Development
02/28/2013	415	Comm report: To pass and re-referred to Judiciary
03/06/2013	639a	Comm report: Amended
		Comm report: No recommendation, re-referred to State and Local Government
03/21/2013	1390a	Comm report: To pass as amended and re-refer to Taxes

A bill for an act

1.1 relating to economic development; establishing a medical center development
 1.2 authority and providing for its organization, powers, and duties; providing
 1.3 for medical center development districts; authorizing the issuance of revenue
 1.4 obligations by the authority; authorizing city bonds; authorizing state assistance;
 1.5 providing for tax increment financing within a medical center development
 1.6 district; appropriating money; amending Minnesota Statutes 2012, sections
 1.7 272.02, subdivision 39; 469.174, subdivision 8; 469.176, subdivisions 1b, 4c;
 1.8 proposing coding for new law in Minnesota Statutes, chapter 469.
 1.9

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

1.11 Section 1. Minnesota Statutes 2012, section 272.02, subdivision 39, is amended to read:

1.12 Subd. 39. **Economic development; public purpose.** The holding of property by
 1.13 a political subdivision of the state for later resale for economic development purposes,
 1.14 including property held as part of a destination medical center project described in
 1.15 section 469.41, subdivision 12, shall be considered a public purpose in accordance with
 1.16 subdivision 8 for a period not to exceed nine years, except that for property located in a
 1.17 city of 5,000 population or under that is located outside of the metropolitan area as defined
 1.18 in section 473.121, subdivision 2, the period must not exceed 15 years.

1.19 The holding of property by a political subdivision of the state for later resale (1)
 1.20 which is purchased or held for housing purposes, or (2) which meets the conditions
 1.21 described in section 469.174, subdivision 10, shall be considered a public purpose in
 1.22 accordance with subdivision 8.

1.23 The governing body of the political subdivision which acquires property which is
 1.24 subject to this subdivision shall after the purchase of the property certify to the city or
 1.25 county assessor whether the property is held for economic development purposes or
 1.26 housing purposes, or whether it meets the conditions of section 469.174, subdivision 10.

2.1 If the property is acquired for economic development purposes and buildings or other
 2.2 improvements are constructed after acquisition of the property, and if more than one-half
 2.3 of the floor space of the buildings or improvements which is available for lease to or use
 2.4 by a private individual, corporation, or other entity is leased to or otherwise used by
 2.5 a private individual, corporation, or other entity the provisions of this subdivision shall
 2.6 not apply to the property. This subdivision shall not create an exemption from section
 2.7 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of
 2.8 law providing for the taxation of or for payments in lieu of taxes for publicly held property
 2.9 which is leased, loaned, or otherwise made available and used by a private person.

2.10 Sec. 2. Minnesota Statutes 2012, section 469.174, subdivision 8, is amended to read:

2.11 Subd. 8. **Project.** "Project" means a project as described in section 469.142;
 2.12 an industrial development district as described in section 469.058, subdivision 1; an
 2.13 economic development district as described in section 469.101, subdivision 1; a project as
 2.14 defined in section 469.002, subdivision 12; a development district as defined in section
 2.15 469.125, subdivision 9, or any special law; ~~or~~ a project as defined in section 469.153,
 2.16 subdivision 2, paragraph (a), (b), or (c), or a medical center development district as
 2.17 defined in section 469.41, subdivision 10.

2.18 Sec. 3. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

2.19 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be
 2.20 paid to the authority:

2.21 (1) after 15 years after receipt by the authority of the first increment for a renewal
 2.22 and renovation district;

2.23 (2) after 20 years after receipt by the authority of the first increment for a soils
 2.24 condition district;

2.25 (3) after eight years after receipt by the authority of the first increment for an
 2.26 economic development district or, for an economic development district within a medical
 2.27 center development district created under section 469.48, subdivision 4, (i) after 15 years
 2.28 after receipt by the authority of the first increment for a residential rental/owner-occupied
 2.29 housing subdistrict, (ii) after 15 years after receipt by the authority of the first increment
 2.30 for a medical/healthcare industry subdistrict, or (iii) after ten years after receipt by the
 2.31 authority of the first increment for a commercial/industrial/retail subdistrict;

2.32 (4) for a housing district, a compact development district, or a redevelopment
 2.33 district, after 25 years from the date of receipt by the authority of the first increment.

3.1 (b) For purposes of determining a duration limit under this subdivision or subdivision
 3.2 1e that is based on the receipt of an increment, any increments from taxes payable in the year
 3.3 in which the district terminates shall be paid to the authority. This paragraph does not affect
 3.4 a duration limit calculated from the date of approval of the tax increment financing plan or
 3.5 based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph
 3.6 does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

3.7 (c) An action by the authority to waive or decline to accept an increment has no
 3.8 effect for purposes of computing a duration limit based on the receipt of increment under
 3.9 this subdivision or any other provision of law. The authority is deemed to have received an
 3.10 increment for any year in which it waived or declined to accept an increment, regardless
 3.11 of whether the increment was paid to the authority.

3.12 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a
 3.13 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph
 3.14 (b), does not constitute receipt of increment by the overlying district for the purpose of
 3.15 calculating the duration limit under this section.

3.16 Sec. 4. Minnesota Statutes 2012, section 469.176, subdivision 4c, is amended to read:

3.17 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment
 3.18 from an economic development district may not be used to provide improvements, loans,
 3.19 subsidies, grants, interest rate subsidies, or assistance in any form to developments
 3.20 consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and
 3.21 facilities (determined on the basis of square footage) are used for a purpose other than:

3.22 (1) the manufacturing or production of tangible personal property, including
 3.23 processing resulting in the change in condition of the property;

3.24 (2) warehousing, storage, and distribution of tangible personal property, excluding
 3.25 retail sales;

3.26 (3) with the consent of the Destination Medical Center Authority and within
 3.27 a subdistrict of a medical center development district created under section 469.48,
 3.28 subdivision 4, (i) residential rental or owner-occupied housing, (ii) the provision of medical
 3.29 or healthcare industry related services or products, or (iii) other commercial/industrial
 3.30 development and retail sales;

3.31 ~~(3)~~ (4) research and development related to the activities listed in clause (1) or
 3.32 (2), or (3);

3.33 ~~(4)~~ (5) telemarketing if that activity is the exclusive use of the property;

3.34 ~~(5)~~ (6) tourism facilities;

3.35 ~~(6)~~ (7) qualified border retail facilities; or

4.1 ~~(7)~~ (8) space necessary for and related to the activities listed in clauses (1) to ~~(6)~~ (7).

4.2 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
 4.3 increment from an economic development district may be used to provide improvements,
 4.4 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
 4.5 square feet of any separately owned commercial facility located within the municipal
 4.6 jurisdiction of a small city, if the revenues derived from increments are spent only to
 4.7 assist the facility directly or for administrative expenses, the assistance is necessary to
 4.8 develop the facility, and all of the increments, except those for administrative expenses,
 4.9 are spent only for activities within the district.

4.10 (c) A city is a small city for purposes of this subdivision if the city was a small city
 4.11 in the year in which the request for certification was made and applies for the rest of
 4.12 the duration of the district, regardless of whether the city qualifies or ceases to qualify
 4.13 as a small city.

4.14 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements
 4.15 of section 469.174, subdivision 12, tax increments from an economic development district
 4.16 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or
 4.17 assistance in any form to developments consisting of buildings and ancillary facilities, if
 4.18 all the following conditions are met:

4.19 (1) the municipality finds that the project will create or retain jobs in this state,
 4.20 including construction jobs, and that construction of the project would not have
 4.21 commenced before July 1, 2012, without the authority providing assistance under the
 4.22 provisions of this paragraph;

4.23 (2) construction of the project begins no later than July 1, 2012;

4.24 (3) the request for certification of the district is made no later than June 30, 2012; and

4.25 (4) for development of housing under this paragraph, the construction must begin
 4.26 before January 1, 2012.

4.27 The provisions of this paragraph may not be used to assist housing that is developed
 4.28 to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law,
 4.29 if construction of the project begins later than July 1, 2011.

4.30 **Sec. 5. [469.41] DEFINITIONS.**

4.31 Subdivision 1. **Generally.** In sections 469.41 to 469.53, the terms defined in this
 4.32 section have the meanings given them, unless the context indicates a different meaning.

4.33 Subd. 2. **Authority.** "Authority" means the Destination Medical Center Authority
 4.34 established in section 469.42.

5.1 Subd. 3. **Board.** "Board" means the governing body of the Destination Medical
5.2 Center Authority.

5.3 Subd. 4. **City.** "City" means the city of Rochester, Minnesota.

5.4 Subd. 5. **County.** "County" means Olmsted County, Minnesota.

5.5 Subd. 6. **Designated state taxes.** "Designated state taxes" means as of any
5.6 calculation date under section 469.53, subdivision 2, the following state taxes:

5.7 (1) personal income taxes payable under chapter 290 that are attributable to payroll
5.8 for employees of all facilities in the city of any business entity, including any medical
5.9 business entity, and all facilities of any medical business entity located outside of the
5.10 city but in the state;

5.11 (2) corporate franchise taxes paid under chapter 290 by any business with its
5.12 principal place of business in the city, including any medical business entity;

5.13 (3) commercial-industrial property taxes paid under section 275.025 by businesses,
5.14 including any medical business entity, on property located in the city and by any medical
5.15 business entity on property located outside of the city and in the state; and

5.16 (4) sales taxes collected by businesses on retail sales within the city under sections
5.17 297A.62 and 297A.63 and all such taxes paid by any medical business entity on retail
5.18 sales within the state.

5.19 Subd. 7. **Development; developing.** "Development" includes redevelopment,
5.20 and "developing" includes redeveloping.

5.21 Subd. 8. **Development plan.** "Development plan" means the long-range plan for the
5.22 development of the medical center development district or districts.

5.23 Subd. 9. **Medical business entity.** "Medical business entity" means a medical
5.24 business entity with its principal place of business in the city as of the date of final
5.25 enactment of this act, together with all business entities of which it is a sole member or
5.26 shareholder, that collectively employs more than 30,000 persons in the state as of that date.

5.27 Subd. 10. **Medical center development district.** "Medical center development
5.28 district" means a contiguous or noncontiguous geographic area in the city created to
5.29 facilitate one or more projects.

5.30 Subd. 11. **Medical center economic development corporation.** "Medical center
5.31 economic development corporation" means a nonprofit corporation organized and existing
5.32 under chapter 317A by any medical business entity to assist the authority and the city to
5.33 secure Minnesota's status as one of the world's leading global medical destinations with
5.34 the city as its hub.

5.35 Subd. 12. **Project.** "Project" means the following works or undertakings for the
5.36 purpose of establishing, supporting, and maintaining a medical center development

6.1 district, including attracting and fostering urban economic development and renewal
 6.2 within a medical center development district in accordance with the development plan:

6.3 (1) to acquire real property and other assets associated with the real property;

6.4 (2) to demolish, repair, or rehabilitate buildings;

6.5 (3) to remediate or otherwise prepare land and buildings for acquisition or
 6.6 development;

6.7 (4) to provide relocation benefits to the occupants of acquired properties;

6.8 (5) to install, construct or reconstruct, and equip public infrastructure, including,
 6.9 without limitation, streets, roadways, utilities systems and related facilities, utility
 6.10 relocations and replacements, vertical transportation, network and communication
 6.11 systems, streetscape improvements, drainage systems, sewer and water systems, subgrade
 6.12 structures and associated improvements, landscaping, façade construction and restoration,
 6.13 and wayfinding and signage;

6.14 (6) to acquire, construct or reconstruct, and equip parking facilities and other
 6.15 facilities or improvements to encourage intermodal transportation and public transit;

6.16 (7) to install, construct or reconstruct, and equip public facilities or improvements
 6.17 and related infrastructure, including, without limitation, parks, cultural facilities,
 6.18 community and recreational facilities, facilities to promote tourism and hospitality,
 6.19 conferencing and conventions, broadcast and related multimedia infrastructure, and
 6.20 instructional, educational, and other facilities;

6.21 (8) to make site improvements, including, without limitation, excavation,
 6.22 earth retention, soil stabilization and correction, subgrade structures and associated
 6.23 improvement, landscaping, and other improvements necessary due to the extraordinary
 6.24 cost of economic development of a site;

6.25 (9) to sell or lease land; and

6.26 (10) to construct and equip all or a portion of one or more suitable structures on land
 6.27 owned by the authority for sale or lease for private development; provided, however, that
 6.28 the portion of any such structure directly financed as a project cost must not be sold or
 6.29 leased to a medical business entity.

6.30 Subd. 13. **Project cost.** (a) "Project cost" with respect to a medical center
 6.31 development district project means all costs of the project activities described in
 6.32 subdivision 12, and includes, without limitation:

6.33 (1) costs of planning, engineering, legal, marketing, development, insurance,
 6.34 finance, and other related professional services associated with a project;

6.35 (2) costs providing relocation benefits to the occupants of acquired properties;

6.36 (3) costs associated with the operational start-up and commissioning of a project; and

- 7.1 (4) the allocated administrative expenses of the authority for the project.
7.2 (b) Expenditures for project costs are not business subsidies under section 116J.993.

7.3 **Sec. 6. [469.42] AUTHORITY ESTABLISHMENT; BOARD MEMBERS;**
7.4 **TERMS, VACANCIES, PAY, CONTINUITY.**

7.5 Subdivision 1. **Destination Medical Center Authority; establishment.** The
7.6 Destination Medical Center Authority is established. The authority's governing board
7.7 shall have seven members, appointed by the governor and confirmed by the senate. A
7.8 person is eligible for appointment if the person is not a resident of Rochester and does
7.9 not have a direct or indirect financial interest in the Mayo Clinic, its subsidiaries, or
7.10 affiliated businesses, the Destination Medical Center, or any projects authorized by or
7.11 under consideration by the authority.

7.12 Subd. 2. **Terms; vacancies.** The governor shall appoint the initial seven members
7.13 by the first Monday in January 2014. The governor shall make appointments to replace
7.14 three of the board's seats by the first Monday in January 2019 and every six years
7.15 thereafter. The governor shall make appointments to replace the other four of the board's
7.16 seats by the first Monday in January 2020 and every six years thereafter. Each member
7.17 shall serve until a replacement for the member's seat on the board has been confirmed by
7.18 the senate. When a member resigns or is removed for cause, the governor shall fill the
7.19 vacancy for the balance of the member's term, subject to the same confirmation required
7.20 for an appointment for a full term as provided in subdivision 1.

7.21 Subd. 3. **Chair.** The governor shall appoint a chair from the board's membership,
7.22 and the chair shall convene the first meeting within two months of senate confirmation of
7.23 the members.

7.24 Subd. 4. **Pay.** Members must be compensated as provided in section 15.0575,
7.25 subdivision 3, for each regular or special authority board meeting attended. In addition,
7.26 the board members may be reimbursed for actual expenses incurred in doing official
7.27 business of the authority. All money paid for compensation or reimbursement must be
7.28 paid out of the authority's budget.

7.29 Subd. 5. **Removal for cause.** A member may be removed by the board for
7.30 inefficiency, neglect of duty, or misconduct in office. A member may be removed only
7.31 after a hearing of the board. A copy of the charges must be given to the board member at
7.32 least ten days before the hearing. The board member must be given an opportunity to be
7.33 heard in person or by counsel at the hearing. When written charges have been submitted
7.34 against a board member, the board may temporarily suspend the member. If the board finds
7.35 that those charges have not been substantiated, the board member shall be immediately

8.1 reinstated. If a board member is removed, a record of the proceedings, together with the
8.2 charges and findings, shall be filed with the office of the appointing authority.

8.3 Subd. 6. **Sunset.** The authority shall sunset December 31, 2043. When the authority
8.4 sunset, all right, title, and interest to all assets held by the authority are transferred or
8.5 assigned to the city of Rochester.

8.6 **Sec. 7. [469.43] CHARACTERISTICS AND JURISDICTION.**

8.7 Subdivision 1. **Public body characteristics.** The authority is a body politic and
8.8 corporate and a political subdivision of the state, with the right to sue and be sued in
8.9 its own name.

8.10 Subd. 2. **Boundaries.** The boundary for activities and the use of the powers of
8.11 the authority must be within a medical center development district. The authority also
8.12 has the power to finance activities outside of a medical center development district but
8.13 within the county, if necessary; provided, however, that the financing of activities outside
8.14 of a medical center development district but within the county must be included in the
8.15 development plan and must be approved by, and subject to the planning, zoning, sanitary
8.16 and building laws, ordinances, regulations, and land use plans applicable to, the city,
8.17 county, or town in which such activities are undertaken.

8.18 **Sec. 8. [469.44] OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

8.19 Subdivision 1. **Bylaws, rules, seal.** The authority may adopt bylaws and rules of
8.20 procedure and may adopt an official seal.

8.21 Subd. 2. **Officers.** The authority shall annually elect a president or chair, and a
8.22 vice-president or vice-chair, and a treasurer. A member may not serve as president or
8.23 chair and vice-president or vice-chair at the same time. The authority shall appoint a
8.24 secretary and assistant treasurer. The secretary and assistant treasurer need not, but may,
8.25 be members of the board, including the president or chair or vice-president or vice-chair.

8.26 Subd. 3. **Duties and powers.** The officers have the usual duties and powers of their
8.27 offices. They may be given other duties and powers by the authority.

8.28 Subd. 4. **Treasurer's duties.** The treasurer:

8.29 (1) shall receive and is responsible for authority money;

8.30 (2) is responsible for the acts of the assistant treasurer;

8.31 (3) shall disburse authority money by check or electronic procedures;

8.32 (4) shall keep an account of the source of all receipts, and the nature, purpose, and

8.33 authority of all disbursements; and

9.1 (5) shall file the authority's detailed financial statement with its secretary at least
9.2 once a year at times set by the authority.

9.3 Subd. 5. **Assistant treasurer.** The assistant treasurer has the powers and duties of
9.4 the treasurer if the treasurer is absent or disabled.

9.5 Subd. 6. **Treasurer's bond.** The treasurer shall give bond to the state conditioned
9.6 for the faithful discharge of official duties. The bond must be approved as to form and
9.7 surety by the authority and filed with its secretary. The bond must be for twice the amount
9.8 of money likely to be on hand at any one time, as determined at least annually by the
9.9 authority, except that the bond must not exceed \$300,000.

9.10 Subd. 7. **Public money.** Authority money is public money.

9.11 Subd. 8. **Checks.** An authority check must be signed by the treasurer and by one
9.12 other officer named by the authority in a resolution. The check must state the name of the
9.13 payee and the nature of the claim for which the check is issued.

9.14 Subd. 9. **Financial statements; filing with state auditor.** The financial statements
9.15 of the authority must be prepared, audited, filed, and published or posted in the manner
9.16 required for the financial statements of the city. The authority shall employ a certified
9.17 public accountant to annually examine and audit its books. The report of the exam and audit
9.18 must be filed with the state auditor by June 30 of each year. The state auditor shall review
9.19 the report and may accept it or, in the public interest, audit the books of the authority.

9.20 Subd. 10. **Meetings.** Meetings of the governing board of the authority are subject to
9.21 chapter 13D.

9.22 **Sec. 9. [469.45] DEPOSITORIES; DEFAULT; COLLATERAL.**

9.23 Subdivision 1. **Named; bond.** Every two years the authority shall name national
9.24 or state banks within the state as depositories. Before acting as a depository, a named
9.25 bank shall give the authority a bond approved as to form and surety by the authority.
9.26 The bond must be conditioned for the safekeeping and prompt repayment of deposits.
9.27 The amount of the bond must be at least equal to the maximum sum expected to be on
9.28 deposit at any one time.

9.29 Subd. 2. **Default; collateral.** When authority funds are deposited by the treasurer
9.30 in a bonded depository, the treasurer and the surety on the treasurer's official bond are
9.31 exempt from liability for the loss of the deposits because of the failure, bankruptcy, or any
9.32 other act or default of the depository. The authority may accept assignments of collateral
9.33 from its depository to secure deposits in the same manner as assignments of collateral are
9.34 permitted for a government entity under section 118A.03.

10.1 Sec. 10. **[469.47] TAX LEVIES; CITY OR COUNTY APPROPRIATIONS;**
10.2 **OTHER FISCAL MATTERS.**

10.3 Subdivision 1. **Obligations.** The authority must not levy a tax or special assessment,
10.4 pledge the credit of the state or the state's municipal corporations or other subdivisions, or
10.5 incur an obligation enforceable on property not owned by the authority.

10.6 Subd. 2. **Budget.** The authority shall annually send its budget to the city, county,
10.7 governor, and legislature.

10.8 Subd. 3. **Fiscal year.** The fiscal year of the authority may be established by the
10.9 authority.

10.10 Subd. 4. **City or county appropriations; levy.** The city council of the city or the
10.11 county board of the county may appropriate money for the use of the authority and may
10.12 levy the amount of its appropriation in its general levy. The levy is a special levy within
10.13 the meaning of, and as if specifically enumerated in, section 275.70, subdivision 5.

10.14 Subd. 5. **Outside budget laws.** Money appropriated to the authority by the city
10.15 or county under this section is not subject to a budget law that applies to the city or
10.16 county, respectively.

10.17 Subd. 6. **City or county payment.** The city or county treasurer shall pay money
10.18 appropriated by a city or county under subdivision 4 when and in the manner directed by
10.19 the city council or county board, as applicable.

10.20 Subd. 7. **Local government tax base not reduced.** Nothing in sections 469.41 to
10.21 469.53 reduces the tax base or affects the taxes due and payable to the city, the county,
10.22 or any school district within the boundaries of the city, including, without limitation, the
10.23 city's 0.5 percent local sales tax.

10.24 Sec. 11. **[469.48] DEVELOPMENT PLAN; MEDICAL CENTER**
10.25 **DEVELOPMENT DISTRICTS.**

10.26 Subdivision 1. **Development plan; adoption by authority; notice; findings.** The
10.27 authority, in consultation with the medical center economic development corporation,
10.28 shall prepare a development plan with the city's involvement. The development plan must
10.29 be adopted by the board of the authority only after holding a public hearing. At least 45
10.30 days before the hearing, the authority shall file a copy of the proposed development plan
10.31 with the city. The city shall make copies of the proposed plan available to the public at the
10.32 city offices during normal business hours and as otherwise determined appropriate by city
10.33 council or city officials. At least ten days before the hearing, the authority shall publish
10.34 notice of the hearing in a qualified or official newspaper of the city. The development plan
10.35 may not be adopted unless the authority finds by resolution that:

11.1 (1) the plan provides an outline for the development of the city as a global destination
11.2 medical center, and the plan is sufficiently complete, including the identification of planned
11.3 and anticipated projects, to indicate its relationship to definite state and local objectives;

11.4 (2) the proposed development affords maximum opportunity, consistent with the
11.5 needs of the city, county, and state, for the development of the city by private enterprise as
11.6 a global destination medical center;

11.7 (3) the proposed development conforms to the general plan for the development
11.8 of the city; and

11.9 (4) the plan includes:

11.10 (i) strategic planning consistent with a global destination medical center in the
11.11 core areas of commercial research and technology, learning environment, hospitality
11.12 and convention, sports and recreation, livable communities, including mixed-use urban
11.13 development and neighborhood residential development, retail/dining/entertainment,
11.14 and health and wellness;

11.15 (ii) estimates of short- and long-range fiscal and economic impacts;

11.16 (iii) a framework to identify and prioritize short- and long-term public investment
11.17 and infrastructure development and to facilitate private investment and development;

11.18 (iv) land use planning;

11.19 (v) transportation and transit planning;

11.20 (vi) operational planning required to support the medical center development
11.21 district; and

11.22 (vii) ongoing market research plans.

11.23 **Subd. 2. Development plan; approval by city; finding.** After adoption by the
11.24 authority under subdivision 1, the authority shall submit the development plan to the city
11.25 for approval by the city only in accordance with this subdivision. The city shall approve
11.26 the development plan by written resolution upon making the finding that the development
11.27 plan is consistent with the adopted comprehensive plan of the city. The city shall consider
11.28 the approval of the development plan and make its finding regarding consistency with
11.29 the adopted comprehensive plan of the city within 45 days of submission of the adopted
11.30 development plan. If the city determines, by written resolution, that the development plan
11.31 is not consistent with the adopted comprehensive plan of the city, the resolution shall state
11.32 the reasons and supporting facts for each determination, and the city shall transmit the
11.33 resolution to the authority within seven days of adoption. A revised development plan
11.34 may be submitted by the authority for approval by the city in the manner provided in this
11.35 subdivision. The city may incorporate the approved development plan into the city's
11.36 comprehensive plan.

12.1 Subd. 3. **Modification of development plan.** The authority may modify the
12.2 development plan at any time. The authority shall update the original development plan
12.3 not less than every five years. A modification or update under this subdivision must be
12.4 prepared with the city's involvement and adopted by the authority upon the notice and
12.5 after the public hearing and findings required for the original adoption of the development
12.6 plan and upon approval by the city as provided in subdivision 2.

12.7 Subd. 4. **Medical center development districts; creation; notice; findings.** As
12.8 part of the development plan, the authority may create and define the boundaries of
12.9 medical center development districts and subdistricts at any place or places within the
12.10 city. Projects may be undertaken within defined medical center development districts
12.11 consistent with the development plan.

12.12 Subd. 5. **Policy.** It is state policy in the public interest to have the authority exercise
12.13 the power of eminent domain to acquire property for a public use, as defined in section
12.14 117.025, and advance and spend money for the purposes in sections 469.41 to 469.53.

12.15 Sec. 12. **[469.49] POWERS AND DUTIES.**

12.16 Subdivision 1. **Powers generally.** The authority has the powers of a city under
12.17 chapter 462C and the powers of a redevelopment agency under sections 469.152 to
12.18 469.1651, in connection with private development in the city for which the authority
12.19 has previously undertaken or concurrently undertakes a project financed in whole or in
12.20 part with authority revenue or obligations issued pursuant to section 469.50; provided,
12.21 however, the authority shall not enter into any revenue agreement pursuant to section
12.22 469.155, subdivision 5, with a medical business entity.

12.23 Subd. 2. **Projects; project costs.** The authority may, within a medical center
12.24 development district, undertake projects and finance project costs. The authority must
12.25 find by resolution that the project is consistent with and in furtherance of the approved
12.26 development plan. Subject to other applicable law, revenue derived by the authority
12.27 from any source may be used by the authority to make loans or grants, or to provide
12.28 direct or indirect financial support to state public bodies or to private entities in payment
12.29 or reimbursement of project costs; provided, however, projects as defined under section
12.30 469.41, subdivision 12, clauses (5), (6), and (7), which will be owned, operated, or
12.31 maintained by the city, must be approved by written resolution of the city.

12.32 Subd. 3. **Medical center economic development corporation.** (a) The authority
12.33 shall engage a medical center economic development corporation to advise the authority
12.34 on matters related to a project. The medical center economic development corporation
12.35 shall assist the authority in the preparation of the development plan and shall provide

13.1 services to assist the authority in implementing, consistent with the development plan, the
13.2 goals, objectives, and strategies in the development plan, including, without limitation:
13.3 (1) developing and updating the criteria for evaluating and underwriting
13.4 development proposals;
13.5 (2) implementing the development plan, including soliciting and evaluating
13.6 proposals for development and evaluating and making recommendations to the authority
13.7 regarding those proposals;
13.8 (3) providing administrative services in connection with approved projects;
13.9 (4) developing patient, visitor, and community outreach programs for a medical
13.10 center development district;
13.11 (5) working with the authority to acquire and facilitate the sale, lease, or other
13.12 transactions involving land and real property;
13.13 (6) seeking financial support for itself, the authority, and a project;
13.14 (7) partnering with other development agencies and organizations and the city and
13.15 county in joint efforts to promote economic development and establish a destination
13.16 medical center;
13.17 (8) supporting and administering the planning and development activities required to
13.18 implement the development plan;
13.19 (9) preparing and supporting the marketing and promotion of the medical center
13.20 development district;
13.21 (10) preparing and implementing a program for community and public relations in
13.22 support of the medical center development district;
13.23 (11) assisting the authority and others in applications for federal grants, tax credits,
13.24 and other sources of funding to aid both private and public development; and
13.25 (12) making other general advisory recommendations to the authority's governing
13.26 board, as requested.
13.27 (b) The authority may contract with the medical center economic development
13.28 corporation to provide administrative services to the authority. The authority may agree
13.29 to provide reasonable compensation to the medical center economic development
13.30 corporation for the services described in this section. The authority may pay for such
13.31 services out of any revenue sources available to it, including amounts received from the
13.32 city or the county under section 469.47 or from payments received from the state under
13.33 section 469.53. Nothing in sections 469.40 to 469.53 shall allow the authority's governing
13.34 board to delegate to any person or entity the authority's duties and powers to adopt the
13.35 development plan or to exercise judgment or discretion of the authority to finance projects
13.36 or otherwise expend public funds.

14.1 Subd. 4. **Revenue pooling.** The authority may deposit all its money from any
14.2 source in one bank account.

14.3 Subd. 5. **Acquire property; exemption for taxes.** (a) The authority may acquire by
14.4 lease, purchase, gift, or devise the needed right, title, and interest in property to create
14.5 medical center development districts and undertake projects. The authority may exercise
14.6 the power of eminent domain to acquire property for a public use, as defined in section
14.7 117.025. It shall pay for the property out of money it receives under sections 469.41 to
14.8 469.53. It may hold and dispose of the property subject to the limits and conditions in
14.9 sections 469.41 to 469.53. The title to property acquired by eminent domain or purchase
14.10 must be in fee simple, absolute. The authority may accept an interest in property acquired
14.11 in another way subject to any condition of the grantor or donor. The condition must
14.12 be consistent with the proper use of the property under sections 469.41 to 469.53. The
14.13 authority may sign options to purchase, sell, or lease property.

14.14 (b) Property acquired, owned, leased, controlled, used, or occupied by the authority
14.15 for any of the purposes of this section is for public governmental and municipal purposes
14.16 and is exempt from taxation by the state or its political subdivisions, except to the extent
14.17 that the property is subject to the sales and use tax under chapter 297A. The exemption in
14.18 this paragraph applies only while the authority holds property for its own purpose, and is
14.19 subject to section 272.02, subdivisions 8 and 39. When the property is sold it becomes
14.20 subject to taxation.

14.21 Subd. 6. **Subject to city requirements.** All projects are subject to the planning,
14.22 zoning, sanitary, and building laws, ordinances, regulations, and land use plans applicable
14.23 to the city.

14.24 Subd. 7. **Sale of property.** The authority may sell, convey, and exchange any real
14.25 or personal property owned or held by it in any manner and on any terms. Real property
14.26 owned by the authority must not be sold, conveyed, exchanged, or have its title transferred
14.27 without approval of two-thirds of the members of the board. All members must have ten
14.28 days' written notice of a regular or special meeting at which a vote on sale, conveyance,
14.29 exchange, or transfer of real property is to be taken. The notice must contain a complete
14.30 description of the affected real property. The resolution authorizing the real property
14.31 transaction is not effective unless a quorum is present.

14.32 Subd. 8. **Contracts.** The authority may make contracts for the purpose of economic
14.33 development within the powers given it in sections 469.41 to 469.53. The authority
14.34 may contract or arrange with the federal government, or any of its departments, with
14.35 persons, public corporations, the state, or any of its political subdivisions, commissions, or
14.36 agencies, for separate or joint action, on any matter related to using the authority's powers

15.1 or performing its duties. The authority may contract to purchase and sell real and personal
15.2 property. An obligation or expense must not be incurred by the authority unless existing
15.3 appropriations together with the reasonably expected revenue of the authority from other
15.4 sources are sufficient to discharge the obligation or pay the expense when due. The state
15.5 and its municipal subdivisions are not liable on the obligations of the authority.

15.6 Subd. 9. **Contract for services.** The authority may contract for the services of
15.7 consultants, agents, public accountants, legal counsel, and other persons needed to perform
15.8 its duties and exercise its powers. The authority may contract with the city or county to
15.9 provide administrative, clerical, and accounting services to the authority.

15.10 Subd. 10. **Supplies.** The authority may purchase the supplies and materials it needs
15.11 to carry out sections 469.41 to 469.53.

15.12 Subd. 11. **City purchasing.** The authority may, by agreement with the city, use the
15.13 facilities and services of the city's purchasing and public works departments in connection
15.14 with construction work and to purchase equipment, supplies, or materials.

15.15 Subd. 12. **City facilities, services.** The city may furnish offices, structures and
15.16 space, and clerical, engineering, or other services or assistance to the authority.

15.17 Subd. 13. **Delegation power.** The authority may delegate to one or more of its
15.18 agents powers or duties as it deems proper.

15.19 Subd. 14. **Government agent.** The authority may cooperate with or act as agent
15.20 for the federal or state government, a state public body, or an agency or instrumentality
15.21 of a government or a public body to carry out sections 469.41 to 469.53 or any other
15.22 related federal, state, or local law.

15.23 Subd. 15. **Studies, analysis, research.** The authority may study and analyze
15.24 development needs in a medical center development district and ways to meet the needs.
15.25 The authority may study the desirable patterns for land use and community growth and
15.26 other factors affecting local development in a medical center development district and
15.27 make the result of the studies available to the public and to potential developers. The
15.28 authority may engage in research and disseminate information on development in its
15.29 medical center development districts.

15.30 Subd. 16. **Acceptance of public land.** The authority may accept conveyances of
15.31 land from all other public agencies, commissions, or other units of government, if the land
15.32 can be properly used by the authority in a medical center development district, to carry
15.33 out the purposes of sections 469.41 to 469.53. The city council of the city may transfer
15.34 or cause to be transferred to the authority any property owned or controlled by the city
15.35 and located within the jurisdiction of the authority. The transfer must be approved by
15.36 majority vote of the city council and may be with or without consideration. The city may

16.1 also put the property in the possession or control of the authority by a lease or other
16.2 agreement for a limited period or in fee.

16.3 Subd. 17. **Loans in anticipation of bonds.** After authorizing bonds under section
16.4 469.50, the authority may borrow to provide money immediately required for the bond
16.5 purposes. The loans may not exceed the amount of the bonds. The authority shall by
16.6 resolution decide the terms of the loans. The loans must be evidenced by negotiable
16.7 notes due in not more than 12 months from the date of the loan payable to the order of
16.8 the lender, to be repaid with interest from the proceeds of the bonds when the bonds are
16.9 issued and delivered to the bond purchasers. The loan must not be obtained from any
16.10 board member of the authority or from any corporation, association, or other institution of
16.11 which an authority board member is a stockholder or officer.

16.12 Subd. 18. **Reporting requirements.** On or before January 15 of each odd-numbered
16.13 year, the authority shall provide a report to the chairs and ranking minority members
16.14 of the house of representatives and senate committees with jurisdiction over economic
16.15 development and taxes, the commissioners of management and budget, revenue, and
16.16 employment and economic development, the city council, and the county board of
16.17 commissioners. The report must provide calculations of designated state taxes for the
16.18 prior two fiscal years of the authority, a current draft of the development plan, and debt
16.19 service schedules for all outstanding bonds or notes of the authority.

16.20 Subd. 19. **No tax increment financing powers.** The authority is not an authority as
16.21 defined in section 469.174, subdivision 2.

16.22 **Sec. 13. [469.50] REVENUE OBLIGATIONS; PLEDGE; COVENANTS.**

16.23 Subdivision 1. **Powers.** The authority may decide by resolution to issue its revenue
16.24 bonds, notes, or other obligations either at one time or in series from time to time. The
16.25 revenue bonds may be issued to provide money to pay project costs. The issued bonds
16.26 may include the amount the authority considers necessary to establish an initial reserve to
16.27 pay principal of and interest on the bonds, including capitalized interest, and to pay the
16.28 costs of issuance. The resolution shall state how the bonds are to be executed.

16.29 Subd. 2. **Form.** The bonds of each series issued by the authority under this section
16.30 must bear interest at the rate or rates, mature at times not later than 30 years from the date
16.31 of issuance, and be fully registered bonds in the form determined by the authority. All
16.32 bonds issued under this section must be negotiable instruments.

16.33 Subd. 3. **Sale.** The sale of revenue bonds issued by the authority may be at public or
16.34 private sale. The bonds may be sold in the manner and for the amount that the authority

17.1 determines to be in the best interest of the authority. The bonds may be made callable upon
17.2 terms as determined by the authority and may be refunded as provided in section 475.67.

17.3 Subd. 4. **Agreements.** The authority may by resolution make an agreement or
17.4 covenant with the bondholders or their trustee if it determines that the agreement or
17.5 covenant is needed or desirable to carry out the powers given to the authority under this
17.6 section and to ensure that the revenue bonds are marketable and promptly paid.

17.7 Subd. 5. **Revenue pledge.** (a) In issuing bonds under this section, the authority may
17.8 secure payment of the principal and interest on the bonds by:

17.9 (1) a pledge of and lien on authority revenue. The revenue must come from the
17.10 facility to be acquired, constructed, or improved with the bond proceeds or from other
17.11 facilities named in the bond-authorizing resolutions. The authority also may secure the
17.12 payment with its promise to impose, maintain, and collect enough rentals, rates, and
17.13 charges, for the use and occupancy of the facilities and for services furnished in connection
17.14 with the use and occupancy, to pay its current expenses to operate and maintain the named
17.15 facilities, and to produce and deposit sufficient net revenue in a special fund to meet the
17.16 interest and principal requirements of the bonds, and to collect and keep any more money
17.17 required by the resolutions. The authority shall decide what constitutes "current" expense
17.18 under this subdivision based on what is normal and reasonable under generally accepted
17.19 accounting principles. Revenues pledged by the authority must not be used or pledged for
17.20 any other authority purpose unless the other use or pledge is specifically authorized in the
17.21 bond-authorizing resolutions; or

17.22 (2) the payments to be made by the state to the authority under section 469.53.
17.23 The aggregate principal amount of bonds issued under this clause may not exceed
17.24 \$585,000,000, less the principal amount of any city grant, bond, or note given or issued to
17.25 finance project costs consistent with the development plan up to \$60,000,000.

17.26 (b) No bonds may be issued by the authority under this subdivision later than
17.27 20 years from the date of final enactment of this act, and no bond issued under this
17.28 subdivision may have a maturity later than December 31, 2049.

17.29 Subd. 6. **Approval of commissioner of employment and economic development.**

17.30 (a) Prior to issuance of each series of bonds, notes, or other obligations under subdivision
17.31 5, paragraph (a), clause (2), the authority shall furnish to the commissioner of employment
17.32 and economic development, in the form prescribed by the commissioner, the following
17.33 information regarding a project:

17.34 (1) the principal amount of bonds to be issued for the project;

17.35 (2) the maximum annual debt service payable on the bonds in any year;

17.36 (3) the proposed use, location, and ownership of the project;

18.1 (4) evidence that the city has:

18.2 (i) committed, by written resolution of its governing body or a vote of its electorate,
 18.3 to finance any project costs under section 469.41, subdivision 13, consistent with the
 18.4 development plan in an amount equal to or exceeding ten percent of the principal amount
 18.5 of authority bonds to be issued for the project pursuant to clause (1); and

18.6 (ii) an agreement with the authority to pay for administrative and operating costs of
 18.7 the authority in an amount of \$450,000 annually;

18.8 (5) other sources of funds for the project; and

18.9 (6) the specific uses of the proceeds of the bonds.

18.10 For purposes of determining the maximum annual debt service under clause (2), for
 18.11 variable rate obligations, interest rates must be determined as the maximum rate of interest
 18.12 payable on the obligations in accordance with their terms.

18.13 (b) In addition, the authority shall certify that the project is consistent with the
 18.14 development plan and that debt service in any year on all bonds then outstanding and the
 18.15 bonds proposed to be issued under subdivision 5, paragraph (a), clause (2), does not
 18.16 exceed the value capture amount calculated within the prior 12 months as determined
 18.17 under section 469.53, subdivision 2, paragraph (b).

18.18 (c) Based upon the information provided by the authority, the commissioner
 18.19 of employment and economic development shall approve the issuance of that series
 18.20 of authority bonds as consistent with the requirements of sections 469.41 to 469.53,
 18.21 and the commissioner of employment and economic development shall promptly
 18.22 notify the authority and the commissioner of management and budget of its approval;
 18.23 provided, however, that the approval is not deemed an approval by the commissioner of
 18.24 employment and economic development or by the state of the feasibility of the project.
 18.25 The commissioner of employment and economic development shall keep a record of the
 18.26 information, which shall be available to the public at times the department prescribes.

18.27 Subd. 7. **Not city, county, or state debt.** Revenue bonds, notes, or other obligations
 18.28 issued under this section are not a debt of the city, county, or state, nor a pledge of the full
 18.29 faith and credit of the city, county, or state. All obligations under this section are payable
 18.30 only from revenues described in subdivision 5. A revenue bond must contain on its face a
 18.31 statement to the effect that the authority does not have to pay the bond or the interest on it
 18.32 except from the revenues pledged thereto and that the faith, credit, and taxing power of the
 18.33 city, the county, and the state are not pledged to pay the principal of or interest on the bond.

18.34 Sec. 14. **[469.51] CITY BONDS; PUBLIC IMPROVEMENTS.**

19.1 The city may issue bonds and appropriate bond proceeds to pay project costs
19.2 consistent with the development plan within a medical center development district. The city
19.3 may undertake public improvements and infrastructure projects to be owned by the city or
19.4 make grants to the authority for such public improvements and infrastructure projects in the
19.5 same manner as if the facilities were owned or to be owned or operated solely by the city.

19.6 Sec. 15. **[469.52] WHEN BOND ALLOCATION ACT APPLIES.**

19.7 Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.41 to
19.8 469.53 that are limited by a federal tax law as defined in section 474A.02, subdivision 8.

19.9 Sec. 16. **[469.53] PAYMENTS TO AUTHORITY; CONDITIONS.**

19.10 Subdivision 1. **Conditions of payment; amount.** Before the commissioner of
19.11 management and budget may make any payments authorized in this section to the
19.12 authority, the commissioner must have received, for payments to be made in state fiscal
19.13 year 2016 and later years, the consultant's reports required by subdivision 2, paragraph
19.14 (b), a request from the authority showing the amount of the payment requested for debt
19.15 service on bonds, notes, and other obligations of the authority and for operating and
19.16 administrative expenses of the authority and, if not previously received, the approval by
19.17 the commissioner of employment and economic development of the bonds for which
19.18 payment is being requested.

19.19 Subd. 2. **Calculation of designated state tax amount.** (a) The commissioner of
19.20 revenue, working with a third-party, independent consultant selected and paid by the
19.21 authority and acceptable to the commissioner of revenue, shall determine the amount of
19.22 each of the designated state taxes attributable to calendar year 2011, which shall be referred
19.23 to as the "baseline designated state tax amounts." The calculation of designated state tax
19.24 amounts must be based on (1) direct employment tax data provided by any medical business
19.25 entity, and (2) other direct and indirect methods of measurement used by the independent
19.26 consultant that are acceptable to the authority and the commissioner of revenue. The
19.27 commissioner of revenue shall make the determination and provide to the legislature, the
19.28 commissioners of management and budget, and employment and economic development,
19.29 the city, and the county a report showing the baseline designated state tax amounts no later
19.30 than July 15, 2013. If, after determination of the baseline designated state tax amounts,
19.31 area is annexed to the city, the commissioner shall adjust the baseline designated state
19.32 tax amounts by each of the designated state taxes attributable to the area annexed for the
19.33 calendar year of the annexation to determine the baseline designated state tax amounts.

20.1 (b) On or before April 1, 2014, the commissioner of revenue, working with a
20.2 third-party, independent consultant selected and paid by the authority and acceptable
20.3 to the commissioner of revenue, shall determine the amount of designated state taxes
20.4 attributable to calendar year 2013, and shall provide to the legislature, the commissioners
20.5 of management and budget, and employment and economic development, the city, and
20.6 the county a report showing the designated state taxes attributable to calendar year 2013,
20.7 and the increases, if any, over the baseline designated state tax amounts. The report shall
20.8 also show the results of the following formula: designated state taxes attributable to
20.9 calendar year 2013 minus baseline designated state tax amounts, the difference of which is
20.10 divided by 1.5. The result of the application of this formula to designated state taxes for
20.11 any calendar year constitutes the "value capture amount." A similar report showing the
20.12 designated state taxes attributable to the preceding calendar year and the value capture
20.13 amount based on such taxes shall be prepared and delivered as described in this paragraph
20.14 not later than April 1 in each subsequent year if requested by the authority no later than
20.15 March 1 of that year.

20.16 Subd. 3. **Payments.** After the report in subdivision 2, paragraph (a), showing the
20.17 baseline designated state tax amounts is provided to the commissioner of management and
20.18 budget by the commissioner of revenue, the commissioner of management and budget
20.19 shall transfer to the authority, on July 15 of each year commencing July 15, 2015, and for
20.20 so long thereafter as any bonds, notes, or other obligations issued by the authority under
20.21 section 469.50, subdivision 5, paragraph (a), clause (2), remain outstanding, the annual
20.22 payments requested by the authority under subdivision 1.

20.23 Subd. 4. **Appropriations.** In each state fiscal year, beginning in fiscal year 2016 to
20.24 and including fiscal year 2049, there is appropriated to the commissioner of management
20.25 and budget for transfer to the authority the amount of debt service for the state fiscal year
20.26 on outstanding authority bonds issued pursuant to section 469.50, subdivision 5, paragraph
20.27 (a), clause (2), plus operating and administrative expense of the authority for such year,
20.28 but subject to the limitations of subdivision 1 of this section.