

(SENATE AUTHORS: BONOFF, Stumpf and Howe)

DATE	D-PG	OFFICIAL STATUS
02/14/2011	239	Introduction and first reading Referred to Capital Investment

A bill for an act  
relating to capital investment; appropriating money for a public school's fiber  
optic infrastructure grant program; establishing the grant program; authorizing  
the sale and issuance of state bonds; proposing coding for new law in Minnesota  
Statutes, chapter 126C.  
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[126C.75] FIBER OPTIC INFRASTRUCTURE GRANT PROGRAM.**

Subdivision 1. **Creation of accounts.** Two public school fiber optic infrastructure  
accounts are created, one in the general fund and one in the bond proceeds fund. Money  
in these accounts may only be used for capital costs of fiber optic infrastructure for  
eligible public school projects.

Subd. 2. **Program purpose.** The fiber optic infrastructure grant program is  
established to provide the capital investment needed to bridge the gap between the federal  
Schools and Libraries Program of the Universal Service Fund, commonly known as  
"E-Rate," and the total cost of fiber optic infrastructure that will better public school  
buildings to support 21st century learning capacity at each district school.

Subd. 3. **General eligibility; state general obligation bond funds.** The Minnesota  
Constitution, article XI, section 5, clause (a), requires that state general obligation bonds  
be issued to finance only the acquisition or betterment of public land, buildings, and  
other public improvements of a capital nature. The legislature has determined that many  
fiber optic infrastructure projects 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.

Subd. 4. **Definitions.** For the purposes of this section:

(1) "fiber optic infrastructure" means the land, buildings, fiber optic connection cable and end point hardware, including routers and switches. Fiber optic infrastructure does not include computers, telephones, or cameras; and

(2) "school district" means an independent, common, special, or intermediate school district or a charter school.

**Subd. 5. Grant program established.** The commissioner shall make grants to school districts for fiber optic infrastructure projects.

**Subd. 6. Eligible costs for grants.** (a) "Eligible cost," for use of state general obligation bond fund money, means the acquisition of land or permanent easements; preparation of land on which the fiber optic infrastructure will be located, including demolition of structures and remediation of any hazardous conditions on the land; and predesign, design, acquisition, and installation of publicly owned fiber optic infrastructure in this state with a useful life of at least ten years that supports public school district facility operation, administration, and instruction; the unpaid principal on debt issued by the school district for a fiber optic infrastructure project, or the amount necessary to pay in a lump sum all lease payments due if payment results in the school district owning the fiber optic infrastructure. All uses under this paragraph must be for publicly owned property.

(b) Eligible cost for use of any other source of money will be determined by limitations imposed on that source, but may include the costs of leases and reimbursement of the costs of purchase and installation of fiber optic infrastructure.

**Subd. 7. Application.** The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a school district must include the following information in its application:

(1) a resolution adopted by its school board certifying that the money required to be supplied by the school district to complete the project is available and committed;

(2) a detailed and specific description of the project and an estimate, along with necessary supporting evidence, of the total costs for the project;

(3) an assessment of the need for and benefits of the project;

(4) a timeline indicating the major milestones of the project and anticipated completion dates; and

(5) any additional information or material the commissioner prescribes.

**Subd. 8. Criteria for grants.** The commissioner must develop the criteria that will be used to award grants if grant applications exceed available resources.

**Subd. 9. Cancellation of grant.** If, five years after execution of a grant agreement, the commissioner determines that the grantee has not proceeded in a timely manner with implementation of the project funded, the commissioner must cancel the grant and the

grantee must repay to the commissioner all grant money paid to the grantee. Section 16A.642 applies to any appropriations made to the commissioner under this section that have not been awarded to grantees.

Subd. 10. **Report.** By January 15 of each year, the commissioner must submit to the commissioner of management and budget and the chairs of the legislative committees or divisions with jurisdiction over education policy, education finance, and capital investment, a list of the projects that have been funded with money under this program during the preceding calendar year, as well as a list of those priority projects for which state bond proceeds fund appropriations will be sought during that year's legislative session.

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

**Sec. 2. PUBLIC SCHOOLS; FIBER OPTIC INFRASTRUCTURE GRANTS.**

Subdivision 1. **Appropriation.** \$80,000,000 is appropriated from the bond proceeds fund to the commissioner of education for grants to public school districts under Minnesota Statutes, section 126C.75.

Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$80,000,000 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.

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