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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 28

01/08/2015 Authored by Davids

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to economic development; Destination Medical Center; clarifying the
1.3 computation of state aid payments; amending Minnesota Statutes 2014, section
1.4 469.47, subdivisions 1, 3, 5.

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

1.6 Section 1. Minnesota Statutes 2014, section 469.47, subdivision 1, is amended to read:

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
1.8 have the meanings given them.

1.9 (b) "Commissioner" means the commissioner of employment and economic
1.10 development.

1.11 (c) "Construction projects" means:

1.12 (1) for expenditures by a medical business entity, construction of buildings in the
1.13 city for which the building permit was issued after June 30, 2013; and

1.14 (2) for any other expenditures, construction of privately owned buildings and other
1.15 improvements that are undertaken pursuant to or as part of the development plan and are
1.16 located within a medical center development district.

1.17 (d) "Expenditures" means expenditures made by a medical business entity or by an
1.18 individual or private entity on construction projects for the capital cost of the project
1.19 including, but not limited to:

1.20 (1) design and predesign, including architectural, engineering, and similar services;

1.21 (2) legal, regulatory, and other compliance costs of the project;

1.22 (3) land acquisition, demolition of existing improvements, and other site preparation
1.23 costs;

1.24 (4) construction costs, including all materials and supplies of the project; and

2.1 (5) equipment and furnishings that are attached to or become part of the real property.

2.2 Expenditures excludes supplies and other items with a useful life of less than a
2.3 year that are not used or consumed in constructing improvements to real property or
2.4 are otherwise chargeable to capital costs.

2.5 (e) "Qualified expenditures for the fiscal year" ~~has the following meaning. In the~~
2.6 ~~first year in which aid is paid under this section, qualified expenditures~~ means the total
2.7 certified expenditures since June 30, 2013, through the end of the preceding calendar year,
2.8 minus \$200,000,000. ~~For subsequent years, qualified expenditures means the certified~~
2.9 ~~expenditures for the preceding year.~~

2.10 (f) "Transit costs" means the portions of a public infrastructure project that are for
2.11 public transit intended primarily to serve the district, such as transit stations, equipment,
2.12 rights-of-way, and similar costs.

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

2.14 Sec. 2. Minnesota Statutes 2014, section 469.47, subdivision 3, is amended to read:

2.15 Subd. 3. **General state infrastructure aid.** (a) General state infrastructure aid
2.16 may not be paid out under this section until ~~total~~ qualified expenditures for the fiscal
2.17 year exceed \$200,000,000 zero.

2.18 (b) The amount of the general state infrastructure aid for a fiscal year equals the ~~sum~~
2.19 ~~of~~ qualified expenditures for the fiscal year, multiplied by 2.75 percent. The maximum
2.20 amount of state aid payable in any year is limited to no more than \$30,000,000. If the
2.21 aid entitlement for the year exceeds the maximum annual limit, the excess is an aid
2.22 carryover to later years. The carryover aid must be paid in the first year in which the aid
2.23 entitlement for the current year is less than the maximum annual limit, but only to the
2.24 extent the carryover, when added to the current year aid, is less than the maximum annual
2.25 limit. If the commissioner determines that the city has made the required matching local
2.26 contribution under subdivision 4, the commissioner must pay to the city the amount of
2.27 general state infrastructure aid for the year by September 1.

2.28 (c) The city must use general state infrastructure aid it receives under this subdivision
2.29 for improvements and other capital costs related to the public infrastructure projects
2.30 approved by the corporation, other than transit costs. The city must maintain appropriate
2.31 records to document the use of the funds under this requirement.

2.32 (d) The commissioner, in consultation with the commissioner of management and
2.33 budget, and representatives of the city and the corporation, must establish a total limit on
2.34 the amount of state aid payable under this subdivision that will be adequate to finance, in

3.1 combination with the local contribution, \$455,000,000 of general public infrastructure
3.2 projects.

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

3.4 Sec. 3. Minnesota Statutes 2014, section 469.47, subdivision 5, is amended to read:

3.5 Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under
3.6 this section if the county contributes the required local matching contribution under
3.7 subdivision 6 or the city or county has agreed to make an equivalent contribution out of
3.8 other funds for the year. State transit aid may not be paid out under this section until
3.9 qualified expenditures for the fiscal year exceed zero.

3.10 (b) If the city qualifies for aid under paragraph (a), the commissioner must pay the
3.11 city the state transit aid in the amount calculated under this paragraph. The amount of
3.12 the state transit aid for a fiscal year equals the ~~sum of~~ qualified expenditures, as certified
3.13 by the commissioner for the ~~prior~~ fiscal year, multiplied by 0.75 percent, reduced by the
3.14 amount of the local contribution under subdivision 6. The maximum amount of state
3.15 transit aid payable in any year is limited to no more than \$7,500,000. If the aid entitlement
3.16 for the year exceeds the maximum annual limit, the excess is an aid carryover to later
3.17 years. The carryover aid must be paid in the first year in which the aid entitlement for the
3.18 current year is less than the maximum annual limit, but only to the extent the carryover,
3.19 when added to the current year aid, is less than the maximum annual limit.

3.20 (c) The commissioner, in consultation with the commissioner of management and
3.21 budget, and representatives of the city and the corporation, must establish a total limit on
3.22 the amount of state aid payable under this subdivision that will be adequate to finance, in
3.23 combination with the local contribution, \$116,000,000 of transit costs.

3.24 (d) The city must use state transit aid it receives under this subdivision for transit
3.25 costs. The city must maintain appropriate records to document the use of the funds
3.26 under this requirement.

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