

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 3665

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DATE	D-PG	OFFICIAL STATUS
02/27/2020	5023	Introduction and first reading
		Referred to Higher Education Finance and Policy
03/04/2020		Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to capital investment; authorizing the use of general fund appropriations

1.3 that pay debt service on University of Minnesota debt for the biomedical research

1.4 facilities to also be used to pay for debt service on bonds issued for the clinical

1.5 research facility; appropriating money; amending Minnesota Statutes 2018, sections

1.6 137.61; 137.62, subdivision 2, by adding a subdivision; 137.63; 137.64.

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

1.8 Section 1. Minnesota Statutes 2018, section 137.61, is amended to read:

1.9 **137.61 PURPOSE.**

1.10 Sections 137.61 to 137.65 provide for a biomedical science research funding program

1.11 to further the investment in biomedical science research facilities in Minnesota to benefit

1.12 the state's economy, advance the biomedical technology industry, benefit human health,

1.13 and facilitate research collaboration between the University of Minnesota and other private

1.14 and public institutions in this state. Sections 137.61 to 137.65 also provide funding for

1.15 design, land acquisition, site preparation, and preconstruction services for the new clinical

1.16 research facility on the University of Minnesota's Twin Cities campus.

1.17 Sec. 2. Minnesota Statutes 2018, section 137.62, subdivision 2, is amended to read:

1.18 Subd. 2. **Biomedical science research facility.** "Biomedical science research facility"

1.19 means a facility located on the campus of the University of Minnesota to be used as a

1.20 research facility and laboratory for biomedical science and biomedical technology. A hospital

1.21 licensed under sections 144.50 to 144.56 is not a biomedical science research facility.

1.22 Biomedical science research facility includes the clinical research facility defined in this

1.23 section.

2.1 Sec. 3. Minnesota Statutes 2018, section 137.62, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 3a. **Clinical research facility.** "Clinical research facility" means a facility located
2.4 on the Twin Cities campus of the University of Minnesota to connect a broad array of clinical
2.5 research units and activities from across the university, providing a consolidated home for
2.6 the Clinical Translational Science Institute and related programs that support education,
2.7 research, clinical training, and patient care.

2.8 Sec. 4. Minnesota Statutes 2018, section 137.63, is amended to read:

2.9 **137.63 BIOMEDICAL SCIENCE RESEARCH FACILITIES FUNDING**
2.10 **PROGRAM.**

2.11 Subdivision 1. **Program established.** A biomedical science research facilities funding
2.12 program is established to provide appropriations to the Board of Regents of the University
2.13 of Minnesota for up to 75 percent of the project costs for each of four projects approved by
2.14 the Board of Regents under section 137.64, other than the clinical research facility.
2.15 Appropriations to the Board of Regents for the clinical research facility are for 100 percent
2.16 of the project costs for design, land acquisition, site preparation, and preconstruction services.

2.17 Subd. 2. **Project requirements.** The Board of Regents of the University of Minnesota,
2.18 either acting on its own or in collaboration with another private or public entity, must pay
2.19 at least 25 percent of the project costs for each of four projects, other than the clinical
2.20 research facility. The board must not use tuition revenue to pay for the university's share
2.21 of the costs for the projects approved under section 137.64.

2.22 Sec. 5. Minnesota Statutes 2018, section 137.64, is amended to read:

2.23 **137.64 CONDITIONS FOR PAYMENTS TO UNIVERSITY.**

2.24 Subdivision 1. **Certifications.** Before the commissioner may make any payments
2.25 authorized in this section to the Board of Regents for a biomedical science research facility
2.26 project, the commissioner must certify that the board has, by board resolution, approved
2.27 the maximum project cost for the project and complied with the requirements of section
2.28 137.63, ~~subdivision 2.~~ For each project approved by the board, the board must certify to the
2.29 commissioner the amount of the annual payments of principal and interest required to service
2.30 each series of bonds issued by the University of Minnesota for the project, and the actual
2.31 amount of the state's annual payment to the University of Minnesota under subdivision 2.
2.32 The annual payment must not exceed the amount required to pay debt service on the bonds
2.33 issued to finance 75 percent of the project costs of biomedical science research facilities

3.1 authorized before 2019. The annual payment may additionally be for the amount required
3.2 to pay debt service on the bonds issued to finance 100 percent of the costs of the clinical
3.3 research facility.

3.4 Subd. 2. **Payments.** On July 15 of each year after the certification under subdivision 1,
3.5 but no earlier than July 15, 2009, and for so long thereafter as any bonds issued by the board
3.6 for ~~the construction of a project~~, or any refunding bonds issued under subdivision 7, are
3.7 outstanding, the state must transfer to the board annual payments as certified under
3.8 subdivision 1, up to the maximum amounts in the appropriation schedule under subdivision
3.9 3. Payments under this section are to reimburse the Board of Regents for the state's share
3.10 of the project costs for the biomedical science research facility projects, provided that the
3.11 principal amount of bonds issued by the University of Minnesota to pay the state's share of
3.12 the costs must not exceed \$219,000,000.

3.13 Subd. 3. **Appropriations.** Annual appropriations are made from the general fund to the
3.14 commissioner of management and budget for transfer to the Board of Regents, as follows:

3.15 (1) up to \$850,000 is appropriated in fiscal year 2010;

3.16 (2) up to \$3,650,000 is appropriated in fiscal year 2011;

3.17 (3) up to \$7,825,000 is appropriated in fiscal year 2012;

3.18 (4) up to \$12,100,000 is appropriated in fiscal year 2013;

3.19 (5) up to \$14,825,000 is appropriated in fiscal year 2014; and

3.20 (6) up to ~~\$15,550,000~~ \$13,930,000 is appropriated in fiscal year 2015 and each year
3.21 thereafter, up to 25 years following the certification of the last project by the commissioner.

3.22 Subd. 4. **Report to legislature.** The Board of Regents must report to the committees of
3.23 the legislature with responsibility for capital investment by January 15 of each even-numbered
3.24 year on the biomedical science research facility projects authorized under this section. The
3.25 report must at a minimum include for each project, the total cost, the number of researchers,
3.26 research grants, and the amount of debt issued by the board.

3.27 Subd. 5. **Reinvestment.** The Board of Regents must, to the extent permitted under federal
3.28 law and University of Minnesota policies, place a priority on reducing the state's share of
3.29 project costs by dedicating a share of the proceeds from any commercialization or licensing
3.30 revenues attributable to research conducted in the biomedical science facilities to reducing
3.31 the appropriations needed under subdivision 3.

4.1 Subd. 6. **Services to individuals and firms.** Consistent with its mission and governing
4.2 policies and the requirements for tax-exempt bonds, the university shall make available
4.3 laboratory and other services on a fee-for-service basis to individuals and firms in the
4.4 bioscience industry in Minnesota. The university will not assert patent rights when providing
4.5 services that do not involve its innovative intellectual contributions.

4.6 Subd. 7. **Refunding of bonds; allocation of savings realized.** (a) The board may issue
4.7 bonds in one or more series to refund bonds that were issued for a project before January
4.8 1, 2019, if refunding is determined by the board to be in the best interest of the university.
4.9 The principal amount of bonds issued in each refunding must not exceed the amount
4.10 necessary to defease the associated bonds outstanding immediately prior to refunding. The
4.11 amount of the state's annual payment to the university required for the debt service on the
4.12 refunded bonds, or original bonds if not yet refunded, or a combination of the two, shall be
4.13 up to the maximum annual appropriation under subdivision 3 for all series.

4.14 (b) The amount of the annual appropriation under subdivision 3 that is not needed to
4.15 pay the annual debt service under paragraph (a) is appropriated to the Board of Regents of
4.16 the University of Minnesota to pay the annual debt service amount on bonds issued by the
4.17 university to pay the costs of design, land acquisition, site preparation, and preconstruction
4.18 services of the clinical research facility.

4.19 (c) In any year that the state general fund appropriation authorized in this section exceeds
4.20 the amount needed to pay debt service on bonds issued by the university for purposes
4.21 specified in sections 137.61 to 137.65, the excess amount is canceled to the state general
4.22 fund.