HOUSE RESEARCH

Bill Summary

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Overview

The 1998 Bonding Act appropriated a total of \$999 million for various capital projects. Of the total, approximately \$500 million was to be paid from the general fund and approximately \$464 million was authorized in bonding. The 1998 Tax Act provided that if the November 1998 budget forecast showed a projected surplus sufficient to permit it, up to \$400 million of general fund appropriations were made to replace that amount of bond funding. By letter dated December 3, 1998, the Commissioner of Finance notified the appropriate legislative chairs that the November 1998 budget forecast had triggered the provisions of the 1998 Tax Act. The December 3rd letter identified specific appropriations totaling \$400 million that were being converted to cash.

This bill appropriates \$400 million in bond proceeds and authorizes the sale of bonds to fund those appropriations. The bond fund appropriations under this bill would, for the most part, reinstate bond funding for projects funded by bonds in the 1998 Bonding Act, in essence reversing the effect of the 1998 Tax Act provisions. There are two exceptions to this project-for-project reversion to bond funding. First, in some instances where general fund money has already been spent, IRS tax-exemption rules prevent replacement with bond proceeds. Second, a MnSCU appropriation for facilities planning remains a cash appropriation.

- **Statement of purpose.** Provides that the purpose of the act is to restore to the general fund certain money allocated to capital projects pursuant to the mechanism provided in the 1998 Tax Act.
- **Appropriations summary.** Summarizes a total of \$400 million in appropriations from the bond proceeds and transportation funds.
- 3 University of Minnesota. Total appropriation of \$129.2 million includes: At the Minneapolis campus: \$1.25 million for Amundsen Hall, \$2.5 million for utilities

infrastructure, \$690,000 for Folwell Hall, and \$53.215 million for Walter Digital Technology Center;

At the St. Paul campus: \$4 million for Gortner and Snyder Halls, \$900,000 for greenhouse renovation, and \$6.95 million for Peters Hall;

\$2.78 million for women's athletic fields system-wide;

At the Crookston campus: \$3.705 million for an Early Child Development Center, Knutson Hall, Owen Hall and the University Teaching and Outreach Center stable expansion;

At the Duluth campus: \$20.85 million for the library and \$200,000 for academic space renovation;

At the Morris campus: \$27.76 million for an addition to the science building, renovation of the science auditorium, expansion of the heating plant, and an addition to the physical education center; and

At the agricultural experiment stations: \$2.6 million for swine research at Morris and Waseca, \$700,000 for the arboretum/horticultural research center in Victoria, \$800,000 for the Cloquet forestry center dormitory, and \$300,000 for the Grand Rapids administration building.

- 4 Minnesota state colleges and universities. Total appropriation of \$15.96 million includes:
 - \$10.96 million for Mankato State University (student athletic facility) and
 - \$5 million for Rochester regional recreation and sports center
- 5 **Department of natural resources.** Total appropriation of \$3.43 million for office consolidation
- **Public facilities authority.** Total appropriation of \$30.3 million including \$15 million for matching funds for the water pollution control fund and the drinking water revolving fund and \$15.3 million for WIF
- **Department of transportation.** Total appropriation of \$81 million including \$30 million for local bridges, \$46.5 million for transitways, and \$4.5 million for port development
- **8 Indian affairs council.** Total appropriation of \$1.7 million
- **Department of trade and economic development.** Total appropriation of \$131,910,000 includes:
 - \$87.145 million for the Minneapolis convention center
 - \$12 million to the Duluth Entertainment and Convention Center
 - \$2.8 million to the Mayo Civic Center
 - \$6.1 million to the St. Cloud Community Events Center
 - \$1.5 million to the Fergus Falls Convention Center
 - \$1 million to the Hutchinson Community Civic Center
 - \$7 million to the Humboldt Avenue Greenway Project
 - \$3 million to Prairieland Expo

- \$1.5 million to the Montevideo downtown revitalization
- \$750,000 to the Paramount Arts District Regional Arts Center
- \$315,000 to the Veterans Memorial Performing Arts Amphitheater
- \$2.5 million to the Brooklyn Center Earle Brown Heritage Center
- \$2.25 million to the Minnesota African -American Performing Arts Center
- \$3.85 million for the Phalen Corridor
- \$200,000 to the Headwaters Science Center
- 10 Minnesota historical society. Total appropriation of \$6.5 million includes:
 - \$1.5 million for the Northwest Fur Post Interpretive Center
 - \$4 million for the St. Anthony Falls Heritage Education Center and
 - \$1 million for the Humphrey Museum and Learning Center
- **Bond sale expenses.** Appropriates \$400,000 to the commissioner of finance for bond sale expenses.
- **Purpose.** Provides that the purpose and intended use of the appropriations on sections 2 through 10 is the same as the purpose and intended use for identical projects authorized in Laws 1998, chapter 404 (The 1998 Bonding Act). Provides that this act does not change or limit purpose or use of those appropriations or related requirements.
- 13 Bond sale authorizations.
 - **Subd. 1.** Authorizes issuance of up to \$370 million in bonds to provide the money appropriated from the bond proceeds fund.
 - **Subd. 2.** Authorizes issuance of up to \$30 million in bonds to provide the money appropriated from the transportation fund.
- **Amendment to 1998 tax act.** Amends the provisions of the 1998 Tax Act which required the conversion to cash.
- **Amendment to 1998 bond authorization.** Amends the Laws of 1998 to reduce the total bond authorization to \$105,145,000.
- **Cancellation to general fund.** Requires cancellation of general fund appropriations for the projects and in the amounts identified in the bill.
- Cancellation of bond sale expense appropriation. Cancels \$400,000 appropriation for bond sale expenses from 1998 Bonding Act.
- **18 Effective date.** Effective the day following final enactment