

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill modifies the computation of state aid for the Destination Medical Center (DMC) project in the city of Rochester, enacted by the 2013 legislature. As originally enacted and confirmed in the MMB fiscal note, this aid was intended to be computed and paid based on the cumulative private expenditures (by the Mayo Clinic and other private entities in Rochester) over a \$200 million threshold. However, the Office of the Attorney General and the Department of Employment and Economic Development concluded that the language was ambiguous and did not provide for a cumulative calculation, but rather based a year's aid on the amount of private expenditures (after the \$200 million threshold was reached) in the prior year only (not the cumulative amount). The bill modifies the statutory language to make it clear that the computation is to be based on the cumulative qualifying expenditures (i.e., the sum of the expenditures for all years) over the \$200 million threshold. The bill also makes a series of other minor or technical and clarifying changes in the DMC statute.

### Section

- 1 Public infrastructure project; development plan.** Clarifies that the public infrastructure project definition includes preparation and modification of the development plan. This will allow (1) these costs to be paid with state DMC aid or (2) payments of the costs out of city funds to qualify as a local match for state aid. The law requires the development plan to be prepared and to specify projects that will comprise the DMC.

## Section

- 2 **Project costs incurred before plan approval.** Provides that amounts spent by the city before the development plan has been approved may be paid with state aid, if they are approved by the DMC corporation. Under current law, these amounts may be credited against the local match. This change extends that authority to include payment with state aid. Since the project authority is expressed as the combination of state aid and local match, this will eliminate the need to separately trace where the funding for these project costs came from.
- 3 **Definition of qualified expenditures.** Provides that the definition of qualified expenditures for a year (the amount that is used to calculate state aid) is the cumulative amount of expenditures made since June 30, 2013, less \$200,000,000. Present law defines these expenditures as an annual amount. (The aid calculation in section 4 was intended to be cumulative by summing these annual amounts that exceed \$200 million.)
- 4 **Aid calculation.** Eliminates the requirement that aid not be paid until qualified expenditures exceed \$200 million and that the aid calculation is the sum of the annual amounts. The \$200 million threshold and cumulative computation are now explicitly incorporated into the definition of qualified expenditures under section 3's changes. This section also explicitly clarifies how the carryover aid amounts are to be calculated. Carryover amounts may be triggered if the city fails to make the required local matching contribution and, then, makes the required local matching contribution for that year in a later year. At that point, the withheld state aid may be paid, except that the current aid plus paid withheld aid cannot exceed \$30 million in any year.
- 5 **Local match for general state aid.** Adds a reference to the development plan in the local match requirement to make it clear that city payments for preparation of the development plan also qualifies as a local match. This is consistent with the changes made in section 1. The section also corrects an erroneous statutory cross reference.
- 6 **State transit aid.** Makes changes to the computation of transit aid that conform with section 4's changes to the general state aid.
- 7 **Effective date.** Provides that the provisions of the bill are effective upon local approval by Rochester's governing body and, if approved, apply retroactively to the original effective date of the DMC legislation.