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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2795

03/09/2023 Authored by Liebling, Hicks and Smith
The bill was read for the first time and referred to the Committee on Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to economic development; clarifying the calculation of state transit aid
1.3 and clarifying definitions related to the Destination Medical Center; amending
1.4 Minnesota Statutes 2022, sections 469.40, subdivision 11; 469.47, subdivisions
1.5 1, 5.

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

1.7 Section 1. Minnesota Statutes 2022, section 469.40, subdivision 11, is amended to read:

1.8 Subd. 11. Public infrastructure project. (a) "Public infrastructure project" means a
1.9 project financed in part or in whole with public money in order to support the medical
1.10 business entity's development plans, as identified in the DMCC development plan. A public
1.11 infrastructure project may:

1.12 (1) acquire real property and other assets associated with the real property;

1.13 (2) demolish, repair, or rehabilitate buildings;

1.14 (3) remediate land and buildings as required to prepare the property for acquisition or
1.15 development;

1.16 (4) install, construct, or reconstruct elements of public infrastructure required to support
1.17 the overall development of the destination medical center development district including;
1.18 but not limited to; streets, roadways, utilities systems and related facilities; utility relocations
1.19 and replacements; network and communication systems; streetscape improvements;
1.20 drainage systems; sewer and water systems; subgrade structures and associated
1.21 improvements; landscaping; facade construction and restoration; design and predesign,
1.22 including architectural, engineering, and similar services; legal, regulatory, and other
1.23 compliance services; construction costs, including all materials and supplies; wayfinding

2.1 and signage; community engagement; transit costs incurred on or after March 16, 2020;
 2.2 and other components of community infrastructure;

2.3 (5) acquire, construct or reconstruct, and equip parking facilities and other facilities to
 2.4 encourage intermodal transportation and public transit;

2.5 (6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational
 2.6 facilities, facilities to promote tourism and hospitality, conferencing and conventions, and
 2.7 broadcast and related multimedia infrastructure;

2.8 (7) make related site improvements including, without limitation, excavation, earth
 2.9 retention, soil stabilization and correction, and site improvements to support the destination
 2.10 medical center development district;

2.11 (8) prepare land for private development and to sell or lease land;

2.12 (9) provide costs of relocation benefits to occupants of acquired properties; and

2.13 (10) construct and equip all or a portion of one or more suitable structures on land owned
 2.14 by the city for sale or lease to private development; provided, however, that the portion of
 2.15 any structure directly financed by the city as a public infrastructure project must not be sold
 2.16 or leased to a medical business entity.

2.17 (b) A public infrastructure project is not a business subsidy under section 116J.993.

2.18 (c) Public infrastructure project includes the planning, preparation, and modification of
 2.19 the development plan under section 469.43. The cost of that planning, preparation, and any
 2.20 modification is a capital cost of the public infrastructure project.

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

2.22 Sec. 2. Minnesota Statutes 2022, section 469.47, subdivision 1, is amended to read:

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

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

2.26 (c) "Construction projects" means:

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

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

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

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

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

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

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

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

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

3.13 (e) "Qualified expenditures for the year" means the total certified expenditures since
 3.14 June 30, 2013, through the end of the preceding year, minus \$200,000,000.

3.15 (f) "Transit costs" means the portions of a public infrastructure project that are for public
 3.16 transit intended primarily to serve the district, ~~such as~~ including but not limited to buses
 3.17 and other means of transit, transit stations, equipment, bus charging stations or bus charging
 3.18 equipment, rights-of-way, and similar costs permitted under section 469.40, subdivision
 3.19 11. This provision includes transit costs incurred on or after March 16, 2020.

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

3.21 Sec. 3. Minnesota Statutes 2022, section 469.47, subdivision 5, is amended to read:

3.22 Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section
 3.23 if the county contributes the required local matching contribution under subdivision 6 or
 3.24 the city or county has agreed to make an equivalent contribution out of other funds for the
 3.25 year.

3.26 (b) If the city qualifies for aid under paragraph (a), the commissioner must pay the city
 3.27 the state transit aid in the amount calculated under this paragraph. The amount of the state
 3.28 transit aid for a year equals the qualified expenditures for the year, as certified by the
 3.29 commissioner, multiplied by 0.75 percent, ~~reduced by~~ subject to the amount of the required
 3.30 local contribution under subdivision 6. City or county contributions that are in excess of
 3.31 this ratio carry forward and are credited toward subsequent years. The maximum amount
 3.32 of state transit aid payable in any year is limited to no more than \$7,500,000. If the

4.1 commissioner determines that the city or county has not made the full required matching
4.2 local contribution for the year, the commissioner must pay state transit aid only ~~in proportion~~
4.3 ~~to the amount of~~ for the matching contribution made ~~for the year~~ and any unpaid amount
4.4 is a carryover aid. The carryover aid must be paid in the first year after the required matching
4.5 contribution ~~for that prior year~~ is made and in which the aid entitlement for the current year
4.6 is less than the maximum annual limit, but only to the extent the carryover, when added to
4.7 the current year aid, is less than the maximum annual limit.

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

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

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