



Summary

2020 Capital Budget and Other Budget Changes Enacted in 2020 Special Session 5 – Chapter 3

Money Matters
November 2020 20.02

This paper summarizes the Capital Budget enacted by the Legislature and Governor in the 2020 Fifth Special Session. Part One provides an overview of the capital budget. Part Two provides detailed project summaries organized according to the jurisdictions of the House of Representatives' fiscal committees. Part Three is a summary of other budget actions in Chapter 3.

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Fiscal Analysis Department
Minnesota House of Representatives

Overview of Special Session 5 Budget Actions

Attempts to pass bonding, tax and supplemental budget bills were unsuccessful in the regular 2020 legislative session and several special sessions. Finally, in October in the Fifth Special Session of 2020 a bill was passed that included bonding, tax changes and supplemental budget items. House File 1 passed the House on October 14, the Senate on October 15, and was signed by the Governor on October 21. The signed bill is Chapter 3 of session laws for the 2020 Fifth Special Session. Chapter 2 of the same special session laws made changes in a law affecting certain agricultural grants and is summarized in the Agriculture section.

The Capital Investment portion of Chapter 3 authorizes \$1.879 billion in capital projects, most of it in bonding. See the Capital Investment summary section of this publication for more information on the capital investment projects. The capital investment portion has a General Fund cost of \$52.48 million in FY 2021, \$33.68 million in FY 2021 and \$55.738 million in FY 2022. The trunk highway bonds will cost the Trunk Highway Fund \$3.471 million in FY 2021, \$14.492 million in FY 2022 and \$24.105 million in FY 2023.

The Tax portion of Chapter 3 reduces General Fund revenue by \$90 million in FY 2021 and \$118.1 million in FY 2022-23. These revenue changes are related to Section 179 expensing. The Tax portion also reduces General Fund spending by \$160,000 in FY 2022-23.

Chapter 3 also contains several provisions to offset the costs to the General Fund. Two of these changes would have been recognized in the November 2020 state budget forecast. The bill recognizes savings from refinancing of general obligation bonds that occurred in August. Those savings are \$41.666 million in FY 2021 and \$5.785 million in FY 2022-23. Receipt of a higher level of FMAP (federal medical assistance participation) for the October-December 2020 period is also recognized. The FMAP change reduces General Fund spending by \$59.456 million in FY 2021 but increases General Fund spending by \$34.4 million in FY 2022-23.

The bill also transfers \$105 million from the Premium Security Account in the Special Revenue Fund to the General Fund. That leaves a projected balance in the Premium Security Account of \$130 million on June 30, 2023. And Chapter 3 requires \$10 million to be used from the Coronavirus Relief Federal Fund (CRF) to replace previous General Fund spending that would have been eligible for CRF spending.

Chapter 3 also appropriates \$17.147 million in FY 2021 from the Trunk Highway Fund with a cost of \$12.632 million in FY 2022-23. There is also a \$49,000 appropriation from the Highway User Tax Distribution Fund in FY 2021.

The chart on the next page shows spending changes enacted in the Fifth Special Session.

Special Session 5 Fiscal Actions Summary

| Special Session 5, Chapter 3 (H.F. 1) | | | | | | |
|---|----------------|----------------|-------------------|----------------|----------------|-------------------|
| General Fund Summary | | | | | | |
| | <u>FY 2020</u> | <u>FY 2021</u> | <u>FY 2020-21</u> | <u>FY 2022</u> | <u>FY 2022</u> | <u>FY 2022-23</u> |
| Spending Changes | | | | | | |
| Capital Investment - General Obligation Bond Debt Service Change | 0 | 9,568 | 9,568 | 29,550 | 47,599 | 77,149 |
| Capital Investment - Appropriation Bond Debt Service | 0 | 4,151 | 4,151 | 4,151 | 8,151 | 12,302 |
| Capital Investment - General Fund Appropriations (Cash) | 0 | 38,779 | 38,779 | 0 | 0 | 0 |
| Capital Investment - Maximum Effort Loan Program Change | 0 | -18 | -18 | -21 | -12 | -33 |
| Supplemental Appropriations-Department of Pubic Safety - State Patrol | 0 | 5,052 | 5,052 | 1,278 | 1,278 | 2,556 |
| Supplemental Appropriations-Department of Pubic Safety - BCA | 0 | 4,482 | 4,482 | 2,911 | 2,911 | 5,822 |
| Supplemental Appropriations-Department of Natural Resources | 0 | 2,112 | 2,112 | 0 | 0 | 0 |
| Supplemental Appropriations-Department of Human Services | 0 | 29,291 | 29,291 | 1,169 | 1,176 | 2,345 |
| Supplemental Appropriations-Department of Corrections | 0 | 7,500 | 7,500 | 0 | 0 | 0 |
| Tax Aids and Credits Spending | 0 | 0 | 0 | -70 | -90 | -160 |
| Spending Offsets - FMAP 4th Quarter Change | 0 | -59,456 | -59,456 | 34,400 | 0 | 34,400 |
| Spending Offsets - Bond Refinancing Savings | 0 | -41,666 | -41,666 | -5,784 | -1 | -5,785 |
| Spending Offsets - CRF Funds to Replace General Fund Spending | 0 | -10,000 | -10,000 | 0 | 0 | 0 |
| Subtotal - Spending | 0 | -10,205 | -10,205 | 67,584 | 61,012 | 128,596 |
| Revenue Changes | | | | | | |
| Tax Bill - Section 179 Changes | 0 | -90,000 | -90,000 | -64,700 | -53,400 | -118,100 |
| Supplemental Appropriations- DHS DCT Revenue | 0 | 3,609 | | | | |
| Premium Security Account Transfer to General Fund | 0 | 105,000 | 105,000 | 0 | 0 | 0 |
| Subtotal - Revenue | 0 | 18,609 | 18,609 | -64,700 | -53,400 | -118,100 |
| Net General Fund | 0 | -28,814 | -28,814 | 132,284 | 114,412 | 246,696 |
| Other Funds | | | | | | |
| Trunk Highway Fund Speding - State Patrol | 0 | 16,282 | 16,282 | 6,316 | 6,316 | 12,632 |
| Trunk Highway Fund Speding - Transportation | 0 | 865 | 865 | 0 | 0 | 0 |
| Highway User Tax Distribtution Fund Spending - State Patrol | 0 | 49 | 49 | 0 | 0 | 0 |
| Total - Other Funds | 0 | 17,196 | 17,196 | 6,316 | 6,316 | 12,632 |

More information on the tax and supplemental budget changes follows in the detail sections of this summary.

For further information on general budget issues contact Bill Marx, House Chief Fiscal Analysis Department at 651-296-7176 or bill.marx@house.mn.

Capital Budget Overview

Chapter 3 of the 5th Special Session of 2020 included the Capital Budget among other supplemental spending and tax provisions. The capital budget articles (Articles 1-5) of Chapter 3 contained just under \$1.9 billion dollars in borrowing authorizations and onetime spending. Below is a table of Capital Budget debt authorizations and spending (not including tax or supplemental budget items).

| Article 1 | | Borrowing | | General Fund | Total | % of art. 1 |
|--|--------------------------------------|------------------|---------------|--------------------|------------------|-------------|
| | | GO | UF | | | |
| | Higher Education | 151,422 | 14,847 | | 166,269 | 12% |
| | K-12 Education | 13,681 | | | 13,681 | 1% |
| | Environment | 147,566 | | 8,000 | 155,566 | 11% |
| | State Government | 79,645 | | 779 | 80,424 | 6% |
| | Public Safety | 94,853 | | | 94,853 | 7% |
| | Transportation | 327,591 | | | 327,591 | 23% |
| | Metropolitan Council | 88,400 | | | 88,400 | 6% |
| | Human Services | 27,409 | | | 27,409 | 2% |
| | Economic Development | 161,791 | | | 161,791 | 12% |
| | Waste and Drinking Water | 269,110 | | | 269,110 | 19% |
| | Public Housing | 16,000 | | | 16,000 | 1% |
| | Total Article 1 | 1,377,468 | 14,847 | 8,779 | 1,401,094 | |
| Article 2 Trunk Highway Borrowing Authorization | | | | | THB | |
| | Trunk Highway Bonding Authorization | | | | 300,300 | |
| Article 3 Equity Appropriations | | | | | General Fund | |
| | Various Grants | | | | 30,000 | |
| Article 4 Appropriation Bonds | | | | | Approp. bonds | |
| | Housing, MPCA, and Public Television | | | | 147,400 | |
| | | | | Grand Total | 1,878,794 | |
| | | | | All Cancellations | 8,769 | |
| | | | | Net Total | 1,870,025 | |

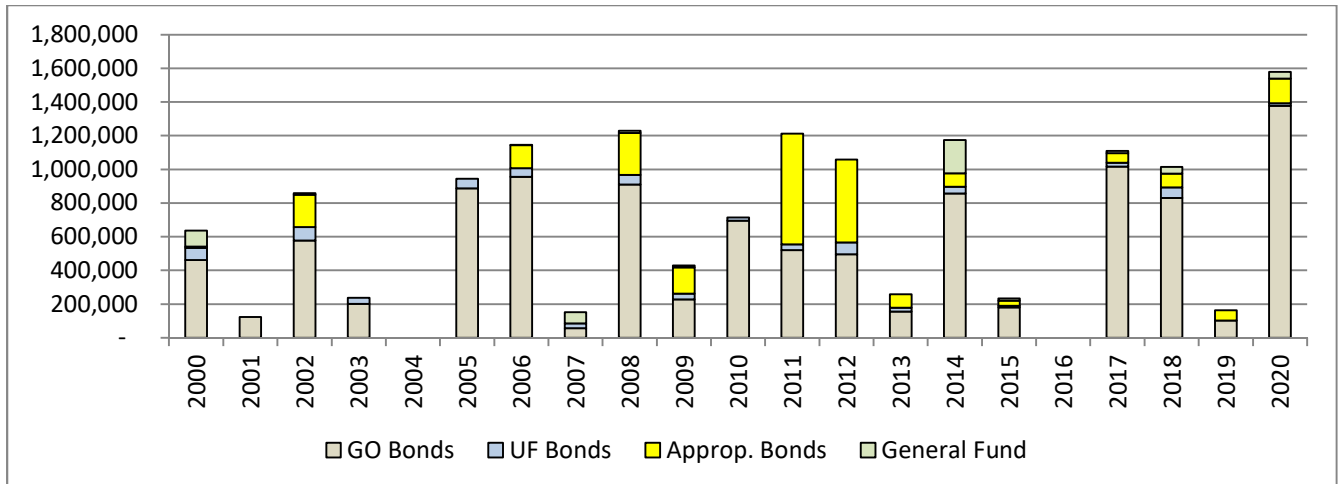
Types of State Debt and History of Bond Authorizations

State debt authorizations have varied in size and composition over the past decade. General Obligation (GO) debt requires a three-fifths majority vote of each the House and the Senate to authorize, and typically receives the most favorable interest rates of state debt when sold on the bond market, and is supported by an appropriation from the State's General Fund. User Financing backed bonding are GO bonds that are paid for not by the General Fund but by another revenue stream. In this case user financing is paid by the Minnesota State College and University system. However if the other revenue stream did not make the payments the bonds are ultimately backed up by the state General Fund. GO bonding is constitutionally secured by the full faith and credit of the state, which authorizes the State Auditor to levy a statewide property tax to pay debt service on GO bonding should the legislature appropriate insufficient funds to pay debt service.

GO bonding authorizations have varied in size over the past decade, but tend to be approximately \$1 billion over a biennium. Two recent exceptions to this have been in 2004 when a bonding bill failed to pass, and in 2016 when a bonding bill did not pass the House and Senate in the same form in the last few minutes of the legislative session.

Appropriations bonds are debts that can be authorized by a simple majority of the legislature, and can be issued by other entities or the state, and are typically financed by a state General Fund appropriation, but are not secured by the full faith and credit of the state. The first examples of appropriations bonding were in 2006 and 2008 for the University of Minnesota for football stadium and the bio-sciences district on the Twin Cities Campus. The University sold the bonds and a state General Fund appropriation pays the University for the debt service. Similarly, a General Fund appropriation to the Housing Finance Agency pays the debt service on the MHFA housing bonds authorized in 2008, 2012, 2014, 2015, 2017, 2018 and 2019. The two largest appropriations bond authorizations were for the Vikings Stadium in 2012, at just under \$500 million for both the State and Minneapolis's share of the project, and the Tobacco Securitization Bonds for about \$640 million. Tobacco Securitization bonds were originally issued as revenue bonds in 2011, which did not count against the state's debt capacity but carried a high interest rate. In 2012 the Tobacco Securitization Bonds were resold as General Fund Appropriation Refunding Bonds, which had a lower interest rate than revenue bonds but counted against the state's debt limit.

The charts below show the amounts authorized in General Obligation bonding, and General Fund spending on capital appropriations for the past twenty years.



*Does not include cancellations Trunk Highway Bonds or other fund spending

History of Debt Management

During the 1980 and 1990s, the Governors worked with the Department of Finance to establish a debt management policy. Several guidelines were adopted to manage debt and limit spending, including the “three percent guideline.” This rule stated that the appropriation for General Fund debt service in a biennium should not exceed three percent of non-dedicated General Fund revenues in that biennium. Simply stated, up to three percent of non-dedicated General Fund revenues could be used to make payments to repay the money the state borrows, giving the state a self-imposed credit limit (i.e. the state’s debt capacity).

During 2008 and 2009, Minnesota Management and Budget (formerly the Department of Finance) began discussing the guidelines and potential revisions. These discussions stemmed from questions regarding how bond rating agencies view the state’s financial situation. In December 2009, the agency announced new guidelines:

- Guideline One: Total tax-supported principal outstanding shall be 3.25 percent or less of total state personal income.
- Guideline Two: Total amount of principal (both issued and authorized but unissued) for state general obligations, state moral obligations, equipment capital leases, and real estate capital leases are not to exceed six percent of state personal income.
- Guideline Three: 40 percent of general obligation debt shall be due within five years and 70 percent within ten years, if consistent with the useful life of the financed assets and/or market conditions.

The capacity under guidelines one and two is calculated with every November and February budget forecast, and are point in time figures.

Debt Capacity

Debt capacity is an estimation of how much the state can borrow based on its current guidelines. Based on the February 2020 forecast, Minnesota has approximately \$10 billion in total principal outstanding (both issued and authorized but unissued) for state General Fund supported debt. Of this amount, \$2.2 billion in principal is authorized but unissued, leaving about \$8.32 billion in capacity for debt guideline two. The total principal of General Fund supported debt outstanding was \$7.8 billion, leaving about \$3.37 billion in capacity for debt management guideline one. Not all of the debt authorized will be issued immediately. MMB estimates that only about 15 percent of a bonding authorization will be issued (and be part of a bond sale) in the first year following the authorization. These estimates were made before the effects of COVID-19 were apparent.

The debt management guideline one capacity **is not** a limitation on the legislature on the maximum size of a GO bonding bill. Under some circumstances the legislature could authorize bills larger than guideline one capacity, and the bonds issued would not reach the limit immediately. Alternatively, the legislature could pass a bill smaller than guideline one capacity, and if there was a severe recession that results in decreases in personal income or enough previously authorized but unissued debt was now issued, the state could still exceed the guideline one limit. In other words guideline one is relevant to when bonds are sold, not when they are authorized by the legislature.

Bond Ratings and Borrowing Costs

Bond ratings denote the financial strength of the borrower. A highly rated bond is a safer investment but brings a lower rate of return to the investor. Because the lower bond rating signifies a riskier investment, it carries a higher rate of return for the investor.

Rating agencies look at several factors when assessing credit worthiness, such as maintaining structural balance into the future and the level of budget reserve accounts. If the ratings are downgraded due to the current fiscal outlook, future interest costs would increase impacting the affordability of additional debt.

The state of Minnesota currently carries a Moody's "Aa1" rating, a Standard and Poor's "AA+" rating and a Fitch "AAA" rating. The Moody's and Standards and Poor's ratings are one notch below the highest possible rating of AAA. From 1997 to 2003 the state carried this highest rating from all three rating agencies. Moody's downgraded the state's rating in 2003. Standard and Poor's and Fitch both downgraded the state's rating in 2011. Fitch revised the rating back to AAA in 2016.

The state pays about \$1.1 to \$1.3 billion in General Fund debt service a biennium to service previously authorized GO bonding as well as borrowing authored in Chapter 3. The state pays about \$275 million a biennium from the General Fund to service statutory appropriations bonds, including Minnesota Housing Finance Authority borrowing for non-publicly owned housing, the University of Minnesota, General Fund Refunding bonds, and the Vikings Stadium. In addition to General Fund debt service Chapter 3 contains about \$38 million in General Fund appropriations for capital projects that are one time expenditures.

| | Bonding Articles HF 1 - Ch. 3 (5th Special Session 2020) | | | | | |
|--|--|----------------|------------------|----------------|----------------|------------------|
| | FY 2020 | FY 2021 | FY 2020-21 | FY 2022 | FY 2023 | FY 2022-23 |
| Appropriations Bonds / Capital Projects / Other Spending | | | | | | |
| Minnesota Housing Finance Agency (MHFA) Base | 14,434 | 17,639 | 32,073 | 20,834 | 23,230 | 44,064 |
| University of Minnesota TCF Stadium Base | 10,250 | 10,250 | 20,500 | 10,250 | 10,250 | 20,500 |
| University of Minnesota Biomed Facilities Base | 13,921 | 13,926 | 27,847 | 13,926 | 13,923 | 27,849 |
| State Appropriation Refunding Bond Base | 54,934 | 54,707 | 109,641 | 54,645 | 53,839 | 108,484 |
| Vikings Stadium Debt Service and Transfers Base | 34,976 | 43,833 | 78,809 | 44,254 | 44,829 | 89,083 |
| Lewis and Clark Water Project Base | 1,519 | 1,515 | 3,034 | 1,512 | 1,518 | 3,030 |
| Duluth Regional Exchange District Base | | | - | 3,000 | 8,100 | 11,100 |
| Additional Appropriation Bonds Debt Service | | | | | | |
| MPCA Election Vehicle Infrastructure - \$2 Million | | 234 | 234 | 234 | 234 | 468 |
| MPCA Response to Releases - \$30.4 Million | | 2,158 | 2,158 | 2,158 | 2,158 | 4,316 |
| Minnesota Public Television - \$15 Million | | 1,759 | 1,759 | 1,759 | 1,759 | 3,518 |
| Housing Infrastructure Bonds - \$100 Million | | | - | | 4,000 | 4,000 |
| Total Appropriations Bonds / Capital Projects | 130,034 | 146,021 | 271,904 | 152,572 | 163,840 | 304,110 |
| General Obligation (GO) Debt Service - Base | 540,081 | 589,970 | 1,130,051 | 610,195 | 594,771 | 1,204,966 |
| Additional GO Debt Service | | 9,568 | 9,568 | 29,550 | 47,599 | 77,149 |
| Total Debt Service (GO) | 540,081 | 599,538 | 1,139,619 | 639,745 | 642,370 | 1,282,115 |
| General Fund Appropriations | FY 2020 | FY 2021 | FY 2020-21 | FY 2022 | FY 2023 | FY 2022-23 |
| One Time Capital Projects | | 8,779 | 8,779 | | | - |
| Equity Article | | 30,000 | 30,000 | | | - |
| Total General Fund Spending | | 38,779 | 38,779 | | | - |
| | FY 2020 | FY 2021 | FY 2020-21 | FY 2022 | FY 2023 | FY 2022-23 |
| K-12 Max Effort Loan Change in Policy article - General Fund Impact | | | | | | |
| Debt Service impact | | - | - | (1) | 8 | 7 |
| Operating Budget impact | | (18) | (18) | (20) | (20) | (40) |
| Net Total General Fund Impact (Base + Changes) | 670,115 | 784,320 | 1,450,284 | 792,296 | 806,198 | 1,586,192 |
| General Fund Base (assumes \$755M GO Bonding) | 670,115 | 731,840 | 1,401,955 | 758,616 | 750,460 | 1,509,076 |
| Increased Debt Service / General Fund spending / MAX | - | 52,480 | 52,480 | 33,680 | 55,738 | 89,418 |
| Trunk Highway Bond Debt Service - \$299.2 Million | | 3,471 | 3,471 | 14,492 | 24,105 | 38,597 |
| Source: MMB February 2020 General Fund Forecast | | | | | | |
| Base GO borrowing at \$240 M in odd years and \$755 M GO bonding in even years. | | | | | | |
| The annual impact change to the MESL fund (in thousands) is: FY21: (1), FY22: 8, FY23: 23. | | | | | | |

For further information on Capital Budget issues contact Andrew Lee, House Fiscal Analysis Department at 651-296-4181 or Andrew.lee@house.mn.

Education

| | | |
|---|----|--------------|
| Department of Education | | |
| Library Construction Grants | GO | 2,951 |
| Grants to Political Subdivisions | | |
| Dassel-Cokato Public School District - Activity Center | GO | 1,000 |
| | | |
| Total GO | | 3,951 |
| Minnesota State Academies | | |
| Asset Preservation. | GO | 3,150 |
| Minnesota State Academies Safety and Security Building Corridor | GO | 5,830 |
| | | |
| Total GO | | 8,980 |
| Perpich Center for Arts Education | | |
| Asset Preservation | GO | 750 |
| | | |
| Total GO | | 750 |

Department of Education

- \$2 million in GO bonding for Library Construction grants. The grants help public libraries make facilities improvements that address health and safety, ADA compliance and replacement of aging infrastructure.
- \$1 million in GO bonding as a grant to the Dassel Cokato Public School District for an activity center.

Minnesota State Academies

- \$3.15 million in GO bonding for asset preservation for both the Academy for the Blind and the Academy for the Deaf. Projects on the Academies' list for asset preservation generally fall into the code compliance and deferred maintenance categories.
- \$5.83 million in GO bonding for a new Safety and Security Building corridor on the deaf campus.

Perpich Center for Arts Education

- \$750,000 in GO bonding for capital improvements and betterments at the Perpich School.

Transportation

- Not included in the Education totals, but worth mentioning, is \$3 million in GO bonds for the Safe Routes to School program. This is a federal program and the additional state funding can be used to increase or replace federal aid for infrastructure projects.

For further information on education finance issues contact Emily Adriaens, House Fiscal Analysis Department at 651-296-4178, emily.adriaens@house.mn.

Environment and Natural Resources

| | | |
|---|-----------|----------------|
| Department of Natural Resources | | |
| Natural Resources Asset Preservation (roll up row) | GO | 20,000 |
| Natural Resources Asset Preservation Undesignated | | 15,000 |
| Soudan Underground Mine State Park | | 5,000 |
| Flood Hazard Mitigation Grant Assistance Program (roll up row) | GO | 17,000 |
| Flood Hazard Program - Undesignated | | 15,000 |
| Browns Valley - Toelle Coulee | | 2,000 |
| Canisteo and Hill Annex Mine Complexes | GO | 2,000 |
| State Dam Safety Repair, Reconstruction or Removal (roll up row) | GO | 20,000 |
| Dam Safety Undesignated | | 2,000 |
| Lake Bronson Dam | | 18,000 |
| Improving Accessibility to State Parks and Recreation Areas | GO | 3,000 |
| Lake Vermilion State Park Development | GO | 5,800 |
| Community Tree Planting Grants | GO | 1,000 |
| Forests for the Future | GO | 1,000 |
| DNR State Trails | | |
| Blazing Star State Trail | GO | 1,740 |
| Camp Ripley / Veterans State Trail | GO | 1,000 |
| Heartland State Trail | GO | 2,000 |
| Itasca State Park to Heartland Trail Connection | GO | 2,000 |
| DNR - Grants to Political Subdivisions | | |
| Dakota County - Lake Byllesby Dam Improvements | GO | 6,000 |
| Ely, City of - Ely Regional Trailhead Construction | GO | 1,500 |
| Hutchinson, City of - Campbell and Otter Lakes Restoration | GO | 3,100 |
| City of Lake City - Hok-Si-La Park Water and Sewer Extension | GO | 587 |
| City of Lake City - Ohuta Beach Breakwater | GO | 1,058 |
| City of Lakeville - Orchard Lake Improvement | GO | 260 |
| Mankato, City of - Riverbank Restoration | GO | 7,200 |
| Otter Tail County - Perham to Pelican Rapids Regional Trail | GO | 375 |
| Pine County - Oberstar Trail | GO | 650 |
| City of Rochester - Cascade Lake Park | GO | 2,500 |
| Scott County - McMahon Lake Flood Mitigation | GO | 600 |
| City of Silver Bay - Trailhead Center | GO | 1,100 |
| St. Louis County - Voyageur Country ATV Trail | GO | 950 |
| City of Winona - Riverfront Trail | GO | 2,000 |
| Total GO | | 104,420 |

Natural Resources Department -

- **Natural Resources Asset Preservation - \$20 million** in GO bonds for the renovation of state-owned facilities and recreational assets operated by the commission of natural resources. This may include improvements to the interior or exterior of buildings, projects to remove safety hazards, renovation of existing improvements to land, including but not limited to trails and bridges. Of the \$20 million total, \$5 million is for the Soudan Underground Mine State Park.
- **Flood Hazard Mitigation - \$17 million** in GO bonds for state cost sharing grants to local units of government to implement measures to reduce or eliminate future flood damages. Of the \$17 million, \$2 million is for Browns Valley.
- **Canisteo and Hill Annex Mine Complexes - \$2 million** in GO bonds for the mitigation of flood risks from an abandon iron mine pit.
- **Dam Safety - \$20 million** in GO bonds for state owned dam repair and replacement, of the \$20 million, \$18 million is specific to the Lake Bronson dam replacement. The remaining \$2 million may also be used for the Lake Bronson dam if the \$18 million is not sufficient.
- **State Park and Recreation Area Accessibility - \$3** in GO bonds for design and construction of improvements within William O'Brian State Park.
- **Lake Vermillion State Park - \$5.8 million** in GO bonds for continued development of the park including design and construction.
- **Shade Tree Program - \$1 million** in GO bonding for the grant program used by political subdivisions to replace trees lost by storms, invasive insects or diseases.
- **Forests for the Future - \$1 million** in GO bonds for a DNR program that provides for reforestation of working forest lands.
- **Blazing Star State Trail - \$1.74 million** in GO bonds for a segment connecting Albert Lea and Hayward as well as Myre-Big Island State Park.
- **Camp Ripley / Veterans State Trail - \$1 million** in GO bonds for trail development.
- **Heartland State Trail - \$2 million** in GO bonds for a segment from Detroit Lakes to Frazee.
- **Heartland State Trail - \$2 million** in GO bonds for a connection between the Heartland State Trail and Itasca State Park.

Natural Resources Department-Grants to Political Subdivisions

- **Lake Byllesby Dam - \$6 million** in GO bonds to Dakota County for improvements to the Lake Byllesby dam power generation facility.
- **Regional Trailhead - \$1.5 million** in GO bonds for the City of Ely for a trailhead.
- **Campbell and Otter Lake Restoration - \$3.1 million** in GO bonds for the two lakes on the South Fork Crow River and to remove sediment. The grant it to the City of Hutchinson.
- **Lake City Hok-Si-La Park - \$587,000** in GO bonds for design and construction of an extension of the city water service to the park.
- **Lake City Ohuta Beach - \$1.058 million** in GO bonds for a breakwater.
- **Lakeville Orchard Lake - \$260,000 million** in GO bonds to the City of Lakeville for improvements to Orchard Lake necessary to prevent erosion and improve water quality.

- **Mankato Riverbank Restoration - \$7.2 million** in GO bonds to the City of Mankato for projects along the Minnesota River to stabilize the riverbank in Land of Memories Park and install in stream cannels.
- **Otter Tail County Trail - \$375,000** in GO bonds for a regional trail in Maplewood State park.
- **Oberstar Trail - \$650,000** in GO bonds for a 1.9 mile segment of the Oberstar trail in Pine County.
- **Rochester Cascade Park - \$2.5 million** in GO bonds to the City of Rochester for park amenities and landscaping.
- **Scott County McMahon Lake - \$600,000** in GO bonds for Scott County for flood mitigation around McMahon Lake.
- **Silver Bay Trailhead - \$1.1 million** in GO bonds to the City of Silver Bay for a trailhead center building.
- **St. Louis County Voyager ATV Trail - \$1 million** in GO bonds for phase 1 of the Voyager county ATV trail.
- **Winona Mississippi River Trail - \$2 million** in GO bonds to the City of Winona for a paved trail from Levee Park to Lions Park.

| Pollution Control Agency | | | |
|--------------------------|--|----|---------------|
| | | | |
| | Grants to Political Subdivisions | | |
| | Clay County - Resource Recovery Campus | GO | 7,500 |
| | Dakota and Scott County Household Hazardous Waste | GO | 2,000 |
| | Pope Douglas Solid Waste Management Campus Expansion | GO | 5,000 |
| | Ramsey/ Washington Recycling Capital Assistance | GO | 7,000 |
| | Brookston Closed Landfill | GO | 1,330 |
| | City of Coon Rapids Recycling Center Expansion | GO | 316 |
| | Todd County Campus Expansion | GO | 4,000 |
| | | | |
| | Total GO | | 27,146 |

Pollution Control Agency - Grants to Political Subdivisions

- **Clay County Resource Recovery Campus - \$7.5 million** in GO bonds to Clay County for a new solid waste transfer station and problem materials facility.
- **Dakota and Scott Counties - \$2 million** in GO bonds to the two counties for a new recycling facility. The grant may be used for land acquisition, design and construction of phase 1.
- **Pope Douglas Solid Waste - \$5 million** in GO bonds to the two counties for a new organics waste facility and environmental learning center.
- **Ramsey / Washington - \$7 million** in GO bonds to the two counties for upgrades to the Ramsey Washington recycling and Energy facility in Newport.

- **Brookston Closed Landfill - \$1.33 million** in GO bonds for the city of Brookston for cleanup.
- **Coon Rapids - \$316,000** in GO bonds for expansion of the Coon Rapids recycling center.
- **Todd County - \$4 million** in GO bonds for Todd County to build a new transfer station and household hazardous waste facility.
- **Appropriation Bonds - \$2 million** for electric vehicle charging infrastructure on publicly owned facilities.
- **Appropriation Bonds - \$30.4 million** for cleanup and remediation of polluted sites.

| Board of Water and Soil Resources | | |
|--|---------------------|---------------|
| | | |
| Local Roads Wetlands Replacement Program | GO | 15,000 |
| Local Roads Wetlands Replacement Program | GF | 8,000 |
| Reinvest in Minnesota Reserve Program | GO | 1,000 |
| | | |
| | Total GO | 16,000 |
| | Total GF | 8,000 |
| | Agency Total | 24,000 |

Board of Water and Soil Resources -

- **Local Government Roads Wetland Replacement Program - \$15 million** in GO bonds, and \$8 million in General Fund spending to acquire land for wetland restoration or preservation to replace wetlands drained or filled as a result of road projects. The General Fund appropriation is one time.
- **Reinvest in Minnesota - \$1 million** in GO bonds for the Reinvest in Minnesota Reserve program which is to acquire conservation easements in southern Minnesota for prairie, wetlands, and grasslands.

For further information on Environment, Natural Resources and Agriculture finance issues contact Brad Hagemeyer, House Fiscal Analysis Department at 651-296-7165, brad.hagemeyer@house.mn.

Human Services

The 2020 Legislature authorized \$27.4 million in general obligation bonds for six projects and asset preservation in the Human Services Finance area.

| Department of Human Services | | | |
|---|----|--|---------------|
| Asset Preservation | GO | | 8,000 |
| MSOP St. Peter Phase 2 | GO | | 1,794 |
| CABHS Large Motor Activity and Ancillary Space | GO | | 1,750 |
| Regional Mental Health Crisis Center Grants | GO | | 10,000 |
| Grants to Political Subdivisions & Other | | | |
| City of St. Louis Park - Perspectives Family Center | GO | | 4,500 |
| St. Louis County - Regional Behavioral Health | GO | | 1,365 |
| Total GO | | | 27,409 |

Department of Human Services

- **Asset Preservation:** \$8 million in GO bonds to be spend as determined by the Commissioner of Human Services on asset preservation capital projects.
- **St Peter Campus – Phase 2:** \$1.794 million in GO bonds to design the next phase of the St. Peter MSOP residential campus.
- **Child and Adolescent Behavioral Health Facilities:** \$1.75 million in GO bonds to design construct and equip a motor activity (in and outdoor recreation area) as an addition to the Child and Adolescent behavioral Health building in Willmar.
- **Regional behavioral Health Crisis Facilities Grant Program:** \$10 million in GO bonds for a grant program (Chapter 245G) that allows the Commissioner of Human Services to issue grants of up to \$5 million and 100 percent of the project costs to specified public entities for construction of behavioral health crisis program facilities. Chapter 245G defines a behavioral health crisis facility as a facility to provide mental health or substance use disorder services.

Grants to political Subdivisions

- **St. Louis Park Perspectives Family Center:** \$4.5 million in GO bonds to design, construct, furnish, and equip a facility for supportive housing and services to families experiencing homelessness.
- **St. Louis County Regional behavioral Health Crisis Facility:** \$1.365 million in GO bonds for a grant to St. Louis County via the Chapter 245G program.

For additional information on human services finance issues, contact Doug Berg at 651-296-5346 or Doug.Berg@house.mn.

Higher Education

The 2020 Legislature authorized \$166.3 million in general obligation/user finance bonds for sixteen projects and asset preservation in the Higher Education Finance area.

| | | |
|---|-------|---------------|
| University of Minnesota | | |
| Higher Education Asset Preservation and Replacement (HEAPR) | GO | 38,495 |
| Child Development Building Replacement | GO | 29,200 |
| A.B. Anderson Hall Capital Renewal | GO | 4,400 |
| Chemistry Undergraduate Teaching Laboratory | GO | 3,286 |
| Art. 5 Sec.(s) 15-16 would allow approx. \$28.9 M new approp. borrowing (depending on conditions) because of refinancing. | | |
| Total GO | | 75,381 |
| Minnesota State | | |
| Higher Education Asset Preservation and Replacement (HEAPR) | GO | 46,347 |
| Anoka-Ramsey Community College - Nursing and Business | GO/UF | 16,282 |
| Minneapolis College - Management Education Center | GO/UF | 990 |
| Normandale Community College - Classroom and Student Services | GO/UF | 26,634 |
| Pine Technical and Community College - Technical-Trades Labs | GO/UF | 635 |
| Total GO | | 76,041 |
| Total UF | | 14,847 |
| Agency Total | | 90,888 |

University of Minnesota

- **Higher Education Asset Preservation and Replacement (HEAPR):** \$38.5 million in GO bonds for asset preservation, maintenance and repair of projects throughout the University of Minnesota system.
- **Twin Cities Campus – Institute of Child Development:** \$29.2 million in GO bonds for design and construction of the child development facility. The appropriation includes demolition and replacement of a 1968 building.
- **Duluth Campus – A.B. Anderson Hall:** \$4.4 million in GO bonds to design and renovate learning spaces and mechanical systems.
- **Twin Cities Campus – Fraser Hall Chemistry Undergraduate Facility:** \$3.286 million in GO bonds for the design, renovation of the building as well as demolition of obsolete elements.

- **Appropriation Bonds Refinancing:** Article 6 of Chapter 3 allows the University of Minnesota to refinance 2010 bio-sciences appropriation bonds and use the savings for a clinical research facility on the East Bank of the Twin Cities Campus.

Minnesota State

- **Higher Education Asset Preservation and Replacement (HEAPR):** \$46.4 million in GO bonds for asset preservation, maintenance and repair of projects throughout the Minnesota State system.
- **Anoka Ramsey Community College:** \$16.282 million in GO/UF bonds for a business and nursing building at the Community College.
- **Minneapolis College:** \$990,000 in GO/UF bonds for design of phases 1 and 2 of the management education center, with shared use with Metropolitan State University.
- **Normandale Community College:** \$26.634 million in GO/UF bonds to design and construct phases 1 and 2 of the student services building.
- **Pine Technical College:** \$635,000 in GO/UF bonds to design the renovation of the main building allied health space and an addition of skilled trades.

For additional information on Higher Education finance issues, contact Ken Savary at 651-296-7171 or Ken.Savary@house.mn.

Public Safety and Judiciary

| | | |
|---|----|---------------|
| Department of Public Safety | | |
| | | |
| New State Emergency Operations Center | GO | 29,545 |
| Southern Minnesota BCA Regional Office and Laboratory | GO | 100 |
| Grants to Political Subdivisions | | |
| City of Chisholm - Public Safety Facility | GO | 1,910 |
| City of Crystal - Police Department Expansion | GO | 4,000 |
| City of Edina - Public Safety Training Facility | GO | 1,000 |
| City of Maple Grove - North Metro Range | GO | 3,500 |
| City of Minneapolis - Emergency Training Center | GO | 800 |
| City of Virginia, - Regional Fire | GO | 9,500 |
| | | |
| Total GO | | 50,355 |

Department of Public Safety

Projects funded through the Department of Public Safety totaled \$50.4 million and include:

- **State Emergency Operations Center:** \$29.5 million for site acquisition, design and construction as well as hazardous materials abatement for a shared Homeland Security and Emergency Management Office.
- **Southern BCA Regional Office and Laboratory:** \$100,000 for predesign for new office and lab in the Mankato area.

Grants to Political Subdivisions

- **Chisholm Public Safety Building:** \$1.9 million for a new police and fire building.
- **Crystal Police Expansion:** \$4 million for a grant to the city of Crystal for an expansion of the police department building.
- **Edina / South Metro Training Facility:** \$1 million for the South Metro police training facility.
- **Maple Grove North Metro Range:** \$3.5 million for the city of Maple Grove to expand its law enforcement and de-escalation training facility.
- **Minneapolis Emergency Operations Center and Fire Training Facility:** \$800,000 for the City of Minneapolis design and construction of the expansion of fire training facility.
- **Virginia Regional Public Safety Center and Training Facility:** \$9.5 million for the city of Virginia for acquisition, demolition, design and construction of a new city fire department building.

| | | |
|---|----|---------------|
| Department of Corrections | | |
| Asset Preservation | GO | 25,000 |
| Willow River - Communications Equipment | GO | 1,877 |
| Faribault - Dakota Building Renovation | GO | 954 |
| St. Cloud Fire Suppression | GO | 800 |
| Stillwater Fire Suppression | GO | 2,600 |
| Togo Sewer System | GO | 2,600 |
| Grants to Political Subdivisions | | |
| Arrowhead Regional Corrections JPB - NERC | GO | 3,250 |
| Carlton County - Regional Corrections Facility | GO | 2,000 |
| Martin County - Justice Center | GO | 2,167 |
| Prairie Lake Youth JPB - School and Recreation Center | GO | 2,500 |
| Winona County - Winona County Jail | GO | 750 |
| Total GO | | 44,498 |

Department of Corrections

Projects for the Department of Corrections total \$44.5 million and include:

- **Asset Preservation:** \$25 million in GO bonding for repair and asset preservation throughout the statewide corrections system.
- **MCF Willow River:** \$1.877 million in GO bonding a new radio tower at the correction facility.
- **MCF Faribault:** \$954,000 in GO bonding for the design of new and existing buildings at the minimum security housing unit.
- **MCF St. Cloud:** \$800,000 in GO bonding to install a new fire suppression system in living units A,B, and C.
- **MCF Stillwater:** \$2.6 million in GO bonds for to install a new fire suppression system in four living units in the correction facility.
- **MCF Togo:** \$2.6 million in GO bonds to design and construct a new sewer system at the Togo correction facility.

Grants to Political Subdivisions

- **Arrowhead Regional Corrections JPB:** \$3.25 million in GO bonds to renovate and remodel buildings for vocational education and farm work experience.
- **Carlton County:** \$2 million in GO bonds for design of a county corrections facility with segregated gender housing units.
- **Marten County:** \$2.167 million in GO bonds for design of a new county justice center.
- **Prairie Lake Youth JPB:** \$2.5 million for design and construction of an indoor recreation center.
- **Winona County:** \$750,000 in GO bonds for acquisition of land for a new jail.

For further information on Public Safety or Judiciary finance issues contact John Walz, House Fiscal Analysis Department at 651-296-8236, John.Walz@house.mn.

State Government, Veterans Affairs and State Agencies

| | | |
|--|---------------------|---------------|
| Department of Health / Department of Agriculture | | |
| See Equity Article as well | | |
| MDA\MDH Laboratory Building Equipment | GF | 779 |
| MDA\MDH Laboratory Building Infrastructure | GO | 20,000 |
| | | |
| | Total GO | 20,000 |
| | Total GF | 779 |
| | Agency Total | 20,779 |
| Administration | | |
| | | |
| CAPRA (Capital Asset Preservation and Replacement Account) | GO | 4,500 |
| Ford Building | GO | 170 |
| State Office Building Tunnel ADA Compliance | GO | 100 |
| | | |
| | Total GO | 4,770 |

Administration

- **Agriculture / Health Laboratory** – \$20.779 million in both GO bonding and General Fund spending. While technically a grant to the Department of Administration, this project is for a State Capitol complex building used by the Department of Agriculture and Health for testing pathogens and contaminants. \$779,000 is from the General Fund for replacement of laboratory equipment.
- **Capital Asset Preservation and Replacement Account** – \$4.5 million in GO bonds for repairs to state assets around the capital complex.
- **Ford Building** – \$170,000 in GO bonds for design of hazardous materials abatement associated with the Ford Building on the capital complex.
- **Capitol Complex Tunnel ADA** – \$100,000 for design of ADA improvements to the tunnel between the State Capitol and the State Office Building.

| | | |
|----------------------------------|----|--------------|
| Amateur Sports Commission | | |
| NSC Asset Preservation | GO | 837 |
| National Sports Center | GO | 3,000 |
| Mighty Ducks Grant Program | GO | 2,000 |
| Skate Park Grants Program | GO | 250 |
| | | |
| Total GO | | 6,087 |

Minnesota Amateur Sports Commission

- **National Sports Center Asset Preservation** – \$837,000 in GO bonds for asset preservation for the NSC in Blaine.
- **National Sports Center Field Management Facility** – \$3 million in GO bonds for demolition of a current maintenance facility and construction of a new building.
- **Mighty Ducks** – \$2 million in GO bonds for grants administered by the Amateur Sports Commission for local units of government for replacement of R-22 refrigeration systems in ice arenas.
- **Skate Parks** – \$250,000 in GO bonds for grants administered by the Amateur Sports Commission to local units of government for the construction or repair of public Skate Parks.

| | | |
|-----------------------------------|----|---------------|
| Military Affairs | | |
| Rosemount Readiness Center Design | GO | 1,000 |
| Fergus Falls Readiness Center | GO | 2,100 |
| Moorhead Readiness Center | GO | 5,345 |
| Marshall Readiness Center | GO | 3,100 |
| Military Museum | GO | 13,000 |
| | | |
| Total GO | | 24,545 |

Military Affairs

The Legislature approved \$11.545 million in GO bonding for asset preservation projects at four existing facilities. The projects may include mechanical, electrical, building envelope, energy efficiency and life safety improvements.

- Rosemount Readiness Center - \$1 million
- Fergus Falls Readiness Center - \$2.1 million
- Moorhead Readiness Center - \$5.345 million
- Marshall Readiness Center - \$3.1 million

In addition of the readiness centers the legislature authorized \$13 million in GO bonds for a Military Museum near Camp Ripley. The appropriation for the Military Museum is for acquisition, design, and construction.

| | | |
|---|----|--------------|
| Veterans Affairs | | |
| Asset Preservation | GO | 6,300 |
| Fergus Falls Greenhouse | GO | 100 |
| Grants to Political Subdivisions | | |
| Martin County - Veterans Memorial | GO | 350 |
| *Reallocation of approx. \$3.4 M from prior GO appropriation to AP In policy art. | | |
| Total GO | | 6,750 |

Veterans Affairs

The Legislature approved \$6.75 million in GO bonding for four projects.

- Asset Preservation: \$6.3 million for asset preservation improvements
- Fergus Falls Greenhouse: \$100,000
- A grant to Martin County for a Veterans Memorial: \$350,000

In addition to these appropriations, language in Chapter 3 also allows the Department of Veterans Affairs to reallocate about \$3.4 million in GO bonds that were unused for the Minneapolis campus truss bridge repair to be used for asset preservation.

Historical Society

| | | |
|---|----|--------------|
| Historical Society | | |
| Historic Sites Asset Preservation | GO | 2,350 |
| County and Local Historic Preservation Grants | GO | 750 |
| Total GO | | 3,100 |

The Legislature approved \$3.1 million for two projects:

- Historic Sites Asset Preservation: \$2.35 million in GO bonding is for preservation and restoration of historic structures, landscapes and buildings. The Historical Society will determine project priorities based on need.
- County and Local Historic Preservation Grants: \$750,000 in GO bonding as grants administered by the Historical Society for local units of governments to complete publicly owned historic preservation projects.

Miscellaneous:

- Bond Sale expenses – \$1.393 million in GO bonding for costs associated with selling GO debt. The appropriation is to Minnesota Management and Budget.
- Appropriation Bonds – \$15 million in appropriation bonds for Public Television to replace broadcasting equipment.

For additional information on state government finance issues, contact Helen Roberts at 651-296-4117 or Helen.Roberts@house.mn.

Jobs and Economic Development Finance

| | | |
|---|----|----------------|
| Department of Employment and Economic Development | | |
| Business Development Public Infrastructure Grant Program | GO | 8,200 |
| Innovative Business Development Public Infrastructure Grant | GO | 1,900 |
| Transportation Economic Development Infrastructure Program | GO | 2,900 |
| Minneapolis College - Manufacturing and Trades Ed. Facility | GO | 450 |
| South Minneapolis Career Force Asset Preservation Phase III | GO | 642 |
| Grants to Political Subdivisions | | |
| Alexandria, City of - Runestone Community Center Expansion | GO | 5,600 |
| City of Annandale - Infrastructure Replacement | GO | 4,090 |
| City of Becker - Infrastructure for Business Park | GO | 20,500 |
| Becker County - County Museum | GO | 1,850 |
| City of Champlin - Mississippi Point Park | GO | 3,450 |
| City of Chatfield - Center for the Arts | GO | 8,700 |
| City of Cohasset - Mississippi Riverfront Development | GO | 1,200 |
| City of Crookston - Colburn Property Development | GO | 895 |
| City of Deephaven - Northhome Ave Bridge | GO | 750 |
| City of Duluth - Seawall and Surface Improvements | GO | 13,500 |
| City of Duluth - Lake Superior Zoo | GO | 204 |
| City of Ellsworth - City Hall Multi | GO | 1,000 |
| City of Eveleth - Public Buildings Improvements | GO | 1,000 |
| City of Fergus Falls - Riverfront Corridor | GO | 1,750 |
| City of Grand Rapids - IRA Civic Center | GO | 5,000 |
| City of Hastings - City Hall | GO | 2,000 |
| Hennepin County - Aivo Phase 1 | GO | 1,700 |
| City of Hibbing - Mine View | GO | 1,300 |
| City of Litchfield - Community Recreation Improvements | GO | 5,000 |
| City of Minneapolis - Central City Storm Tunnel | GO | 8,500 |
| City of Minneapolis - Outdoor Performance Venue | GO | 12,500 |
| City of New Ulm - German Park Amphitheater | GO | 300 |
| City of North Mankato - Caswell Park Improvements | GO | 2,000 |
| City of Orono - Big Island Park | GO | 300 |
| Pipestone County - Dental Facility | GO | 250 |
| City of Plymouth - Creek Center | GO | 5,000 |
| City of Proctor - Salt Shed | GO | 500 |
| City of Roseville - John Rose Oval | GO | 3,900 |
| Steele County - Electrical Project | GO | 750 |
| City of St. Cloud - Municipal Athletic Complex | GO | 10,000 |
| City of St. Joseph - Jacob Wetterling Rec Center | GO | 4,000 |
| St. Louis County - Heritage and Arts Center | GO | 1,500 |
| St. Paul Port Authority - Minnesota Museum of American Art | GO | 2,000 |
| City of St. Paul - Humanities Center | GO | 750 |
| City of St. Paul - Playwrights' Center | GO | 850 |
| City of St. Paul - Victoria Theater | GO | 1,000 |
| City of St. Paul - Hmong Plaza | GO | 500 |
| City of Wadena - Access Road | GO | 1,300 |
| City of Wayzata - Wayzata Lake Effect Boardwalk Project | GO | 4,000 |
| Western Lake Superior Sanitary District | GO | 6,750 |
| City of Willernie - Roof and Street Improvements | GO | 160 |
| Wright County - Dental Facility | GO | 1,400 |
| Total GO | | 161,791 |

Department of Employment and Economic Development

- **Greater MN Business Development Public Infrastructure (BDPI) – \$8.2 million** in GO bonding for grants to Greater Minnesota cities to assist with funding public infrastructure projects that to support economic development. Eligible public infrastructure projects would include sewers, streets and utility extensions. The grants will be awarded on a competitive basis, and can provide funding up to 50 percent for eligible costs, with a local match required.
- **Transportation Economic Development – \$2.9 million** in GO bonding for grants under Minnesota Statutes, section 116J.436.
- **Innovative Business development Public Infrastructure Grants (IBDPI) – \$1.9 million** in GO bonding for grants to local governments statewide for public infrastructure costs related to innovative, high tech, bio, and medical technology business development investments under Minnesota Statutes, section 116J.435. The funds are used for publicly owned infrastructure. A 50 percent local match is required.
- **Minneapolis Community and Technical College – \$450,000** in GO bonding for a grant for MCTC to construct space for vocational manufacturing training by a nonprofit provider.
- **Workforce Center Asset Preservation – \$642,000** in GO bonding for improvements at the DEED workforce Center in South Minneapolis.

Grants to Political Subdivisions

- **Alexandria Runestone Community Center Expansion – \$5.6 million** in GO bonds to design and construct an expansion to the Alexandria community center.
- **Annandale Infrastructure Developments – \$4.09 million** in GO bonds to design and construct of underground water utilities as part of a Trunk Highway reconstruction.
- **Becker Business Park Public Utilities – \$20.5 million** in GO bonds to design and construct of underground water utilities, road and lighting for a business park in Becker.
- **Becker County Museum – \$1.85 million** in GO bonds to design and construct a new county history museum.
- **Champlin Mississippi Point Park – \$3.45 million** in GO bonds to design and construct improvements to Mississippi Point Park including ADA accommodations and boat dock.
- **Chatfield Center For the Arts – \$8.7 million** in GO bonds to design and construct renovations to an arts and performance center.
- **Cohasset Mississippi Riverfront Development – \$1.2 million** in GO bonds to design and construct road and public utilities as part of a redevelopment project.
- **Crookston Colborn Property – \$895,000** in GO bonds to design and construct road and public utilities as part of a redevelopment project.
- **Deephaven Northhome Avenue Bridge – \$750,000** in GO bonds to design and construct a replacement bridge over a bike trail.

- **Duluth Seawall and Surface Improvements – \$13.5 million** in GO bonds to design and construct a seawall replacement, and park improvements along Lake Superior.
- **Duluth Zoo – \$204,000** in GO bonds to design and construct a renovation of the main building of the Lake Superior Zoo.
- **Ellsworth City Hall and Public Works Building – \$1 million** in GO bonds to design and construct a replacement city building for the building destroyed in 2019.
- **Eveleth City Hall – \$1 million** in GO bonds to design and construct improvements to the city hall and police building.
- **Fergus Falls Riverfront Corridor – \$1.75 million** in GO bonds to construct public spaces along the downtown river corridor.
- **Grand Rapids IRA Civic Center – \$5 million** in GO bonds to design and construct improvements to the IRA center and replace the roof.
- **Hastings City Hall - \$1 million** in GO bonds to design and construct improvements to the city hall / historic dome structure.
- **Minneapolis Avivo Center – \$1.7 million** in GO bonds to design and construct improvements to the Avivo Regional career and employment center project in Minneapolis. The grant is to Hennepin County.
- **Hibbing Mine View – \$1.3 million** in GO bonds to construct the Windows to the World viewpoint at the Susquehanna mine dump.
- **Lichfield Wellness Center - \$5 million** in GO bonds to design and construct a gym / recreation center.
- **Minneapolis Central City Storm Tunnel – \$8.5 million** in GO bonds to design and construct a replacement storm tunnel system under Downtown Minneapolis.
- **Minneapolis Outdoor Performance Venue – \$12.5 million** in GO bonds to design and construct a performance venue along the Mississippi River in North Minneapolis.
- **New Ulm German Park – \$300,000** in GO bonds to design and construct an outdoor amphitheater in German Park.
- **North Mankato Caswell Park – \$2 million** in GO bonds to design and construct improvements to sports facilities in Caswell regional sporting complexes.
- **Orono Big Island Park – \$300,000** in GO bonds to design and construct improvements to Big Island Park.
- **Pipestone County Dental Facility – \$250,000** in GO bonds to design and construct a dental facility.
- **Plymouth Creek Center – \$5 million** in GO bonds to design and construct an expansion to the Plymouth Creek Center.
- **Proctor Salt Shed - \$500,000** in GO bonds to design and construct a replacement salt shed.
- **Roseville John Rose OVAL – \$3.9 million** in GO bonds to design and construct a renovation of the John Rose OVAL ice rink.
- **Steel County Fairgrounds Electrical Improvements – \$750,000** in GO bonds to construct underground electrical utilities for the fairgrounds.
- **St. Cloud Municipal Athletic Facility – \$10 million** in GO bonds to design and construct improvements to the municipal athletic facility inducing demolition of obsolete spaces.
- **St. Joseph Jacob Wetterling Recreation Center – \$4 million** in GO bonds to design and construct a recreation center in a former school.

- **St. Louis County Heritage and Arts Center – \$1.5 million** in GO bonds for asset preservation for the arts center and railroad depot.
- **St. Paul Humanities Center – \$750,000** in GO bonds to design and construct asset preservation to the Humanities Center Main Facility including envelope repair.
- **St. Paul Minnesota Museum of American Art – \$2 million** in GO bonds to design and construct improvements to the Museum space, this appropriation is in lieu of the match to the prior appropriation in 2017 and it to the St. Paul Port Authority.
- **St. Paul Playwrights’ Center – \$850,000** in GO bonds to design and construct a playwright’s building in St. Paul.
- **Victoria Theater – \$850,000** in GO bonds to design and construct a renovation to the Victoria Theater on University Avenue in St. Paul. There is an additional General Fund appropriation to the Victoria Theater in the Equity Article of Chapter 3.
- **St. Paul Hmoug Cultural Plaza – \$500,000** in GO bonds to design and construct a second phase to the Changsha China Friendship Garden in Phalen regional Park.
- **Wadena Access Road - \$1.3 million** in GO bonds to design and construct a access road.
- **Wayzata Lake Effect Boardwalk – \$4 million** in GO bonds to design and construct a boardwalk on Lake Minnetonka.
- **Western Lake Superior Sanitary District – \$6.75 million** in GO bonds to design and construct a combined heat and power system in the Western Lake Superior Sanitary District wastewater facility.
- **Willernie Public Infrastructure – \$160,000** in GO bonds to replace the roof of city hall.
- **Wright County Dental Facility – \$1.4 million** in GO bonds to design and construct a dental facility.

Equity Article

Article 3 of Chapter 3 contains \$30 million in onetime General Fund appropriations, mostly to nonprofits for equity related capital projects. While the appropriations are passed through a number of agencies most of the projects would normally be under DEED.

| | | |
|---|-----------|---------------|
| Equity Article | | |
| Department of Agriculture | | |
| Hmong American Farmers Association | GF | 2,000 |
| Regenerative Agriculture Alliance in Albert Lea | GF | 250 |
| | | |
| Total Department of Agriculture | Total GF | 2,250 |
| | | |
| Metropolitan Council | | |
| Minneapolis Park and Recreation Board - North Commons | GF | 5,125 |
| | | |
| Total Metropolitan Council | Total GF | 5,125 |
| | | |
| Department of Human Services | | |
| Red Lake Band of Chippewa Indians - Family & Child Building | GF | 5,575 |
| | | |
| Total Department of Human Services | Total GF | 5,575 |
| | | |
| Department of Employment and Economic Development | | |
| American Indian Center in Minneapolis | GF | 2,600 |
| Indigenous Peoples Task Force in Minneapolis | GF | 2,000 |
| International Institute of Minnesota in St. Paul | GF | 3,000 |
| Juxtaposition Arts in Minneapolis | GF | 1,000 |
| Minneapolis 38th Street Cultural Wellness Center | GF | 250 |
| Minneapolis Baldwin Square | GF | 1,000 |
| Native American Community Clinic in Minneapolis | GF | 3,800 |
| Northwest American Indian Center in Bemidji | GF | 2,000 |
| Victoria Theater in St. Paul (See GO article as well) | GF | 1,400 |
| | | |
| Total Department of Employment and Economic Development | Total GF | 17,050 |
| | | |
| Total Equity Article | GF | 30,000 |

- **Regenerative Agriculture Alliance – \$250,000** in General Fund spending, via the Department of Agriculture, for the Regenerative Agriculture Alliance nonprofit in Albert Lea.
- **Hmoug American Farmers Association – \$2 million** in General Fund spending, via the Department of Agriculture, for the Hmoug American Farmers nonprofit.
- **North Commons Regional Park – \$5.125 million** in General Fund spending, via the Metropolitan Council, for improvements to the North Commons Regional Park including a field house. The grant is to the Minneapolis Park and Recreation Board.
- **Red Lake Band of Chippewa Indians Family and Child Services Building - \$5.575 million** in General Fund spending, via the Department of Human Services, to design and construct the services building.
- **American Indian Center in Minneapolis – \$2.6 million** in General Fund spending, via the Department of Employment and Economic Development, to complement the prior appropriation to the American Indian Center.
- **Indigenous Peoples Task Force in Minneapolis – \$2 million** in General Fund spending, via the Department of Employment and Economic Development, as a grant to the nonprofit to design and construct the Mikwanedun Audisookon Center in Minneapolis.
- **International Institute of Minnesota – \$3 million** in General Fund spending, via the Department of Employment and Economic Development, as a grant to the nonprofit to design and construct improvements to the International Institute building and remediate contaminated soil.
- **Juxtaposition Arts Minneapolis – \$1 million** in General Fund spending, via the Department of Employment and Economic Development, as a grant to the nonprofit to acquire adjacent land for youth arts programming.
- **Cultural Wellness Center Minneapolis – \$250,000** in General Fund spending, via the Department of Employment and Economic Development, as a grant to the nonprofit for the design of the renovation of Dreamland in South Minneapolis.
- **Baldwin Square Minneapolis – \$1 million** in General Fund spending, via the Department of Employment and Economic Development, as a grant to the City of Minneapolis for the renovation of a blighted building on Fremont Avenue in North Minneapolis.
- **Native American Community Clinic in Minneapolis – \$3.8 million** in General Fund spending, via the Department of Employment and Economic Development, as a grant to the nonprofit for the purchase of land and building the clinic is currently located in.
- **Northwest American Indian Center in Bemidji – \$2 million** in General Fund spending, via the Department of Employment and Economic Development, as a grant to the nonprofit for the purchase of land.
- **Victoria Theater – \$850,000** in General Fund spending to design and construct a renovation to the Victoria Theater on University Avenue in St. Paul. This is in addition to the GO bond appropriation.

| | | |
|---|-----------|----------------|
| Public Facilities Authority | | |
| | | |
| State Match for Federal Grants to State Revolving Loan Programs | GO | 25,000 |
| Water Infrastructure Funding Program (roll up row) | GO | 55,494 |
| Clean Water Infrastructure | | 33,296 |
| Drinking Water Infrastructure | | 22,198 |
| Point Source Implementation Grants | GO | 44,553 |
| Grants to Political Subdivisions | | |
| City of Albertville - Wastewater Project | GO | 2,500 |
| City of Arden Hills - Water main | GO | 500 |
| City of Aurora - East Mesabi Joint Water System | GO | 5,000 |
| City of Austin - Wastewater Treatment Facility Improvements | GO | 7,450 |
| City of Bemidji - Water Treatment Plant | GO | 10,194 |
| City of Buhl - Water Infrastructure | GO | 1,500 |
| City of Caledonia - Wastewater Treatment | GO | 7,000 |
| City of Deer River - Sewer and Water System Improvements | GO | 4,000 |
| East Itasca JPB - Regional Wastewater Treatment Facility | GO | 750 |
| City of Floodwood - Stabilization Ponds | GO | 2,000 |
| City of Foley - Wastewater Regionalization | GO | 8,000 |
| City of Forest Lake - Wastewater Infrastructure System | GO | 1,700 |
| Lincoln Pipestone Rural Water System - Dawson-Boyd Water Source | GO | 5,750 |
| City of Mahanomen - Water Infrastructure | GO | 650 |
| City of Mahanomen - Wastewater | GO | 1,250 |
| City of Melrose - Infrastructure | GO | 3,500 |
| City of Mendota - Water Main Extension | GO | 650 |
| City of Newport - Sanitary Sewer Mainline Lining | GO | 2,000 |
| City of Oronoco - Wastewater Infrastructure | GO | 24,027 |
| City of Randolph - Wastewater Treatment | GO | 13,000 |
| Red Rock Rural Water System - Water Treatment | GO | 5,500 |
| City of Rice Lake - Rice Lake Sewer and Water Extension | GO | 1,000 |
| City of Royalton - Clean Water and Storm Sewer | GO | 900 |
| City of South Haven - Water System Improvements | GO | 1,700 |
| City of South St. Paul - Concord Street Public Utilities | GO | 2,000 |
| City of Spring Park - Water Infrastructure | GO | 1,500 |
| City of Two Harbors - New Water Treatment Plant | GO | 11,500 |
| Twin Lakes Township - Water Infrastructure | GO | 7,500 |
| City of Vernon Center - Water Infrastructure | GO | 7,984 |
| City of Waldorf - Water Infrastructure Project | GO | 858 |
| City of West St. Paul - Wastewater | GO | 2,200 |
| | | |
| Total GO | | 269,110 |

Public Facilities Authority - \$269.11 million

- **State Match for Federal Grants – \$25 million** in GO bonding to match federal grants for the clean water revolving fund under Minnesota Statutes, section 446A.07, and the drinking water revolving fund under Minnesota Statutes, section 446A.081. This appropriation must be used for qualified capital projects.
- **Water Infrastructure Funding Program – \$55.494 million** in GO bonding for grants to eligible municipalities under the water infrastructure funding program under Minnesota Statutes, section 446A.072. This appropriation is for drinking water projects listed on the commissioner of health's project priority list in the fundable range under the drinking water revolving fund program. After all eligible projects on the commissioner of health's project priority list have been funded; the Public Facilities Authority may transfer any remaining, uncommitted money to eligible projects under a program in either the clean water revolving fund or the drinking water fund based on that program's project priority list.
- **Point Source Implementation Program – \$44.553 million** in GO bonding for grants to eligible municipalities under the water infrastructure funding program under Minnesota Statutes, section 446A.073.
- **Arden Hills, Water Main – \$500,000** in GO bonding for a grant to the city of Arden Hills to install a water main extending along Highway 96, from Highway 10 to Interstate Highway 35W.
- **Albertville, Wastewater Infrastructure – \$2 million** in GO bonding for a grant to the city of Albertville to design and construct wastewater infrastructure improvements.
- **Aurora, Hoyt Lakes, Biwabik, and White Township, Drinking Water System – \$5 million** in GO bonding for a grant to the city of Aurora to acquire land or a permanent interest in land, design, engineer, construct, furnish, and equip a comprehensive municipally owned cooperative joint drinking water system in the cities of Aurora, Hoyt Lakes, and Biwabik, and White Township, including a water intake and treatment plant located in White Township.
- **Austin, Wastewater Treatment Facility – \$7.45 million** in GO bonding for a grant to the city of Austin to predesign, design, and engineer improvements to or the replacement of the city's wastewater treatment facility.
- **Bemidji, Water Treatment – \$10.194 million** in GO bonding for a grant to the city of Bemidji to predesign, design, engineer, construct, furnish, and equip a water treatment plant an filtration system in response to the perfluoroalkyl contamination in the cities drinks water wells.
- **Buhl, Water Infrastructure – \$1.5 million** in GO bonding for a grant to the city of Buhl to design, engineer, construct waste water, drink water and storm water infrastructure.

- **Caledonia, Wastewater Treatment Facility –\$7 million** in GO bonding for a grant to the city of Caledonia to construct a new wastewater treatment facility.
- **Deer River, Water, Wastewater Infrastructure \$4 million** in GO bonding for a grant to the city of Deer River to design and construct additions to its wastewater and drinking water treatment systems.
- **East Itasca JBP – \$750,000** in GO bonding for a grant to the city of Nashwauk to design, engineer, and construct an joint wastewater treatment system with neighboring communities.
- **Floodwood, Stabilization Ponds \$2 million** in GO bonding for grants to the city of Floodwood to design and construct an expansion of its stabilization ponds.
- **Foley, Wastewater Infrastructure – \$ million** in GO bonding for a grant to the city of Foley to design, construct, municipal wastewater improvements. The appropriation may also be used for land acquisition.
- **Forest Lake, Wastewater Infrastructure – \$1.7 million** in GO bonding to the city of Forest Lake to predesign, design, engineer, and reconstruct the drinking water distribution system and the sanitary and storm sewer collection systems in the northwest utility improvement area.
- **Lincoln-Pipestone Rural Water System – \$5.75 million** in GO bonding to the Lincoln Pipestone Rural Water JPB for new wells and a water softening plant.
- **Mahnomen, Water Infrastructure – \$650,000** in GO bonding for a grant to the city of Mahnomen for water infrastructure.
- **Mahnomen, Drinking Water Infrastructure – \$1.25 million** in GO bonding for a grant to the city of Mahnomen for water infrastructure.
- **Melrose, Wastewater Treatment Facility – \$3.5 million** in GO bonding for a grant to the city of Melrose to design and construct improvements to its wastewater treatment facility.
- **Mendota, Water Infrastructure – \$650,000** in GO bonding for a grant to the city of Mendota for water infrastructure including a water main.
- **Newport, Water Infrastructure – \$2 million** in GO bonding for a grant to the city of Newport for inflow and infiltration improvements on the city’s water infrastructure.
- **Oronoco, Regional Wastewater Infrastructure – \$24.027 million** in GO bonding for a grant to the city of Oronoco to design, construct, municipal wastewater treatment system.
- **Randolph, Wastewater Infrastructure – \$13 million** in GO bonding for a grant to the city of Oronoco to design, construct, a municipal wastewater treatment system.

- **Red Rock Rural Water System – \$5.5 million** in GO bonding to the Red Rock Rural Water System in Murray and Cottonwood Counties. The grant is for design and construction of a new water treatment plant, tower, and pipes.
- **Rice Lake, Water Infrastructure – \$1 million** in GO bonding for a grant to the City of Rice Lake for improvements and extension of the city’s water utilities.
- **Royalton, Water Infrastructure – \$900,000** in GO bonding for a grant to the City of Royalton for improvements to storm water and waste water infrastructure.
- **South Haven, Wells – \$1.7 million** in GO bonding for a grant to the City of South Haven to design and construct two new drinking water wells.
- **South St. Paul, Concord Street Water Infrastructure – \$2 million** in GO bonding for a grant to the City of South St. Paul for public water utilities under Concord Street.
- **Spring Park, Water Infrastructure – \$1.5 million** in GO bonding for a grant to the City of Spring Park for improvements to the city sewer service in the northwest area of the city.
- **Two Harbors, Wastewater Treatment Facility – \$11.5 million** in GO bonding for a grant to the city of Two Harbors to design and construct improvements to its wastewater treatment facility.
- **Twin Lakes Township, Water Infrastructure – \$7.5 million** in GO bonding for a grant to Twin Lakes Township for improvements to storm water and waste water infrastructure including a connection to Carlton.
- **Vernon Center, Water Infrastructure Improvements – \$7.984 million** in GO bonding to the City of Vernon Center. The grant is for design and construction of improvements to the water treatment plant, tower, and pipes.
- **Waldorf, Water Infrastructure – \$858,000** in GO bonding for a grant to the City of Waldorf for water infrastructure improvements.
- **West St. Paul, Lift Stations – \$2.2 million** in GO bonding for a grant to the City of West St. Paul for upgrades to lift stations 1 and 2.

Minnesota Housing Finance Agency - \$116 million

- **Public Housing Rehabilitation - \$16 million** in GO bonding for a transfer to the housing development fund to finance the costs of rehabilitation to preserve public housing under Minnesota Statutes, section 462A.202, subdivision 3a. For purposes of this section, "public housing" means housing for low-income persons and households financed by the federal government and owned and operated by the public housing authorities and agencies formed by cities and counties. Public housing authorities receiving a public housing assessment composite score of 80 or above or an equivalent designation are eligible to receive funding. Priority must be given to proposals that maximize federal or local resources to finance the capital costs. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable housing and the restrictions of Minnesota Statutes, section 462A.202, subdivision 7, do not apply to this appropriation.

Appropriation Bonds - \$100 million

- **Housing Infrastructure Bonds:** Chapter 3 allows the Minnesota Housing Finance Agency to issue \$100 million in General Fund backed statutory appropriation bonds for non-publicly owned affordable housing repair and construction.

For additional information on Jobs, Economic Development and Energy issues, contact Solveig Beckel at 651-296-4162 or Solveig.Beckel@house.mn.

For additional information on Housing issues, contact Ken Savary at 651-296-7171 or Ken.Savary@house.mn.

Transportation

Department of Transportation

| | | |
|--|--------------|---------------|
| Department of Transportation | | |
| See Trunk Highway bonds article as well | | |
| Local Road and Bridge Programs and Named Grants | | |
| Local Road Improvement Fund Grants (roll up row) | GO/TF | 75,000 |
| Local Road Improvement Fund Grants Undesignated | | 70,000 |
| Township Roads | | 5,000 |
| Local Road Named Grants | | |
| Anoka County - East River road & TH 610 | GO/TF | 1,500 |
| Anoka County - US HWY 10 & US HWY 169 Interchange | GO/TF | 8,400 |
| Anoka County - TH 65 Interchange at 109th Ave | GO/TF | 1,500 |
| Dakota Co. & ISD 196 - Diffley Road | GO/TF | 4,000 |
| City of Golden Valley - Douglas Drive & TH 55 | GO/TF | 6,500 |
| City of Maple Grove Local Road around TH 610 | GO/TF | 13,000 |
| McLeod County - Morningside Drive | GO/TF | 1,000 |
| City of Oak Park Heights - 60th Street Realignment | GO/TF | 790 |
| Ramsey County - Interstate Highway 35E and County Road J | GO/TF | 1,500 |
| City of Richfield - 77th Street Underpass | GO/TF | 6,000 |
| City of Sartell - Street Improvements | GO/TF | 5,500 |
| Sibley County - Scenic Highway 6 Reconstruction | GO/TF | 14,000 |
| Scott County - TH 13 and Dakota and Yosemite Interchange | GO/TF | 5,269 |
| Sherburne County - Zimmerman Interchange | GO/TF | 2,000 |
| City of Zumbrota - Jefferson Drive (Former US HWY 52) | GO/TF | 3,000 |
| Local Bridge Replacement Program | GO/TF | 30,000 |
| Local Bridge Named Grants | | |
| City of St. Paul Third Street Kellogg Bridge | GO/TF | 52,000 |

*Note: GO/TF designation refers to local road projects for which bond processed are authorized via the Transportation fund. The projects are still supported as General Fund debt, and for practical purposes the GO/TF designation is a distinction without a difference with GO debt. This summary refers to all GO/TF and GO projects as GO.

- Local Road Improvements:** \$148 million in GO bonding, of which \$75 million is administered by MnDOT to grant to local units of government, with \$5 million of which for township project, and about \$74 million of which is for specific projects listed below (all as GO bonding):
 - \$1.5 million for Anoka County's East River Road at TH 610 interchange.
 - \$8.4 million for Anoka County's US HWY 10 and US HWY 169 interchange.

- \$4 million for Anoka County's TH 65 and 109th Ave. interchange.
- \$6.5 million for Golden Valley to improve safety and install a tunnel under TH 55.
- \$13 million for Maple Grove or Hennepin County to acquire right of way and make local road connections near TH 610.
- \$1 million for McLeod County for the extension of CSAH 15 and a railroad crossing.
- \$790,000 for Oak Park Heights for the realignment of 60th street near TH 36.
- \$1.5 million for Ramsey County for design for a full access interchange at County Road J and I-35E.
- \$6 million for Richfield to complete an underpass of TH 77 near the Minneapolis St. Paul International Airport.
- \$5.5 million for the City of Sartell to design and reconstruct local road systems.
- \$14 million for Sibley County to design construct and acquire right of way for CSAH 6.
- \$5.269 million for Scott County for local road portions of an interchange at TH 13 and Dakota Avenue in Savage.
- \$2 million to Sherburne County for design and engineering of an interchange on US HWY 169 and CSAH 4.
- \$3 million for Zumbrota for the reconstruction of Jefferson Drive, the former US HWY 52.
- **Local Bridge Replacement Program:** \$30 million in GO bonding which is administered by MnDOT as grants to local units of government.
 - In addition to the local bridge program is \$52 million in GO bonding for the City of St. Paul to replace the Third Street Kellogg Bridge.

Multimodal Programs and Grants

| Multimodal Programs and Grants | | |
|---|----|--------|
| Safe Routes to School Infrastructure Program | GO | 3,000 |
| Minnesota Rail Service Improvement Program | GO | 4,000 |
| Port Development Assistance Program | GO | 14,000 |
| Grassy Point Bridge | GO | 3,000 |
| Greater Minnesota Transit Capital Program | GO | 2,000 |
| Grants to Political Subdivisions - Airports / Multimodal | | |
| International Falls / Koochiching County Airport | GO | 1,800 |
| City of Rochester - Airport | GO | 11,400 |
| Thief River Falls Regional Airport - Cargo Aircraft Hangar | GO | 5,500 |
| City of Hastings - TH 316 Ped & Bike | GO | 1,500 |
| City of Rogers - Pedestrian and Bike Bridge | GO | 2,200 |
| Shakopee, City of - US 169 Pedestrian and Bicycle Overpass | GO | 2,000 |
| Minnesota Valley Regional Rail Authority | GO | 10,000 |
| City of Northfield - Regional Transit Hub | GO | 1,750 |

- **Safe Routes to School:** \$3 million in GO bonding for grants to improve the safety and convince of walking and biking faculties around schools.
- **Minnesota Rail Service Improvement:** \$4 million for grants to private railroads to be assigned by the Commissioner of Transportation under Minnesota Statutes, section 222.50.
- **Port Development Assistance:** \$14 million in GO bonds to improve freight handling on Minnesota's commercial waterway systems in Duluth, St. Paul, Redwing, and Winona.
- **Grassy Point Bridge:** \$3 million in GO bonds for the Department of Transportation to design and construct repairs to the Grassy Point Railroad bridge in Duluth.
- **Greater MN Transit Capital:** \$4 million in GO bonds for grants to local units of government for transit capital facilities as determined by the Commissioner of Transportation and Minnesota Statutes, section 174.24.

Named Grants to Political Subdivisions

- **International Falls Airport:** \$1.8 million in GO bonds for land acquisition design and construction of runways.
- **Rochester International Airport:** \$11.4 million in GO bonds for land acquisition, design and construction of replacement runways and other airport infrastructure.
- **Thief River Falls Airport:** \$5.5 million in GO bonds for design and construction of a new cargo hangar.
- **Hastings Bike and Pedestrian Trail:** \$1.5 million in GO bonds for a bike and pedestrian walkway along TH 316 in Hastings.
- **Rogers Bike and Pedestrian Bridge:** \$2.2 million in GO bonds for the design and construction of a bike and pedestrian bridge over I-94 in Rogers.
- **Shakopee US HWY 169 Bike Overpass:** \$2 million in GO bonds for the land acquisition, design, and construction of a bike overpass over US HWY 169 in Shakopee.
- **Minnesota Valley Regional Rail Authority:** \$10 million in GO bonds to the publicly owned rail road for track repairs between Winthrop and Hanley Falls.
- **Northfield Regional Transit Hub:** \$1.75 million in GO bonds for the acquisition of land, design and construction of a transit hub in Northfield as well as pedestrian amenities.

| Mixed Trunk Highway / Local Road and Trunk Highway Corridor Projects and Grants | | | |
|--|---|-------|--------|
| | Albert Lea, City of - Flood Mitigation for East Main Street | GO | 2,682 |
| | Chisago County - US Highway 8 - Safety, Capacity and Access | GO | 8,000 |
| | Henderson, City of - Road Raise Project | GO | 1,800 |
| | Olmsted County - Highway 14/County Road 104 Interchange | GO | 6,000 |
| | Washington County - Interchange at TH 36 & CSAH 15 | GO/TF | 3,000 |
| | | | |
| | Rail Crossings on Local Road Systems | | |
| | Koochiching County - CSAH 24 Overpass | GO | 3,000 |
| | City of Red Wing - Rail Grade Separation | GO/TF | 10,000 |

- **Albert Lea Highway 65 Flooding:** \$2.682 million in GO bonding for the city of Albert Lea to acquire land, design and construct improvements around TH 65 to prevent flooding of the roadway.
- **Chisago County US HWY 8:** \$8 million in GO bonds for Chisago County to design and construct improvements on local roads around US HWY 8 in Chisago city.
- **Henderson TH 93:** \$1.8 million in GO bonds for the City of Henderson for local components of a project necessary to mitigate flooding of TH 93 near Henderson.
- **Olmstead County TH 14 and CSAH 104:** \$6 million in GO bonds for the local road components of improvements at the intersection of TH 14 and CSAH 104.
- **Washington County TH 36 and CSAH 15:** \$3 million in GO bonds for the local road property acquisition of landed needed for an interchange on TH 36.
- **Koochiching County CSAH 24 Overpass:** \$3 million in GO bonds for the design and construction of a road overpass of a rail line outside of International Falls.
- **Redwing Rail Grade Separation:** \$10 million in GO bonds for design and construction of a road over pass of a railroad. This is addition to a prior appropriation in 2017.

Trunk Highway Bonding – Article 2

| | | |
|--|-----------|---------|
| Trunk Highway Bonding Article | | |
| | | |
| Department of Transportation | | |
| State Highway Construction | THB | 84,000 |
| Rail Grade Separations | THB | 110,000 |
| Project Development | THB | 25,000 |
| Flood Mitigation | THB | 23,000 |
| Eden Prairie Truck Station | THB | 15,200 |
| Mendota Heights Truck Station | THB | 15,800 |
| New Clearwater Truck Station | THB | 10,500 |
| New Jordan Truck Station | THB | 14,100 |
| New Virginia Headquarters - Design | THB | 2,400 |
| | | |
| Total Department of Transportation | Total THB | 300,000 |
| | | |
| Minnesota Management and Budget | | |
| Estimated Trunk Highway Bond Sale Expenses | THB | 300 |
| | | |
| Total Minnesota Management and Budget | Total THB | 300 |

- **State Highway Construction:** \$84 million in TH bonds for MnDOT to design and construct or reconstruct state Highways throughout the state as determined by the Commissioner of Transportation.
- **Railroad Grade Separations:** \$110 million in TH bonds for MnDOT to design and construct railroad separations on Trunk Highways.
- **Project Development:** \$25 million in TH bonds for MnDOT to design and acquire land for Trunk Highway expansion projects.
- **Flood Mitigation:** \$23 million in TH bonds for MnDOT to make improvements to Trunk Highways in Sibley and Le Sueur Counties such that flooding will be mitigated on those roadways.
- **Facilities Capital Improvement Program:** \$58 million in TH bonds for improvements or new Trunk Highway buildings including:
 - \$15.2 million for the Eden Prairie Truck Station
 - \$15.8 million for a Mendota Heights Trunk Station
 - \$10.5 million for a new Clearwater Truck Station
 - \$14.1 million for a new Jordan Truck Station

- \$2.4 million for the design of a new District Headquarters in Virginia
- **Bond Sale Expenses:** \$300,000 in TH bonding for the cost of issuance of the debt.

For further information on Transportation finance issues contact Andrew Lee, House Fiscal Analysis Department at 651-296-4178 or Andrew.lee@house.mn.

Metropolitan Council

| | | |
|---|----|---------------|
| Metropolitan Council | | |
| Inflow and Infiltration Grant Program | GO | 5,000 |
| Regional Parks and Trails Grant Program | GO | 5,000 |
| Busway Capital Improvement Program BRT | GO | 55,000 |
| Grants to Political Subdivisions | | |
| Anoka County - Rice Creek North Regional Trail | GO | 500 |
| Carver County - Waterfront Devel. for Waconia Regional Park | GO | 2,500 |
| Dakota County - Public Safety and Greenway Improvements | GO | 5,000 |
| Minneapolis Park and Recreation Board - 26th Avenue North | GO | 3,000 |
| Ramsey County - Battle Creek Winter Recreation | GO | 1,800 |
| City of St. Paul - Como Park Zoo | GO | 1,000 |
| City of St. Paul - Wakan Tipi Center | GO | 1,000 |
| Three Rivers Park Dist. - Mississippi Gateway Regional Park | GO | 5,000 |
| White Bear - Trails Lake Links | GO | 3,600 |
| Total GO | | 88,400 |

- **Inflow and Infiltration Grants:** \$5 million in GO bonds for grants to political subdivisions in the metropolitan area for reducing combined sewer overflows in ground water and storm water systems in accordance to Minnesota Statutes, section 473.121.
- **Metropolitan Regional Parks:** \$5 million in GO bonds for the council's capital improvements program. Funds are used to acquire and improve the metro regional parks system and are grants to park agencies.
- **Busway Capital Program:** \$55 million in GO bonds for design and construction of the B, D, and E Arterial Bus Rapid Transit Lines in Brooklyn Center, Bloomington, Minneapolis, and St. Paul.

Grants to Political Subdivisions

- **Anoka County Rice Creek:** \$500,000 in GO bonds for the design of multiuse trails in Circle Pines and Lino Lakes.
- **Carver County Lake Waconia:** \$2.5 million in GO bonds for the design and construction of a waterfront pavilion in Lake Waconia Regional Park.
- **Dakota County Veterans Memorial Greenway:** \$5 million in GO bonds for a trail between the Mississippi river and Lebanon Hills Regional Park.

- **Minneapolis Park and Recreation Board, 26th Street North:** \$3 million in GO bonds for improvements to 26th street in North Minneapolis and a river viewing area.
- **Ramsey County Battle Creek Regional Park:** \$1.8 million in GO bonds for trails and snow capital equipment for ski facilities in Battle Creek Regional Park.
- **St. Paul Como Zoo:** \$1 million in GO bonds for the City of St. Paul to improve and replace mechanical systems at the Como Park Zoo.
- **St. Paul Wakan Tipi:** \$1 million in GO bonds for the City of St. Paul to construct a Visitor Center, this is in addition to a 2018 appropriation.
- **Three Rivers Park District:** \$5 million in GO bonds for design and construction of improvements to the Three Rivers Park District Regional Park at the Mississippi Gateway.
- **White Bear Lake, Lake Links Trail:** \$3.6 million in GO bonds for design and construction of multiuse trails in Dellwood, White Bear Lake City and White Bear Lake Township.

For further information on Environment and Natural Resources Finance issues, contact Brad Hagemeyer at brad.hagemeyer@house.mn or 651-296-7165.

For further information on Transportation Finance issues contact Andrew Lee, House Fiscal Analysis Department at 651-296-4178 or Andrew.lee@house.mn.

Other 2020 Special Session 5 Budget Issues

Agriculture Finance

Laws of Minnesota 2020, 5th Special Session, Chapter 2 includes a modification to Laws 2020, Chapter 101, Section 5, Subdivision 1. Previously, the legislature appropriated \$175,000 from the coronavirus relief fund to the commissioner of agriculture for grants to eligible farmers who had been approved for government operated debt restructuring programs. Laws enacted in the 5th Special Session now specify that if the money appropriated to the commissioner is not encumbered by November 15th, 2020, it can be used to award grants to farmers that demonstrate financial hardship related to COVID-19. To be eligible, farmers must not have been approved for debt restructuring programs offered by the United States Department of Agriculture, Farm Service Agency or the Rural Finance Authority. The amount of the grant may not exceed \$5,000 per farmer.

For further information on Agriculture Finance issues, contact Ken Savary, Fiscal Analyst, at ken.savary@house.mn or 651-296-7171.

Environment

Natural Resources Department

- **Onetime Civil Unrest Costs:** Conservation officers are licensed peace officers in the state of Minnesota and are able to assist other state law enforcement agencies when needed. Chapter 3 appropriated \$2.112 million from the General Fund for the costs incurred by the Department of Natural Resources related to the June civil unrest in the Minneapolis-St. Paul Area.

For further information on Environment and Natural Resources Finance issues, contact Brad Hagemeyer at brad.hagemeyer@house.mn or 651-296-7165.

Health and Human Services Finance

Laws of MN 2020, 5th Special Session, Chapter 3 includes two Health & Human Services finance appropriations. In total, these appropriations increase net General Fund spending for the FY 2020-21 biennium by \$25.68 million and include increased tails of \$2.35 million in the FY 2022-23 biennium. In addition, Chapter 3 includes language recognizing savings to the General Fund of \$59.456 million in FY 2020-21 and tails of \$34.4 million from temporary enhanced federal medical assistance participation of 6.2 percent from October 1, 2020, through December 31, 2020. See the budget overview section for overall budget changes. Specific HHS appropriations provisions are:

Direct Care and Treatment

\$16.029 million is appropriated to the Commissioner of Human Services in Fiscal Year 2021 to cover a general budget shortfall in the department's Direct Care and Treatment (DCT) division. There is an increase in revenue of \$3.6 million from increased cost of care recoveries related to the new appropriations resulting in a net General Fund increase for this budget item of \$12.42 million in FY 20-21 for the DCT area. This area of the department provides adult mental health services (forensic services), sex offender treatment and other state operated services providing direct care to individuals. The legislation allows the department to transfer the funds as needed within DCT programs.

Personal Care Attendants

\$13.262 million is appropriated in FY 2021 to make several changes to the Personal Care Attendant (PCA) rate. The main change is a three month increase of 8.4 percent in the base rate for PCA services. In addition, the language expands allowing family members to be reimbursed for PCA services and permanently changes the monthly billable PCA limit to 310 hours from the current cap of 275 hours. This permanent change has tails of \$2.345 million in the FY 2022-23 biennium.

For further information on Health and Human Services Finance issues, contact Doug Berg, Fiscal Analyst, at doug.berg@house.mn or 651-296-5346.

Public Safety and Criminal Justice Reform

Laws of 2020, Fifth Special Session Chapter 3, contained three appropriations for agencies under the jurisdiction of Public Safety and Criminal Justice Reform Finance. The items receiving funded are as follows:

Department of Corrections

The Department of Corrections received a one-time appropriation of \$7.5 million for overtime and staffing costs. The money was less than originally asked for, and will cover staffing costs to maintain staff levels under the current employee contract.

Because Corrections had not received the request during the regular legislative session, the department sought to close challenge incarceration programs at Togo and Willow River due to funding shortfalls. The appropriation contained in the legislation will keep both facilities open and staffing department wide at current levels through the end of the fiscal biennium. The department will need to seek additional funding next session to maintain staffing levels or cutbacks may be required and the decision to close Togo and Willow River may be revisited.

Department of Public Safety

The Department of Public Safety was given two appropriations, both under the program of the Bureau of Criminal Apprehension. They are as follows:

The first appropriation of \$3.096 million was for storage and testing of a backlog of sexual assault kits. This will be an ongoing appropriation of \$2.067 million starting in fiscal year 2022 and thereafter.

The second appropriation of \$1.386 million was for lab space renovation and lab technical staff for forensic testing related to violent crime. The ongoing appropriation will be \$844,000 beginning in fiscal year 2022 and thereafter.

For further information on Public Safety or Judiciary finance issues contact John Walz, House Fiscal Analysis Department at 651-296-8236, John.Walz@house.mn.

State Tax Revenue

In the fifth special session of 2020, the Legislature passed a bonding, tax and supplemental bill, H.F.1, enacted as Chapter 3. Article 7 of chapter 3 addresses issues related to expensing for section 1031 properties (like-kind exchanges) as a result of federal conformity changes with the enactment of the Tax, Cuts and Jobs Act in 2019. Changes enacted in 2019 had the unintended consequence of increasing state tax liability for some taxpayers related to expensing properties. To help alleviate taxpayer impact, Chapter 3 retroactively allows taxpayers to expense properties acquired in a like-kind exchange for tax years 2018 and 2019 and prospectively allows full Section 179 expensing in tax years 2020. In total, these changes are estimated to reduce total General Fund revenue from individual income tax and corporate franchise tax by \$90.0 million and \$118.1 million in the FY 2020-21 and FY 2022-23 biennia respectively, based on the May Interim Budget Projection.

Background:

Enacted federally in December 2017, the Tax Cuts and Jobs Act (TCJA) modified the way certain business or investment property could be treated for tax purposes. Like-kind exchanges are found in section 1031 of the Internal Revenue Code and had allowed for the deferral of gains (to income) on the property exchanged. With the enactment of TCJA, the type of property that qualifies for section 1031 deferral was limited to exchanges involving real property (and excludes personal property like farm equipment). For the taxpayer, the impact of this federal law change was mitigated by changes to another federal law. Within TCJA, changes were also made to the amount that could be immediately expensed within Section 179 expensing. The new federal law increased the deduction from \$500,000 to up to \$1 million, increased the investment phase-out threshold and made other definitions more generous.

Minnesota retroactively conformed to section 1031 and Section 179 changes in laws of 2019, first special session, chapter 6. Despite conformity to TCJA changes, for Section 179, Minnesota retained its treatment for expensing the cost of property in the year it was placed in service. Minnesota requires an 80 percent add-back of the deduction in the first year and a recovery of the subtraction (80% subtraction/5 years = 16% subtraction) over the following five years. The sum of these change left some taxpayers with increased tax liability because some were now required to show income for the traded (personal) property and were unable to depreciate the full cost of the property for the taxable year in which they recognized the gain.

Minnesota Conformity to Section 1031 and Section 179 Expensing Revised.

In Chapter 3, the Legislature addressed these issues. First, it allows section 1031 properties that no longer qualify for gain deferral due the TCJA's section 1031 changes to retroactively qualify for section 179 expensing without the addback (removes the 80 percent addback requirement). Second, starting with tax year 2020, Chapter 3 allows 100 percent expensing for all properties that qualify for Section 179 expensing. This change again removes the 80 percent addback requirement for both individual income and corporate franchise taxpayers going forward.

The estimated General Fund tax revenue reduction by tax provision and tax type is reflected in Table A. This table shows that roughly 70 percent of the estimated total tax reduction will go to individual income taxpayers in each fiscal year of the remaining budget forecast window.

TABLE A

| Description | effective date | General Fund Revenue Changes (dollars in thousands) | | | | |
|------------------------------|----------------|---|-----------------|-----------------|-----------------|------------------|
| | | FY 2021 | FY 2022 | FY 2023 | FY 2021 | FY 2022-23 |
| Like-Kind Exchange | | | | | | |
| Individual Income Tax | TY 18-19 | (900) | 200 | 200 | (900) | 400 |
| Corporate Franchise Tax | TY 18-19 | (1,100) | 300 | 300 | (1,100) | 600 |
| subtotal | | (2,000) | 500 | 500 | (2,000) | 1,000 |
| Section 179 Expensing | | | | | | |
| Individual Income Tax | TY 20 | (63,800) | (47,300) | (39,100) | (63,800) | (86,400) |
| Corporate Franchise Tax | TY 20 | (24,200) | (17,900) | (14,800) | (24,200) | (32,700) |
| subtotal | | (88,000) | (65,200) | (53,900) | (88,000) | (119,100) |
| TOTAL | | (90,000) | (64,700) | (53,400) | (90,000) | (118,100) |

Source: [MN Dept. of Revenue Tax Research Division, Official Revenue Analysis, HF 1, Laws of 2020, Fifth Special Session, published October 12, 2020.](#)

If you have further questions on state tax issues, please contact Cynthia Templin, Fiscal Analyst, at 651-297-8405 or at cynthia.templin@house.mn.

Taxes - Property Tax Aids and Credits

General Fund Changes

SS5 of the 2020 Legislature, Chapter 3, Article 8, enacted on October 21, 2020, contains four provisions that modify Minnesota laws governing property taxes and property tax aids.

Demolition of damaged structures prior to collection of taxes for public interest concerns (effective DFE) – Chapter 3, Article 8, section 1, modifies the requirement for taxes to be first paid before changes to a property are permitted. New language allows for the removal of a structure for reasons of public health and safety before taxes are paid, so long as the collection of taxes due is not compromised. With this change there is no impact on state general levy revenues.

Short-term rentals (effective assessments 2021) – Previously, and depending on a property's primary use, a range of property tax classifications included short-term rental property – 3a commercial, class 4b(1) residential non-homestead 1-3 units, class 4bb(1) residential non-homestead single unit or class 4c(12) seasonal residential recreational non-commercial. Article 8, section 2, expands class 4b(1) to include property rented as a short-term rental for more than 14 days in the preceding year. It also clarifies that the rental period for a "short-term rental property" must be less than 30 consecutive days.

The universe of properties that could qualify for this provision is broad and unknown. Some properties would experience a reduced class rate and shift property taxes onto all other properties. Some properties would see an increased class rate and shift property taxes away from other properties. The impact of these tax shifts would have an unknown effect on property tax refunds in FY 2023.

Homestead MVE for the spouse of a deceased disabled veteran, (effective date Pay 2021) – Before, when a disabled veteran (100% and permanent) died, their spouse could retain the veteran's homestead market value exclusion (MVE) only if they continued to live in the homestead that received the exclusion. Article 8, section 3, expands the law by allowing the spouse of a fully-disabled deceased veteran a one-time transfer, under certain conditions, of their market value exclusion to a different property. The market value of the new property must be less than or equal to the market value of the original property that received the exclusion.

The impact of this change to the General Fund is two-fold. First, the Department of Revenue estimates that about 120 surviving spouses would benefit from this change in taxes payable year 2021, shifting \$310,000 in property taxes onto other properties, including homesteads, and increasing state paid property tax refunds. Second, eligible veteran spouses would not pay property taxes, thus reducing property tax refunds. The net savings to the state General Fund would be \$70,000 in FY 2022 and \$90,000 in FY 2023.

Duluth ISD 709 Plan for the sale of Historic Old Central High School (effective DFE) – Article 8, section 4, requires the Duluth school district 709 to develop a plan to sell the Historic Old Central High School, hold a public hearing and submit projects in the plan to the

Commissioner of Education. The law also allows the school district to issue up to \$31.5 million in general obligation bonds without referendum to implement the plan and requires a report to legislature and the Department of Education on February 15 of each even-numbered year. There is no state impact from this provision.

Changes in Other Funds – Federal Coronavirus Relief Fund (CRF)

SS5 of the 2020 Legislature, Chapter 3, Article 9, section 12, provided additional instructions for coronavirus relief funds (CRF) distributed to local governments through Legislative Advisory Commission (LAC) funding request 14 but unexpended, and thus returned to Minnesota Management and Budget by the deadline of December 10, 2020.

The new provision requires that any CRF money returned to state from local governments shall be used by the commissioner of management and budget to replace earlier state General Fund spending on eligible coronavirus expenditures. Those returned CRF funds, an amount unknown at this time, are appropriated from the coronavirus relief federal fund for the purposes of the original General Fund appropriation.

For questions on state Tax Aids and Credits issues, please contact Katherine Schill, Fiscal Analyst, at 651-296-5384 or at katherine.schill@house.mn.

Transportation

| Supplemental Transportation Appropriations Ch. 3, 5th Special Session 2020 | | | | | | |
|---|--|------|-----------------|--------------|--------------|--|
| (Amounts in Thousands 000's) | | | Amount Increase | | | |
| | | FUND | FY 2021 | FY 2022 | FY 2023 | |
| Department of Public Safety | | | | | | |
| Patrolling Highways | | THF | 7,168 | 5,668 | 5,668 | |
| Commercial Vehicle Enforcement | | THF | 648 | 648 | 648 | |
| Civil Unrest Costs | | THF | 5,072 | | | |
| Capitol Security | | GF | 1,278 | 1,278 | 1,278 | |
| State Patrol Salary Increases | | GF | 193 | | | |
| State Patrol Salary Increases | | THF | 3,394 | | | |
| State Patrol Salary Increases | | HUTD | 49 | | | |
| Department of Transportation | | | | | | |
| Civil Unrest Costs | | THF | 865 | | | |
| Subtotal Trunk Highway Fund | | THF | 16,282 | 6,316 | 6,316 | |
| Subtotal Highway User Tax Fund | | HUTD | 49 | - | - | |
| Subtotal General Fund | | GF | 1,471 | 1,278 | 1,278 | |
| Total - Transportation all Funds | | | 17,802 | 7,594 | 7,594 | |

- Patrolling Highways Increase:** Chapter 3 appropriated an additional \$7.1 million from the Trunk Highway Fund for the State Patrol's primary budget activity (Patrolling Highways), and largest single appropriation for the State Patrol. In addition to the \$7.1 million in FY 2021, Chapter 3 sets a base increase for the Patrolling Highways Trunk Highway appropriation at an additional \$5.668 million a year for FY 2022 and 2023 above the \$96 million a year base set in 2019.
- Commercial Vehicle Enforcement Increase:** Chapter 3 appropriated an additional \$648,000 from the Trunk Highway Fund for the State Patrol's commercial vehicle activity. The FY 2022-23 base is also increased by the same amount each year over the base of about \$9 million a year set in 2019.
- Onetime Civil Unrest Costs:** Chapter 3 appropriated an additional \$5 million from the Trunk Highway Fund for State Patrol costs associated with the June civil unrest deployments.
- Capitol Security:** Chapter 3 appropriated an additional \$1.278 million from the General Fund for the State Patrol's Capitol Security activity. The FY 2022-23 base is also increase by the same amount each year over the base set in 2019 of about \$9.25 million a year.
- State Patrol Salary Increase:** Chapter 3 required an 8.4% increase in Salary for the State Patrol. The costs of this are appropriated one time from the Highway User Tax Distribution

Fund, Trunk Highway Fund, and General Fund based on the portion of the State Patrol paid by each fund.

- **Transportation Civil Unrest Costs:** Chapter 3 appropriated \$865,000 from the Trunk Highway fund for costs associated with the Twin Cities Trunk Highway road system during the period of civil unrest in June of 2020.

For further information on Transportation Finance issues contact Andrew Lee, House Fiscal Analysis Department at 651-296-4178 or Andrew.lee@house.mn.