

trict court may direct the county board to show cause why it has not redistricted the county or why the redistricting plan prepared by it should not be revised. On hearing the matter it may allow the county board additional time in which to redistrict the county or to correct errors in the redistricting plan. If it appears to the court that the county board has not been sufficiently diligent in performing its redistricting duties, the court may appoint a redistricting commission to redistrict the county in accordance with the standards set forth in subdivision 1 and any other conditions the court shall deem advisable and appropriate. If a redistricting commission is appointed, the county board shall be without authority to redistrict the county.

Sec. 41. Minnesota Statutes 1990, section 375.025, subdivision 4, is amended to read:

Subd. 4. **REDISTRICTING PLAN; ELECTION FOLLOWING REDISTRICTING.** A redistricting plan whether prepared by the county board or the redistricting commission shall be filed in the office of the county auditor. A redistricting plan shall be effective on the 31st day after filing unless a later effective date is specified but no plan shall be effective for the next election of county commissioners unless the plan is filed with the county auditor not less than 30 days before the first date candidates may file for the office of county commissioner. One commissioner shall be elected in each district who, at the time of the election, is a resident of the district. A person elected may hold the office only while remaining a resident of the commissioner district. The county board or the redistricting commission shall determine the number of members of the county board who shall be elected for two-year terms and for four-year terms to provide staggered terms on the county board. Thereafter, all commissioners shall be elected for four years. When a county is redistricted, there shall be a new election of commissioners in all the districts at the next general election except that if the change made in the boundaries of a district is less than ~~ten~~ five percent of the average of all districts of the county, the commissioner in office at the time of the redistricting shall serve for the full period for which elected.

Sec. 42. **APPROPRIATION.**

\$14,000 is appropriated from the general fund to the secretary of state to implement and administer sections 1 to 15. This appropriation is available for the biennium ending June 30, 1993.

Sec. 43. **EFFECTIVE DATE.**

Section 1 is effective retroactively to August 8, 1985. Section 21 is effective retroactively to May 6, 1990.

Presented to the governor May 31, 1991

Became law without the governor's signature June 5, 1991

[Revisor's Note: While the governor attempted to veto this chapter, the Ramsey County District Court found the attempted veto to be invalid.]

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CHAPTER 350—H.F.No. 1655

An act relating to taxation; authorizing the department of finance to issue obligations to finance construction of aircraft maintenance and repair facilities; providing tax credits for job creation; providing an exemption from sales tax for certain equipment and materials; authorizing establishment of tax increment financing districts in the cities of Duluth and Hibbing and on property located at the Minneapolis-St. Paul International Airport; authorizing the pledge of city funds by the city of Duluth to pay debt service on certain obligations; authorizing the metropolitan airports commission to issue obligations to finance construction of aircraft maintenance facilities; authorizing the metropolitan airports commission to operate outside the metropolitan area; establishing an interagency task force; appropriating money; amending Minnesota Statutes 1990, sections 272.01, subdivision 2; 290.06, by adding a subdivision; 360.013, subdivision 5; 360.032, subdivision 1; 360.038, subdivision 4; 473.608, subdivision 1; and 473.667, subdivision 8a, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 297A; and 473; proposing coding for new law as Minnesota Statutes, chapter 116R.

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

ARTICLE 1

AIRCRAFT MAINTENANCE AND ENGINE
REPAIR FACILITIES: STATE FINANCING

Section 1. **[116R.01] DEFINITIONS.**

Subdivision 1. APPLICATION. The definitions in this section apply to sections 1 to 16.

Subd. 2. BONDS. "Bonds" means the bonds authorized under section 2, subdivision 1, or bonds issued to refund these bonds, except for deficiency bonds.

Subd. 3. COMMISSIONER. "Commissioner" means the commissioner of finance.

Subd. 4. CORPORATE HEADQUARTERS. "Corporate headquarters" means the principal office from which the business of the corporation is conducted and the principal office of the chief executive officer of the corporation.

Subd. 5. DEFICIENCY BONDS. "Deficiency bonds" means the bonds authorized under section 13, subdivision 3, or bonds issued to refund these bonds.

Subd. 6. PROJECT. "Project" means the facilities or any property described in section 5, subdivisions 5 or 6, as applicable.

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Subd. 7. RELATED PERSON. "Related person" means any guarantor of the obligations of the lessee under the lease of a project and any other person whose relation to the lessee or the guarantor is that of a related person as defined in section 147 (a)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and whose financial condition the commissioner determines to be material for the purposes of carrying out the due diligence duties under section 2.

Subd. 8. STATE GUARANTEED BONDS. "State guaranteed bonds" means all outstanding bonds secured as provided in section 2, subdivision 4, paragraph (a).

Subd. 9. CASH COLLATERAL. "Cash collateral" means cash or securities issued or unconditionally guaranteed as to payment of principal and interest by the United States of America and maturing or callable at the option of the holder within two years.

Sec. 2. [116R.02] BOND ISSUE; SALE AUTHORIZATION.

Subdivision 1. SALE AUTHORIZATION. The commissioner of finance, upon the request of the governor, may issue and sell revenue bonds as provided under sections 1 to 16 in one or more series or issues for the purposes provided in this section in the aggregate principal amount of up to \$350,000,000, except for refunding bonds. Proceeds of the bonds and investment income on the proceeds are appropriated in the amounts and for the purposes specified in subdivisions 2, 5, and 6 and section 4.

Subd. 2. LOAN, LEASE, AND REVENUE AGREEMENTS. (a) The commissioner may loan the proceeds of the bonds, make other loans or enter into lease agreements or other revenue agreements for the projects described in subdivisions 5 and 6. The commissioner may provide for servicing of the loans and agreements, the times they are payable and the amounts of payments, the amount of the loans and agreements, their security, and other terms, conditions, and provisions necessary or convenient in connection with them and may enter into all necessary contracts and security instruments in connection with them. The commissioner shall seek to obtain the best available terms and security for the loans or agreements. The terms and security must be reasonably determined by the commissioner to be adequate and of the kind and degree which would be required by an investment banking or other financial institution. The facilities described in subdivisions 5 and 6 must be pledged as collateral for the loans made and bonds issued under sections 1 to 16.

(b) To reduce the risk that state general funds will be needed to pay debt service on the state guaranteed bonds, the commissioner must require that the financing arrangements include a coverage test satisfactory to the commissioner so that the sum of the value of the assets and other security pledged to the payment of bonds or the rent due under any lease of the project and taken into account by the commissioner is no less than 125 percent of the difference

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between the outstanding state guaranteed bonds, and any cash collateral held in a debt service reserve account and pledged to the payment of principal and interest for the state guaranteed bonds and no other bonds. Assets and other security that may be taken into account include (1) net unencumbered value of the project and any collateral or third party guaranty, including a letter of credit, pledged or otherwise furnished by a user of the project or by a benefited airline company as security for the payment of rent, (2) bond proceeds, including earnings thereon, and (3) prepayments of rent, after making such adjustments the commissioner determines to be appropriate to take into account any outstanding bonds secured by a lien on the project or rent that is prior to the lien securing the state guaranteed bonds, but excluding any cash collateral deducted from the outstanding state guaranteed bonds in applying the coverage test. The commissioner may adopt the method of valuing the assets and other security as the commissioner determines to be appropriate, including valuation of the project at its original cost less depreciation.

Subd. 3. REVIEW PROCEDURE; DATA PRACTICES. (a) Before issuing the bonds for a project, approving financial assistance, or entering into loan, lease, or other revenue agreements for the project described in subdivisions 5 and 6, the commissioner of finance shall review the financial condition of the proposed lessee or lessees of the project or projects, and any related person. The commissioner shall exercise due diligence in the review. The commissioner shall engage an independent, nationally recognized consultant having special expertise with the airline industry and its financing to prepare a written report on the financial condition of the lessee or lessees and any related person. A lessee and any related person shall provide all information required for the commissioner's review and the consultant's report, including information substantially equivalent to that required by an investment bank or other financial institution considering a project for debt financing.

(b) Except as otherwise provided in this subdivision, business plans, financial statements, customer lists, and market and feasibility studies required under sections 1 to 16 or submitted in connection with the provision of financial assistance or any agreement authorized under this act are nonpublic data, as defined in section 13.02, subdivision 9. The commissioner or the commissioner of trade and economic development may make the data accessible to any person, agency, or public entity if the commissioner or the commissioner of trade and economic development determines that access is required under state or federal securities law or is necessary for the person, agency, or public entity to perform due diligence in connection with the provision of financial assistance to the projects described in subdivisions 5 and 6. The data may also be made available as requested by the legislative commission on planning and fiscal policy.

(c) Before the commissioner issues bonds for a project, approves financial assistance, or enters into loan, lease, or other revenue agreements for the project, the commissioner shall submit a report on the proposed transaction to the governor. The report must describe: all proposed state, metropolitan, and local government financial commitments; the financial assistance proposed to be pro-

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vided; the proposed loan, lease, and revenue agreements; any other arrangements related to state and local debt, taxes, financing, and debt service; and the estimates of economic activity, air traffic, and other factors that have been used in assessing the prospective financial condition of the lessee or lessees and any related person. The report must contain the following findings:

(1) that the commissioners of trade and economic development and finance and, for purposes of a project described in subdivision 5, the metropolitan airports commission have reviewed the current and prospective financial condition of each proposed lessee of the project or projects and any related person; and

(2) that, on the basis of their review, the commissioners and, for purposes of the project described in subdivision 5, the commission have determined that the revenues estimated to be available to the lessee or lessees for payments under the loan, lease, or other revenue agreements are at least sufficient during each year of the term of the proposed bonds to pay when due all financial obligations of the lessee or lessees under the terms of the proposed loan, lease, or other revenue agreements. Copies of the report must be filed at the legislature as provided in section 3.195 when the report is submitted to the governor.

Subd. 4. SECURITY. (a) If so provided in the commissioner's order or any indenture authorizing the applicable series of bonds, up to \$125,000,000 principal amount of bonds for the facility described in subdivision 5, up to \$50,000,000 principal amount of bonds for the facility described in subdivision 6, and any bonds issued to refund these bonds may be secured by either of the following methods:

(1) upon the occurrence of any deficiency in a debt service reserve fund for a series of bonds as provided in section 13, subdivision 3, the commissioner shall issue and sell deficiency bonds in a principal amount not to exceed (i) \$125,000,000 for facilities described in subdivision 5 and (ii) \$50,000,000 for the facilities described in subdivision 6; or

(2) the bonds may be directly secured by a pledge of the full faith, credit, and taxing power of the state and issued as general obligation revenue bonds of the state in accordance with the Minnesota Constitution, article XI, sections 4 to 7. In no event may the security provided by this paragraph extend in whole or part to any series of bonds other than the initial series of bonds so secured and any series of bonds issued to refund these bonds.

Deficiency bonds and bonds issued under clause (2) must be issued in accordance with and subject to sections 16A.641, 16A.66, 16A.672, and 16A.675, except for section 16A.641, subdivision 5, except as otherwise provided in this article, and except that the bonds may be sold at public or private sale at a price or prices determined by the commissioner as provided in section 13, subdivision 3.

(b) The commissioner may request St. Louis county to pay or secure payment of principal and interest due on up to \$12,600,000 principal amount of

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revenue bonds for the facility described in subdivision 5 and principal and interest due on up to \$15,000,000 principal amount of revenue bonds for the facility described in subdivision 6. At the request of the commissioner, St. Louis county shall, by resolution of its county board, unconditionally and irrevocably pledge as a general obligation, its full faith, credit, and taxing power to pay or secure payment of principal and interest due on the principal amount or amounts requested by the commissioner. The general obligation and pledge of St. Louis county are not subject to and shall not be taken into account for purposes of any debt limitation. A levy of taxes for the St. Louis county general obligation is not subject to and shall not be taken into account for purposes of any levy limitations. The general obligation and the bonds secured by the general obligation may be issued without an election. Except for sections 475.61 and 475.64, chapter 475 does not apply to the general obligation or to the bonds secured by the general obligation.

(c) The commissioner may request the city of Duluth to pay or secure payment of principal and interest due on up to \$47,600,000 principal amount of revenue bonds for the facility described in subdivision 5. At the request of the commissioner, the city of Duluth shall pledge specified revenues of the city, as provided in section 24, to pay principal and interest due on the principal amount requested by the commissioner.

(d) Bonds and deficiency bonds issued under sections 1 to 16 and any indenture entered into in connection with the issuance of the bonds are not subject to section 16B.06.

Subd. 5. USE OF PROCEEDS; AIRCRAFT MAINTENANCE FACILITY.
The proceeds of the bonds issued in a principal amount not to exceed \$250,000,000 may be used to finance the costs related to the planning, construction, improvement, or equipping of a heavy maintenance facility for aircraft and facilities subordinate and related to the facility to be located at the Duluth international airport and any costs of issuance, reserves, credit enhancement, or an initial period of interest payments related to the bonds or the facility. The bond proceeds are appropriated to the commissioner for the purposes specified in this subdivision. The facility may be owned by the metropolitan airports commission and leased for the benefit of one or more airline companies for use as a heavy maintenance base. With the approval of the commissioner, the owner of the facility may place a mortgage or security interest lien on the facility or any interest in or part of the facility. The mortgage is exempt from the mortgage registry tax imposed under chapter 287. In the event of a default under the loan, lease agreement, or other revenue agreement, the facility, or any part of the facility, may be leased or sold to another person for any lawful purpose, subject to the approval of the commissioner. The approval of the commissioner is not required if the bond trustee has taken control of the facility as a result of a default.

The ownership of the facility by the owner may create no liability of the owner for payment of the debt service on the bonds if so determined by the

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commissioner. The owner may require as a condition of entering into the lease of the facility that the lessee or other party pay all costs, expenses, or any other obligations of ownership of the facility.

No revenues derived from the lease of the project may be used other than for a purpose related to the project, including its operation, administration, maintenance, improvement, or financing.

Subd. 6. USE OF PROCEEDS; AIRCRAFT ENGINE REPAIR FACILITY. The proceeds of the bonds issued in a principal amount not to exceed \$100,000,000 may be used to finance the costs related to the planning, construction, improvement, or equipping of an aircraft engine repair facility and facilities subordinate and related to the facility to be located at the Chisholm-Hibbing municipal airport in the city of Hibbing and any costs of issuance, reserves, credit enhancement, or an initial period of interest payments related to the bonds or the facility. The bond proceeds are appropriated to the commissioner for the purposes specified in this subdivision. The facility may be owned by the owner of the Chisholm-Hibbing municipal airport, but may be leased, with or without a purchase option, to any person for the primary purpose of repairing aircraft engines or components. With the approval of the commissioner, the owner of the facility may place a mortgage or security interest lien on the facility. The mortgage is exempt from the mortgage registry tax imposed under chapter 287. In the event of a default under the loan, lease agreement, or other revenue agreement, the facility may be leased or sold to another person for any lawful purpose, subject to the approval of the commissioner. The approval of the commissioner is not required if the bond trustee has taken control of the facility as a result of a default.

Subd. 7. AGREEMENT OF LESSEE. (a) Before issuing the bonds for the facilities, approving financial assistance, or entering into loan, lease, or other revenue agreements for the projects described in subdivisions 5 and 6, the commissioner shall determine that the lessee and, if necessary, other corporations affiliated with by common ownership with the lessee have agreed to requirements satisfactory to the commissioner respecting aircraft noise abatement.

(b) The leases for each of the facilities described in subdivisions 5 and 6 must contain covenants and agreements by the airline corporation and any successor in interest providing for the retention and location of existing employees, operations, and facilities, including headquarters, of the airline corporation in the state until the principal and interest on the last series of deficiency bonds and general obligation revenue bonds issued under subdivision 4, paragraph (a), clause (2), are paid.

Subd. 8. ENVIRONMENTAL ASSESSMENT. Notwithstanding any other law or rule, no environmental review must be completed prior to the approval of an application and the issuance of a conditional commitment for the loan, or the taking of any other action permitted by article 1, including the issuance of bonds, unless considered necessary or desirable by the commissioner to prepare for a final commitment and to make it effective. Environmental review, to the

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extent required by law, shall be made in conjunction with the issuance by state agencies of environmental permits for the project. Permits may be applied for prior to the issuance of a conditional commitment. Action shall be taken as expeditiously as possible on environmental review and all permits required.

Subd. 9. PROJECT COST REPORT. Before the commissioner of finance issues bonds, approves financial assistance, or enters into loan, lease, or other revenue agreements for the projects described in subdivisions 5 and 6, the commissioner of trade and economic development shall report to the governor on total public costs related to the construction of the projects. The report must include: an estimate of the total state, metropolitan, and local tax costs for the project; and an estimate of the total state, metropolitan, and local capital costs, and method of financing, of any airport and off-airport improvements related to the construction of the facilities but not included in the cost of the facilities, including any runway or taxiway improvements and road, highway, sewer, or other public facility or utility improvement costs. Copies of the report must be filed at the legislature as provided in section 3.195 when the report is submitted to the governor.

Sec. 3. [116R.03] GENERAL POWERS.

For the purpose of exercising the specific powers authorized under sections 1 to 16 and effectuating the other purposes of sections 1 to 16, the commissioner may:

(1) acquire, hold, pledge, assign, or dispose of real or personal property or any interest in property, including a mortgage or security interest in a facility described in section 2, subdivision 5 or 6;

(2) enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of sections 1 to 16;

(3) acquire real property, or an interest therein, by purchase or foreclosure, where the acquisition is necessary or appropriate;

(4) enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of any facility financed in whole or in part by the proceeds of bonds or loans;

(5) enter into agreements with other appropriate federal, state, or local governmental units; and

(6) contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms the commissioner considers necessary or desirable, to assist in the exercise of any of the powers authorized under sections 1 to 16 and to carry out the objectives of sections 1 to 16 and may pay for the services from bond proceeds or otherwise available department money.

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Sec. 4. [116R.04] REVENUE BONDS; PURPOSES, TERMS, APPROVAL.

Subdivision 1. BONDS. The commissioner from time to time may issue negotiable bonds in one or more series or issues in a principal amount which, in the opinion of the commissioner of trade and economic development, is necessary to provide sufficient funds for achieving the purposes of sections 1 to 16, which may include the construction of a heavy maintenance facility for aircraft to be located at the Duluth international airport, the financing of an aircraft engine repair facility in the city of Hibbing, the payment of interest on bonds of the commissioner, the establishment of reserves to secure the bonds, and the payment of all other expenditures of the commissioner and the owner of a financed facility incident to and necessary or convenient to carry out the purposes and powers of sections 1 to 16. The bonds may be issued as bonds or notes or in any other form authorized by law. Except as provided in section 2, subdivision 4, paragraph (a), section 4, subdivision 3, or an order of the commissioner or indenture authorizing the bonds, sections 16A.631 to 16A.675 do not apply to the bonds authorized under section 2.

Subd. 2. REFUNDING OF BONDS. The commissioner from time to time may issue bonds for the purpose of refunding any bonds then outstanding, including the payment of any redemption premiums thereon, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the bonds to be refunded, to the redemption of such outstanding bonds on any redemption date, or to pay interest on the refunding bonds and may, pending such application, be placed in escrow to be applied to such purchase, payment, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on any such investment may also be applied to the payment of the bonds to be refunded, interest or premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of such proceeds and any investment income may be returned to the general fund or, if applicable, the state bond fund, for use in any lawful manner. All refunding bonds issued under the provisions of this subdivision must be issued and secured in the manner provided by order of the commissioner, provided that any refunding bonds may be secured in any manner by which the refunded bonds were secured and payable from any source from which the refunded bonds were payable.

Subd. 3. KIND OF BONDS. All bonds issued under this section must be issued in the form and manner and information in a bond register is subject to the limitations provided in section 16A.672.

Subd. 4. COMPLIANCE WITH FEDERAL LAW. The commissioner may covenant and agree with the holders of the bonds that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue

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Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.

Subd. 5. TAXABILITY OF INTEREST. The bonds may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.

Sec. 5. [116R.05] BONDS; ORDERS AUTHORIZING, ADDITIONAL TERMS, SALE.

Subdivision 1. TERMS. The bonds must be authorized by an order or orders of the commissioner, bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States, at such place or places within or without the state, and be subject to such terms of redemption or purchase prior to maturity as the order or orders may provide, or as may be provided in any indenture or indentures of trust. If, for any reason, whether existing at the date of issue of any bonds or at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on any bonds is or becomes subject to federal income taxation, this shall not impair or affect the validity of the provisions made for the security of the bonds. The bonds may be sold at public or private sale at a price or prices determined by the commissioner. The underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds, however, must be an amount not in excess of the amount determined by the commissioner to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters or prevailing market conditions and practices.

Subd. 2. SOURCES OF PAYMENT. Except as otherwise provided for bonds issued under section 2, subdivision 4, paragraph (a), the bonds and interest payable thereon are payable solely from the following sources and are irrevocably appropriated for that purpose, but only to the extent provided in the order or indenture authorizing or securing the bonds:

(1) revenues of any nature derived from the ownership, lease, operation, sale, foreclosure, or refinancing of a project described in section 2, subdivision 5 or 6;

(2) repayments of any loans made under sections 1 to 16;

(3) proceeds of any bonds or deficiency bonds;

(4) amounts in any account or accounts authorized by section 11 or 12;

(5) amounts paid by St. Louis county under its obligations referred to in section 2, subdivision 4, and amounts paid under section 24 or 25 for the payment of bonds or interest thereon;

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(6) amounts payable under any insurance policy, guaranty, letter of credit, or other instrument securing the bonds;

(7) any other revenues which the commissioner may pledge but excluding state appropriations unless the appropriation was specifically designated for that purpose; and

(8) investment income on any of the sources specified in clauses (1) to (7).

Subd. 3. NOT A STATE DEBT. Except as provided in section 2, subdivision 4, paragraph (a), no bond shall constitute a debt of the state within the meaning of any statutory or constitutional limitation or pledge the full faith and credit of the state and no holder of any bonds may compel any exercise of the taxing power of the state to pay principal, premiums, or interest for the bonds, nor to enforce payment of principal, premiums, or interest against any property of the state, except for property expressly pledged, mortgaged, encumbered, or appropriated for this purpose.

Sec. 6. [116R.06] BONDS; OPTIONAL ORDER AND CONTRACT PROVISIONS.

Any order authorizing any bonds or any issue of bonds or any indenture may contain provisions, which may be a part of the contract with the holders of the bonds, as to the matters referred to in this section.

(a) It may pledge or create a lien on money or property and any money held in trust or otherwise by others to secure the payment of the bonds or of any series or issue of bonds and interest thereon and of any sums due to the trustee under the indenture, and may grant different priorities in the lien for different series of bonds, subject to any agreements with bondholders which exist.

(b) It may provide for the custody, collection, securing, investment, and payment of money.

(c) It may set aside reserves or sinking funds and provide for their regulation and disposition and may create other special funds into which money may be deposited.

(d) It may limit the loans and securities to which the proceeds of sale of bonds may be applied and may pledge repayments thereon to secure the payment of the bonds or of any series or issue of bonds.

(e) It may limit the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.

(f) It may prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the

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holders of which must consent to the amendment or abrogation, and the manner in which that consent may be given.

(g) It may vest in a trustee or trustees property, rights, powers, and duties in trust determined by the commissioner, which may include any or all of the rights, powers, and duties of the bondholders, or may limit the rights, powers, and duties of the trustee. It may make contracts with a trustee or trustees authorizing the trustee or trustees to invest in investments that may be invested in by the state board of investment under section 11A.24, and apply, or dispose of and use money in any account.

(h) It may define the acts or omissions to act which constitute a default in the obligations and duties of the commissioner and may provide for the rights and remedies of the holders of bonds in the event of a default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of sections 1 to 16, which in any way affect the security or protection of the bonds and the rights of the bondholders.

(i) It may incur obligations under the indenture or under any paying agency, bond registrar agreement or escrow agreement to pay the compensation and expenses of the trustee, paying agent, bond registrar or escrow agent for the bonds and to pay any sums required to be rebated to the United States to comply with applicable tax laws; and a sum sufficient to satisfy these obligations is annually appropriated to the commissioner from the general fund to the extent other revenues available for that purpose are insufficient.

Sec. 7. [116R.07] PLEDGES.

Any pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Sec. 8. [116R.08] BONDS; NONLIABILITY OF INDIVIDUALS.

The commissioner and the commissioner's staff and any person executing the bonds are not personally liable on the bonds or subject to any personal liability or accountability by reason of their issuance.

Sec. 9. [116R.09] BONDS; PURCHASE AND CANCELLATION.

The commissioner, subject to agreements with bondholders which may then exist, has power out of any funds available for the purpose to purchase bonds of the commissioner at a price not exceeding (a) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (b) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

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Sec. 10. [116R.10] STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.

The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under sections 1 to 16.

Sec. 11. [116R.11] AIRCRAFT FACILITIES FUNDS AND DEBT SERVICE ACCOUNTS.

Subdivision 1. FUNDS. The commissioner or any trustee appointed by the commissioner under sections 1 to 16 shall establish and maintain an aircraft facilities fund for each of the projects described in section 2, subdivisions 5 and 6. Except for amounts required by the commissioner to be deposited in a debt service account, proceeds of each issue of bonds authorized under section 2, subdivision 1, must be deposited in a separate account, debt service reserve, or other account designated by the commissioner. Money in the account is appropriated to the commissioner. The commissioner or the owner of each project described in section 2, subdivisions 5 and 6, may withdraw proceeds of bonds for application to the appropriated purposes in the manner provided by order of the commissioner or in any indenture authorized by order of the commissioner. The commissioner may establish whatever accounts might be necessary to carry out sections 1 to 16. All deposits into and disbursements from accounts for the purposes and from the sources of revenue authorized by sections 1 to 16 and provided in an order of the commissioner or an indenture or other agreement authorized by the commissioner are appropriated for that purpose.

Subd. 2. ACCOUNTS. The state treasurer or any trustee appointed by the commissioner under sections 1 to 16 shall maintain permanently on official books and records debt service accounts separate from all other funds and accounts, to record all receipts and disbursements of money for principal and interest payments on each series of bonds. No later than the due date of each principal and interest payment on the bonds, the commissioner shall withdraw from the proceeds of the bonds, or from revenues on hand and available for the purpose, and shall deposit in the debt service accounts the amount, if any, required to be deposited in the account by the order of the commissioner or any indenture authorized by an order of the commissioner. All amounts in any debt service account are appropriated for the payment of principal, premiums, and interest for the bonds to which the account relates. If the Minnesota Constitution, article XI, section 7, applies to any series of bonds, amounts in the debt service account and any debt service reserve account established under section 13 for the bonds, regardless of who holds or invests the amounts, must be spe-

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cial accounts of the state bond fund, for which the state treasurer shall maintain records. Amounts in the accounts must reduce any levy otherwise required by the Minnesota Constitution for payment of principal or interest on the bonds.

Sec. 12. [116R.12] POWERS AND DUTIES OF TRUSTEE.

Subdivision 1. GENERAL. The trustee, if any, designated in any indenture or order securing an issue of bonds may, in the trustee's own name, if so provided in the indenture or order:

(1) enforce all rights of the bondholders, including the right to require the commissioner to collect fees, charges, interest, and payments on leases, loans, or interests therein held by the commissioner and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, those fees, charges, and payments, and to require the commissioner to carry out any other agreements with the holders of the bonds and to perform the duties required under sections 1 to 16;

(2) bring suit upon the bonds;

(3) require the commissioner to account as if it were the trustee of any express trust for the holders of the bonds;

(4) enjoin any acts or things which may be unlawful or in violation of the rights of holders of the bonds; or

(5) upon a default as defined in any bond, order, or indenture, declare all the bonds due and payable, enforce any remedy available under law, and if all defaults are made good, the trustee may annul the declaration and consequences.

Subd. 2. ADDITIONAL POWERS. In addition to the powers in subdivision 1, the trustee has all of the powers necessary or appropriate for the exercise of any functions specifically set forth in this section or incident to the general representation of bondholders in the enforcement and protection of their rights.

Subd. 3. VENUE. The venue of any action or proceedings brought by a trustee is in Ramsey county.

Sec. 13. [116R.13] DEBT SERVICE RESERVE ACCOUNT.

Subdivision 1. AUTHORITY. The commissioner or a trustee appointed by the commissioner may create, maintain, and establish a special account or accounts for the security of one or more or all series of the bonds, which accounts are known as debt service reserve accounts. The commissioner may pay into each debt service reserve account:

(1) any money appropriated by the state only for the purposes of that account;

(2) any proceeds of sale of bonds to the extent provided in the order or indenture authorizing their issuance;

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(3) any money directed to be transferred by the commissioner to that debt service reserve account; and

(4) any other money made available to the commissioner for the purpose of that account from any other source.

Subd. 2. USE OF MONEY. The money held in or credited to each debt service reserve account, except as provided in this section, must be used solely for the payment of the principal of bonds of the commissioner as the bonds mature or otherwise become due, the purchase of the bonds, the payment of interest on the bonds, the payment of any premium required when the bonds are redeemed before maturity, the payment of trustee or paying agency or registrar fees and expenses, the reimbursement of any advance made from another fund or account, or the payment of any rebate amounts owing to the United States government in accordance with any applicable covenant to comply with federal tax laws; provided, that money in a debt service reserve account may not be withdrawn at any time in an amount which would reduce the amount of the account to less than any amount which the commissioner determines to be reasonably necessary for the purposes of the account, except for the purpose of paying principal, premium, or interest due on bonds secured by the account, for the payment of which other money is not available.

Subd. 3. GENERAL OBLIGATION BONDS. (a) If the amount in any debt service reserve account falls below the minimum required in an order of the commissioner or indenture for the applicable series of bonds and the order or indenture so provides and subject to the limitations in section 2, subdivision 4, paragraph (a), clause (1), the commissioner shall issue as promptly as practicable, but in no event later than six months after the occurrence of the deficiency, general obligation bonds in accordance with the Minnesota Constitution, article XI, section 7, and section 2, subdivision 4; section 16A.641, subdivisions 1 to 4 and 6 to 13; section 16A.66, section 16A.672; and section 16A.675, except as otherwise provided in this section and unless provision is made for restoring the deficiency from other sources. Section 16A.641, subdivision 5, does not apply to the issuance of bonds authorized under this subdivision. Amounts sufficient to pay the costs of issuance of the deficiency bonds are appropriated to the commissioner from the general fund to the extent other available money is insufficient. Proceeds of the deficiency bonds may be used to pay costs related to the issuance of the deficiency bonds and interest due on the deficiency bonds and to establish a debt service reserve for the deficiency bonds. Any remaining proceeds must be deposited in the debt service reserve account, except that accrued interest must be deposited as provided in section 16A.641, subdivision 7, paragraph (b). The proceeds of the deficiency bonds and any investment income are appropriated for these purposes. In any event, the proceeds of the deficiency bonds deposited in the debt service reserve account must be an amount not less than the commissioner determines is required to pay principal and interest on the state guaranteed bonds secured by the debt service reserve account.

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(b) The underwriting discount, spread, or commission paid or allowed to the underwriters or placement agents of deficiency bonds and bonds described in section 2, subdivision 4, paragraph (a), must be an amount not in excess of the amount determined by the commissioner to be reasonable in light of the risk assumed and the expense of issuance, if any, required to be paid by the underwriters, placement agents, or prevailing market conditions and practices.

Subd. 4. LIMITATION. If the commissioner creates a debt service reserve account for the security of any series of bonds, the commissioner may not issue any additional bonds which are similarly secured if the amount of any of the debt service reserve accounts at the time of issuance does not equal or exceed the minimum amount, if any, required by the resolution creating that account, unless the commissioner deposits in each account at the time of issuance, from the proceeds of the bonds or otherwise, an amount which, together with the amount then in the account, will not be less than the minimum amount required.

Subd. 5. EXCESS MONEY. To the extent consistent with the orders and indentures securing outstanding bonds, the commissioner may, at the close of any fiscal year, transfer to any other account from any debt service reserve account, any excess in that account over the amount considered by the commissioner to be reasonably necessary for the purpose of the account.

Subd. 6. CONSTRUCTION. Nothing in this section may be construed to limit the right of the commissioner to create and establish by order or indenture other accounts or security in addition to debt service reserve accounts which are necessary or desirable in connection with any bonds.

Sec. 14. [116R.14] CONSTRUCTION.

Sections 1 to 16 are necessary for the welfare of the state of Minnesota and its inhabitants; therefore, they shall be liberally construed to effect their purpose.

Sec. 15. [116R.15] SEVERABILITY; ACTIONS.

Each of the provisions of sections 1 to 16, and each application thereof to particular circumstances, is severable. If any provision or application is found to be unconstitutional and void, it is the intention that the remaining provisions and applications shall be valid and enforceable to the full extent possible under section 645.20.

Sec. 16. [116R.16] CORPORATE HEADQUARTERS.

A lease agreement may be entered under sections 1 to 15 only if the affected parties provide an enforceable pledge that their corporate headquarters will remain in Minnesota for the duration of the agreement.

Sec. 17. Minnesota Statutes 1990, section 272.01, subdivision 2, is amended to read:

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Subd. 2. (a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to:

(1) property leased or used as a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 458C, municipal auditorium, municipal parking facility, municipal museum, or municipal stadium;

(2) property of an airport owned by a city, town, county, or group thereof which is:

(i) leased to or used by any person or entity including a fixed base operator; and

(ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods, services, or facilities to the airport or general public;

the exception from taxation provided in this clause does not apply to:

(i) property located at an airport owned or operated by the metropolitan airports commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority; ~~or~~

(ii) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business; or

(iii) facilities leased by a private individual, association or corporation in connection with a business for profit, that consists of a major jet engine repair facility financed, in whole or part, with the proceeds of state bonds and located in a tax increment financing district;

(3) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport; or

(4) property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the metropolitan airports commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes is not exempt.

(c) Taxes imposed by this subdivision are payable as in the case of personal

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property taxes and shall be assessed to the lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

(d) The tax on real property of the state or any of its political subdivisions that is leased by a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

Sec. 18. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:

Subd. 24. CREDIT FOR JOB CREATION. (a) A corporation that leases and operates a heavy maintenance base for aircraft that is owned by the state of Minnesota or one of its political subdivisions, or an engine repair facility described in section 2, subdivision 6, or both, may take a credit against the tax due under this chapter.

(b) For the first taxable year when the facility has been in operation for at least three consecutive months, the credit is equal to \$5,000 multiplied by the number of persons employed by the corporation on a full-time basis at the facility on the last day of the taxable year, not to exceed the number of persons employed by the corporation on a full-time basis at the facility on the date 90 days before the last day of the taxable year. For each of the succeeding four taxable years, the credit is equal to \$5,000 multiplied by the number of persons employed by the corporation on a full-time basis at the facility on the last day of the taxable year, not to exceed the number of persons employed by the corporation on a full-time basis at the facility on the date 90 days before the last day of the taxable year.

(c) For the first taxable year in which the credit is allowed for the facility, the credit must not exceed 80 percent of the wages paid to or incurred for persons employed by the taxpayer at the facility during the taxable year. For the succeeding four taxable years, the credit must not exceed 20 percent of the wages paid to or incurred for persons employed by the taxpayer at the facility during the taxable year. For purposes of this section, "wages" has the meaning given under section 3121(b) of the Internal Revenue Code of 1986, as amended through December 31, 1990, except the limitation to the contribution and benefit base does not apply.

(d) If the credit provided under this subdivision exceeds the tax liability of the corporation for the taxable year, the excess amount of the credit may be car-

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ried over to each of the ten taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than ten years after the taxable year in which the credit was earned.

Sec. 19. [297A.2571] AIRCRAFT FACILITY MATERIALS; EXEMPTIONS.

Materials, equipment, and supplies used or consumed in constructing, or incorporated into the construction of, a heavy maintenance facility for aircraft that is to be owned by the state of Minnesota or one of its political subdivisions and leased by an airline company, or an aircraft engine repair facility described in section 2, subdivision 6, are exempt from the taxes imposed under this chapter and from any sales and use tax imposed by a local unit of government, notwithstanding any ordinance or city charter provision. Except for equipment owned or leased by a contractor, all machinery, equipment, and tools necessary to the construction and equipping of that facility in order to provide those services is also exempt.

Sec. 20. Minnesota Statutes 1990, section 360.013, subdivision 5, is amended to read:

Subd. 5. "Airport" means any area, of land or water, except a restricted landing area, which is designed for the landing and takeoff of aircraft, whether or not facilities are provided for the shelter, surfacing, or repair of aircraft, or for receiving or discharging passengers or cargo, and all appurtenant areas used or suitable for airport buildings or other airport facilities, including facilities described in section 2, subdivision 6, and all appurtenant rights of way, whether heretofore or hereafter established.

Sec. 21. Minnesota Statutes 1990, section 360.032, subdivision 1, is amended to read:

Subdivision 1. **ACQUISITION.** Every municipality is hereby authorized, through its governing body, to acquire property, real or personal, for the purpose of establishing, constructing, and enlarging airports and other air navigation facilities and to acquire, establish, construct, enlarge, improve, maintain, equip, operate, and regulate such airports and other air navigation facilities and structures and other property incidental to their operation, either within or without the territorial limits of such municipality and within or without this state; to make, prior to any such acquisition, investigations, surveys, and plans; to construct, install, and maintain airport facilities for the servicing and repair of aircraft and facilities authorized under section 2, subdivision 6, and for the comfort and accommodation of air travelers; and to purchase and sell equipment and supplies as an incident to the operation of its airport properties. It may not acquire, or take over any airport or other air navigation facility owned or controlled by any other municipality of the state without the consent of such municipality. It may use for airport purposes any available property that is now or

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may at any time hereafter be owned or controlled by it. Such air navigation facilities as are established on airports shall be supplementary to and coordinated in design and operation with those established and operated by the federal and state governments. It may assist other municipalities in the construction of approach roads leading to any airport or restricted landing area owned or controlled by it. In financing the facilities authorized under section 2, subdivision 6, it may borrow from the state or otherwise arrange for financing of the facilities and for that purpose may exercise any powers vested in a municipality under sections 469.152 to 469.165.

Sec. 22. Minnesota Statutes 1990, section 360.038, subdivision 4, is amended to read:

Subd. 4. **LEASED PROPERTY.** To lease for a term not exceeding 30 years such airports ~~or~~ other air navigation facilities or facilities authorized under section 2, subdivision 6, or real property acquired or set apart for airport purposes, to private parties, any municipal or state government or the national government, or any department of either thereof, for operation; to lease or assign for a term not exceeding 99 years to private parties, any municipal or state government, or the national government, or any department of either thereof, for operation or use consistent with the purposes of sections 360.011 to 360.076, space, area, improvements, or equipment on such airports; notwithstanding any other provisions in this subdivision, to lease ground area for a term not exceeding 99 years to private persons for the construction of structures which in its opinion are essential and necessary to serve aircraft, persons and things engaged in or incidental to aeronautics, including but not limited to shops, hangars, offices, restaurants, hotels, motels, factories, storage space, and any and all other structures necessary or essential to and consistent with the purposes of sections 360.011 to 360.076, to sell any part of such airports, other air navigation facilities, or real property to any municipal or state government, or to the United States or any department or instrumentality thereof, for aeronautical purposes incidental thereto, and to confer the privileges of concessions of supplying upon its airports goods, commodities, things, services, and facilities; provided that in each case in so doing the public is not deprived of its rightful, equal, and uniform use thereof.

Sec. 23. Minnesota Statutes 1990, section 473.608, subdivision 1, is amended to read:

Subdivision 1. The corporation, subject to the conditions and limitations prescribed by law, shall possess all the powers as a body corporate necessary and convenient to accomplish the objects and perform the duties prescribed by sections 473.601 to 473.679, including but not limited to those hereinafter specified. These powers, except as limited by section 473.622, may be exercised at any place within 35 miles of the city hall of either Minneapolis or St. Paul, and in the metropolitan area, and in the city of Duluth for the purpose of owning, leasing, constructing, equipping, operating, borrowing money from the state for, or otherwise arranging for financing the facility described in section 2, subdivision 5.

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A state loan to finance the facility described in section 2, subdivision 5, must be made on terms and conditions as the commissioner of finance, the commissioner of trade and economic development, and the commission determine to be appropriate. The state loan is not subject to and may not be counted against any limitation on the principal amount of revenue bonds or general obligation revenue bonds that the commission may issue under sections 473.601 to 473.679.

Sec. 24. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT WITH CITY FUNDS PLEDGE.

Subdivision 1. AUTHORIZATION. The city of Duluth may create a tax increment financing district, as provided in this subdivision, on property located at the Duluth international airport. Except as provided otherwise in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, shall apply to the district. The district shall consist of parcels on which the facility described in section 2, subdivision 5, is proposed to be located. The city or any of its authorities or agencies listed in Minnesota Statutes, section 469.174, subdivision 2, may be the "authority" for purposes of Minnesota Statutes, sections 469.174 to 469.179.

The governing body of the city of Duluth may irrevocably pledge to the payment or security for the payment of principal and interest on bonds issued for the project described in section 2, subdivision 5, any money payable to or held in any of the funds specified in section 54(a) of the Duluth city charter.

The authority or agency being utilized for this tax increment financing district shall be expanded by two members. The additional two members shall be elected county commissioners from the city of Duluth and appointed by the St. Louis county board for terms as designated by the county board.

Subd. 2. CHARACTERISTICS OF THE DISTRICT. (a) The district shall be a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, except that the durational limit under Minnesota Statutes, section 469.176, subdivision 1, paragraph (e), shall be extended to 30 years.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4i, the revenue derived from tax increments from this district and money in any of the funds specified in section 54(a) of the Duluth City Charter that are pledged by the governing body of the city of Duluth for this purpose must be used to pay debt service on the obligations or debt issued under section 4 to finance any portion of the facilities described in section 2, subdivision 5, in a principal amount not to exceed \$47,600,000. If the revenues derived from tax increment and the maximum amount of the other pledged revenues exceed the minimum amount the bond indenture requires to be deposited in the debt service fund, including any reserve, the excess either must be used (1) to defease the bonds, or (2) to reduce pro rata the amount of other pledged revenues and tax increments

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required to be deposited in the debt service fund. Tax increments not required to be deposited in the debt service fund are excess tax increments and must be distributed as provided in section 469.176, subdivision 2, paragraph (a), clause (4).

(c) Administrative expenses of the district may be paid out of the proceeds of the bonds as the commissioner of finance determines appropriate and are appropriated for that purpose.

(d) The provisions of Minnesota Statutes, section 273.1399, do not apply to the district.

Sec. 25. CITY OF HIBBING; TAX INCREMENT FINANCING DISTRICT.

Subdivision 1. AUTHORIZATION. (a) The city of Hibbing may create a tax increment financing district, as provided in this subdivision, on property located in the city of Hibbing. Except as provided otherwise in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, shall apply to the district. With the consent of St. Louis county, the district shall consist of parcels on which the facility described in section 2, subdivision 6, is proposed to be located and any other adjoining areas into which expansion of the facility or development caused by the facility may be expected to occur. The city or any of its authorities or agencies listed in Minnesota Statutes, section 469.174, subdivision 2, may be the "authority" for purposes of Minnesota Statutes, sections 469.174 to 469.179.

(b) By resolution of the governing bodies of St. Louis county and the city of Chisholm and without an election, either or both St. Louis county and the city of Chisholm may treat an obligation, or any portion thereof, of the city of Hibbing issued under Minnesota Statutes, section 469.178, subdivision 2, as a general obligation of St. Louis county or the city of Chisholm, by unconditionally and irrevocably pledging their full faith and credit and taxing power. Except for Minnesota Statutes, sections 475.61 and 475.64, the pledge is not subject to Minnesota Statutes, chapter 475. The obligations, the pledge of St. Louis county, and the pledge of the city of Chisholm are not subject to and shall not be taken into account for purposes of any debt limitation. A levy of taxes for the obligations is not subject to and shall not be taken into account for purposes of any levy limitations. The obligations may be sold at public or private sale.

The authority or agency being utilized for this tax increment financing district, shall be expanded by two members. The additional two members shall be elected county commissioners from the taconite tax relief area as defined in Minnesota Statutes, section 273.134, and appointed by the St. Louis county board for terms as designated by the county board.

Subd. 2. CHARACTERISTICS OF THE DISTRICT. (a) The district shall be a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, except that the durational limit under Minnesota Statutes, section 469.176, subdivision 1, paragraph (e), shall be extended to 30 years.

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(b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4i, the revenue derived from tax increments from this district, and the proceeds of obligations secured by or payable from the tax increments, after reduction for costs of issuance, reserves, and capitalized interest, must be used to finance, pay, or secure debt service on obligations issued to finance any portion of the facilities described in section 2, subdivision 6.

(c) Administrative expenses of the district may be paid out of the proceeds of the bonds issued under section 4 as the commissioner of finance determines appropriate and are appropriated for that purpose.

(d) The provisions of Minnesota Statutes, section 273.1399, do not apply to the district.

Sec. 26. PURPOSE.

The purpose of sections 1 to 25 is to promote the public welfare, national security, and efficient, safe, and economical air navigation, commerce, and facilities in or for the benefit of the state; to foster long-term economic growth and job creation by financing an aircraft maintenance facility and an aircraft engine repair facility, to encourage and facilitate the retention, safe and efficient operation, and expansion of airports and other air navigation facilities, airline corporations' facilities, operations and services in the state; to prevent the loss of jobs, and encourage and promote the creation of additional jobs in the state in the airline industry and in other businesses in the state served or affected by the airline industry; to promote the continued growth, and reduce the potential for and effects of a decline of economic activity in the state; and to ensure the preservation, growth, and diversification of the tax base of the state. State guaranteed bonds are authorized to be issued and the proceeds of their sale are appropriated under the authority of the Minnesota Constitution, article XI, section 5, clauses (a), (d), or (g) and the proceeds must be applied in a manner consistent with this authority. In authorizing the financing of the aircraft facilities, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of fostering economic development within the state.

Sec. 27. EFFECTIVE DATE; LOCAL APPROVAL.

Section 2, subdivision 4, paragraph (b), is effective on the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of St. Louis county. Section 2, subdivision 4, paragraph (c), is effective on the day after compliance by the governing body of the city of Duluth with Minnesota Statutes, section 645.021, subdivision 3. Sections 1 to 16 are effective the day following final enactment and shall apply to bonds issued to finance a project or projects for which an agreement was entered into before March 31, 1992, and to refunding bonds. Section 18 is effective for taxable years beginning after December 31, 1991.

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ARTICLE 2

METROPOLITAN AIRPORTS COMMISSION

Section 1. Minnesota Statutes 1990, section 473.667, subdivision 8a, is amended to read:

Subd. 8a. **REFUNDING BONDS.** The commission may issue general obligation revenue refunding bonds to refund bonds issued pursuant to ~~subdivision 2~~ this section in accordance with section 475.67, subdivisions 1 to 11.

Sec. 2. [473.6021] PUBLIC NECESSITY AND PURPOSE FOR ISSUANCE OF BONDS.

In order to accomplish the public purposes set forth in section 473.602; to encourage and facilitate the retention and expansion of airline corporations' facilities, operations, and services in the metropolitan area and the state; to prevent the loss of jobs and encourage and promote the creation of additional jobs in the state in the airline industry and in other businesses in the state served or affected by the airline industry; to promote the continued growth, and reduce the potential for and effects of a decline of economic activity in the metropolitan area and the state; and to ensure the preservation, growth, and diversification of the tax base of the metropolitan area and the state; it is necessary and appropriate and in the public interest to authorize the commission to take the actions described in section 473.667, subdivision 11, and section 3.

Sec. 3. Minnesota Statutes 1990, section 473.667, is amended by adding a subdivision to read:

Subd. 11. ADDITIONAL BONDS. (a) The commission may issue general obligation revenue bonds under this section for the purposes of:

(1) acquiring by purchase real and personal properties located within the metropolitan area that are related to airline operations to be leased to airline corporations, or to other corporations affiliated by common ownership with airline corporations, for use in connection with their airline operations, including real and personal properties for use as flight training facilities; and

(2) financing or refinancing real and personal properties owned by the commission which may include discharging a leasehold interest on the properties to be leased to airline corporations and used in connection with the operations of the airline corporations at airports under the commission's jurisdiction.

Prior to the issuance of the general obligation revenue bonds, the commission shall enter into a lease with the airline corporations, or with other corporations affiliated by common ownership with airline corporations, for the use of the acquired real and personal properties referenced in clause (1), and shall enter into a revenue agreement with the airline corporation for the use of the properties financed or refinanced referenced in clause (2). The commission shall seek to obtain the best available terms and security for the lease and agreement. The

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terms and security must be reasonably determined by the commission to be adequate and of the kind and degree which would be required by an investment banking or other financial institution. All such properties are airport facilities for purposes of complying with the provisions of subdivisions 3 and 5.

(b) In addition to the covenants and agreements otherwise required or negotiated by the commission, the leases and revenue agreements for the properties must contain covenants and agreements by the airline corporation, and if the user is not the airline corporation, also by the airline corporation, satisfactory to the commission providing for:

(1) the payment of rents in amounts and at times adequate to pay the principal and interest as due on the general obligation revenue bonds issued to acquire, finance, or refinance the properties and to pay the commission's costs and expenses of issuing the bonds and acquiring and owning the properties, and otherwise satisfying the requirements of section 469.155, subdivision 5;

(2) the adequate security for payment of rents so that the net unencumbered value of the leased property described in paragraph (a), clause (1), and other collateral pledged to the commission from time to time by the airline corporation, as independently appraised at the time of issuance and periodically to the satisfaction of the commission during the term of the general obligation revenue bonds, is a percentage of the principal amount of the outstanding general obligation revenue bonds under this subdivision as determined by the commission; provided that the percentage determined by the commission must not be less than 125 percent;

(3) the retention and location of operations and facilities, including headquarters, of the airline corporation in the metropolitan area and the state for the term of the lease and aircraft noise abatement; and

(4) early repayment, or the establishment of a defeasance account to provide for timely repayment, of the general obligation revenue bonds upon the occurrence of events and upon terms and conditions as are satisfactory to the commission, together with financial requirements and covenants satisfactory to the commission.

(c) The purchase price of the acquired properties described in paragraph (a), clause (1), must be in an amount equivalent to a percentage of its then fair market value as determined by the commission; provided that the percentage shall not exceed 85 percent. The portion of the general obligation revenue bonds attributable to the financing or refinancing of the property described in paragraph (a), clause (2), must be in an amount equivalent to a percentage of its then fair market value as determined by the commission; provided that the percentage shall not exceed 85 percent. The principal amount of the general obligation revenue bonds issued under this subdivision is limited to \$270,000,000 in excess of the amount authorized by subdivision 2; provided that the sum of the original principal amounts of the general obligation revenue bonds issued under this subdivision, and the revenue bonds issued under section 4, shall not exceed

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\$390,000,000. Before the commission may issue the general obligation revenue bonds described in this subdivision, the commission shall have received, in form and substance satisfactory to the commission, reports described in section 4, subdivision 3, relating to the general obligation revenue bonds.

(d) In addition to other purposes authorized by law, the proceeds of the general obligation revenue bonds may be used to fund a debt service reserve account or other reserve account.

Sec. 4. [473.6671] REVENUE BONDS.

Subdivision 1. AUTHORIZATION. (a) The commission may issue revenue bonds for the purpose of:

(1) acquiring by purchase real and personal properties located within the metropolitan area that are related to airline operations to be leased to airline corporations, or to other corporations affiliated by common ownership with airline corporations, for use in connection with their airline operations, including real and personal properties for use as flight training facilities; and

(2) financing or refinancing real and personal properties owned by the commission to be leased to airline corporations and used in connection with the operations of the airline corporations at airports under the commission's jurisdiction.

Prior to the issuance of the revenue bonds, the commission shall enter into a lease with the airline corporations, or with other corporations affiliated by common ownership with airline corporations, for the use of such acquired real and personal properties referenced in clause (1), and shall enter into a revenue agreement with the airline corporation for the use of the properties financed or refinanced referenced in clause (2). The commission shall seek to obtain the best available terms and security for the lease and agreement. The terms and security must be reasonably determined by the commission to be adequate and of the kind and degree which would be required by an investment banking or other financial institution.

(b) In addition to the covenants and agreements otherwise required or negotiated by the commission, the leases and revenue agreements for the properties must contain covenants and agreements by the airline corporation, and if the user is not the airline corporation, also by the airline corporation, satisfactory to the commission providing for:

(1) the payment of rents in amounts and at times adequate to pay the principal and interest as due on the revenue bonds issued to acquire, finance, or refinance the properties and to pay the commission's costs and expenses of issuing the bonds and acquiring and owning the properties, and otherwise satisfying the requirements of section 469.155, subdivision 5;

(2) the retention and location of operations and facilities, including head-

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quarters, of the airline corporation in the metropolitan area and the state for the term of the lease;

(3) aircraft noise abatement; and

(4) early repayment, or the establishment of a defeasance account to provide for timely repayment, of the general obligation revenue bonds upon the occurrence of events and upon terms and conditions as are satisfactory to the commission, together with financial requirements and covenants satisfactory to the commission.

(c) The sum of the original principal amounts of the revenue bonds issued under this subdivision, and the general obligation revenue bonds issued under section 473.667, subdivision 11, shall not exceed \$390,000,000. Except as provided in this section, the revenue bonds must be issued in the manner and are subject to the requirements of chapter 475. Compliance with the requirements of section 475.60 is at the discretion of the commission. For purposes of this subdivision, the commission may exercise any powers vested in a redevelopment agency under sections 469.152 to 469.165.

Subd. 2. SECURITY AND SOURCE OF PAYMENT. The revenue bonds described in subdivision 1 are payable solely from and secured by the revenues derived by the commission from the leases upon the properties described in subdivision 1, paragraph (a), clause (1), the revenue agreements upon the properties described in subdivision 1, paragraph (a), clause (2), and other revenues as the commission may designate and pledge which are derived from the ownership and operation of its airports, air navigation facilities and other facilities; provided that the pledge and application of all revenues to the payment and security of the revenue bonds are subject and subordinate to the first and prior charge thereon for the payment and security of the commission's general obligation revenue bonds as provided in section 473.667. The revenue bonds shall not be payable from or charged upon any funds or assets of the commission other than the commission revenues expressly pledged to their payment. An owner of the revenue bonds may not compel any exercise of the taxing power of the commission, the state, or any other taxing jurisdiction. Each bond must state in substance the limited nature of the obligations. The revenue bonds may be further secured by an assignment of leases with respect to the properties acquired, financed, or refinanced by the revenue bonds, and (i) with respect to the properties described in subdivision 1, paragraph (a), clause (1), by a mortgage and security agreement upon the properties and by other collateral as is pledged to secure the obligations of the airline corporation or other lessee under the leases on the properties, and (ii) with respect to the properties described in subdivision 1, paragraph (a), clause (2), by other collateral as is pledged to secure the obligations of the airline corporation under the revenue agreements. Any deed granted or received by the commission and any mortgage granted by the commission in connection with the issuance of the revenue bonds is exempt from deed tax and mortgage registry tax imposed under chapter 287. In the resolution, trust indenture, or other instrument providing for the issuance of the revenue bonds, the commission

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may provide for or require the creation of accounts from sources specified by the commission for the payment and security of the revenue bonds, including a debt service reserve account, separate from the accounts maintained for payment of the general obligation revenue bonds. The sources specified by the commission may include a portion of the proceeds of revenue bonds or payment by the airline corporation. The leases described in subdivision 1, paragraph (a), clause (1), and the revenue agreements described in subdivision 1, paragraph (a), clause (2), must provide that if the commission determines to pledge any of its revenues to secure the revenue bonds, including revenues deposited into a debt service reserve account for the revenue bonds, the airline corporation concurrently shall pledge assets to the commission as security for repayment of the pledged revenues so that the net unencumbered values of the pledged assets, as independently appraised at the time of issuance and periodically to the satisfaction of the commission during the term of the revenue bonds, is a percentage of the amount of commission revenues so pledged as determined by the commission; provided that the percentage shall not be less than 125 percent.

Subd. 3. DUE DILIGENCE CONDITIONS. (a) Before the commission may issue the revenue bonds described in subdivision 1, the commission must receive, in form and substance satisfactory to the commission:

(1) a report of audit of the commission's financial records for the fiscal year most recently ended or, if this is not yet available, a report for the preceding year, prepared by a nationally recognized firm of certified public accountants, showing that the net revenues received that year, computed as the gross receipts less any refunds of rates, fees, charges, and rentals for airport and air navigation facilities and service, and less the aggregate amount of current expenses, paid or accrued, of operation and maintenance of property and carrying on the commission's business and activities, equaled or exceeded the maximum amount of then outstanding bonds of the commission and interest thereon to become due in any future fiscal year;

(2) a written report, prepared by an independent, nationally recognized consultant on airport management and financing engaged by the commission, on the financial condition of the airline corporation, and any corporations selected by the commission and affiliated with the corporation by common ownership, projecting available revenues of the airline corporation at least sufficient during each year of the term of the proposed revenue bonds to pay when due all financial obligations of the airline corporation under the revenue agreements and leases described in subdivision 1 and stating the factors on which the projection is based; and

(3) a written report prepared by a nationally recognized consultant on airport management and financing, projecting available revenues of the commission at least sufficient during each year of the term of the proposed revenue bonds to pay all principal and interest when due on the revenue bonds, and stating the estimates of air traffic, rate increases, inflation, and other factors on which the projection is based.

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(b) Business plans, financial statements, customer lists, and market and feasibility studies provided to the consultant or the commission by the airline company or a related company under paragraph (a) of this subdivision, are nonpublic data as defined in section 13.02, subdivision 9.

Sec. 5. Minnesota Statutes 1990, section 473.667, is amended by adding a subdivision to read:

Subd. 12. BONDS FOR HEAVY MAINTENANCE FACILITY. (a) The commission may issue general obligation revenue bonds under this section for the purpose of acquisition and betterment of a heavy maintenance facility for aircraft to be located at Minneapolis-St. Paul International Airport. The heavy maintenance facility must be owned by the commission and leased to and operated by airline corporations, for use by airline corporations in connection with their airline operations. The principal amount of the general obligation revenue bonds issued under this subdivision is limited to \$230,000,000 in excess of the amount authorized by subdivision 2.

(b) To reduce the risk that commission money, including a property tax levy, will be needed to pay debt service on the general obligation revenue bonds, the commission must require that the financing arrangements include a coverage test satisfactory to the commission, so that the sum of the value of the assets and other security pledged to the payment of the general obligation revenue bonds or the rent due under any lease of the facility and taken into account by the commission is no less than 125 percent of the difference between the outstanding general obligation revenue bonds and any cash collateral held in a debt service reserve fund and pledged to the payment of principal and interest for the general obligation revenue bonds and no other bonds. Assets and other security that may be taken into account include (1) the net unencumbered value of the facility and any collateral or third party guaranty, including a letter of credit, pledged or otherwise furnished by a user of the facility or by a benefited airline company as security for the payment of rent, (2) the general obligation revenue bond proceeds, including earnings thereon, and (3) prepayments of rent, after making such adjustments the commission determines to be appropriate to take into account any outstanding bonds secured by a lien on the facility or rent that is prior to the lien thereon that is securing the general obligation revenue bonds, but excluding any cash collateral deducted from the outstanding general obligation revenue bonds in applying the coverage test. The commission may adopt the method of valuing the assets and other security it determines to be appropriate, including valuation of the facility as its original cost less depreciation. Cash collateral means cash or securities issued or unconditionally guaranteed as to payment of principal and interest by the United States of America and maturing or callable at the option of the holder within two years.

(c) In addition to other purposes authorized by law, the proceeds of the general obligation revenue bonds may be used to fund a debt service reserve account or other reserve account.

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(d) For purposes of this subdivision, the commission may exercise any powers vested in a redevelopment agency under sections 469.152 to 469.165. Any deed granted or received by the commission and any mortgage granted by the commission in connection with the issuance of the general obligation revenue bonds is exempt from deed tax and mortgage registry tax imposed under chapter 287. The lease must contain covenants and agreements by the airline corporation and any successor in interest providing for: (1) the retention and location of existing employees, operations, and facilities, including headquarters, of the airline corporation in the state until the principal and interest on the last series of bonds are paid; and (2) aircraft noise abatement.

Sec. 6. [473.680] TAX INCREMENT FINANCING DISTRICT FOR HEAVY MAINTENANCE FACILITY.

Subdivision 1. AUTHORIZATION. The commission may create a tax increment financing district as provided in this subdivision on property located at the Minneapolis-St. Paul International Airport. Except as otherwise provided in this section, the provisions of sections 469.174 to 469.179 apply to the district. The district shall consist of parcels on which the heavy maintenance facility described in section 473.667, subdivision 12, is proposed to be located. The commission is the "authority" for purposes of sections 469.174 to 469.179.

Subd. 2. CHARACTERISTICS OF THE DISTRICT. (a) The district shall be an economic development district as defined in section 469.174, subdivision 12.

(b) Notwithstanding section 469.176, subdivision 4c, the revenue derived from tax increment from the district must be used only to pay debt service on general obligation revenue bonds issued by the commission under section 473.667, subdivision 12.

Sec. 7. EFFECTIVE DATES; APPLICATION.

Sections 1 to 6 are effective the day following final enactment and shall apply to bonds issued to finance or refinance a facility or facilities or property for which an agreement was entered into before March 31, 1992, or to bonds issued to refund the bonds. This article applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

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ARTICLE 3

INTERGOVERNMENTAL COORDINATION

Section 1. INTERAGENCY TASK FORCE.

Subdivision 1. PURPOSE. There is established an interagency task force to coordinate the financial transactions authorized by this act, including bonds, financial assistance, and loan, lease, and other revenue agreements. The task force consists of the commissioners of finance, trade and economic development, and revenue and the chair of the metropolitan airports commission. The mayors of the cities of Duluth and Hibbing and the chair of the St. Louis county board and the commissioner of the iron range resources and rehabilitation board are members of the task force for purposes of financial transactions related to projects described in article 1, section 2, subdivisions 5 and 6. The commissioner of finance is the chair of the task force. To complete its work, the task force shall use staff and consultant services made available by the governmental units and agencies represented on the task force.

Subd. 2. DUTIES. The task force shall coordinate the negotiation of financial transactions under this act by the governmental agencies and units represented on the task force. The task force shall advise and make recommendations to the responsible public agencies and units on the following matters:

(1) the financial assistance to be provided;

(2) financial commitments by state, metropolitan, and local agencies, including any arrangements related to state, metropolitan, and local debt, taxes, financing, and debt service;

(3) loan, lease, or other revenue agreements;

(4) the financial commitments of lessees of projects financed or refinanced with financial assistance under this act, and any related persons, and the estimates of business and financial conditions, economic activity, air traffic, and other factors that have been used in assessing the capability of the lessees and any related persons to meet their financial commitments.

Sec. 2. STATE AND METROPOLITAN BONDS; REVIEW AND APPROVAL.

The metropolitan airports commission may not issue bonds authorized by this act without the approval of the commissioner of finance and the legislative commission on planning and fiscal policy, provided that the provisions of article 1, section 15, specifically apply to this approval requirement. Before the commissioner of finance issues bonds authorized by this act, the commissioner shall report the amount of bonds to be issued, a detailed description of the projects and facilities to be financed by the bonds, and the terms of the lease, loan, and revenue agreements to the legislative commission on planning and fiscal policy for its advisory recommendation. The recommendation is positive if not received by the commission or commissioner within ten days.

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Presented to the governor May 28, 1991

Signed by the governor May 30, 1991, 12:52 p.m.

CHAPTER 351—S.F.No. 100

An act relating to transportation; authorizing replacement funds for certain culverts and grading costs; authorizing certain assistance for bridge approaches from the town bridge account; amending Minnesota Statutes 1990, section 161.082, subdivision 2a.

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

Section 1. Minnesota Statutes 1990, section 161.082, subdivision 2a, is amended to read:

Subd. 2a. An amount equal to 25 percent of the county turnback account must be expended, within counties having two or more towns, on town road bridge structures that are ten feet or more in length and on town road culverts that replace existing town road bridges. In addition, if the present bridge structure is less than ten feet in length but a hydrological survey indicates that the replacement bridge structure or culvert must be ten feet or more in length, then the bridge or culvert is eligible for replacement funds. In addition, if a culvert that replaces a deficient bridge is in a county comprehensive water plan approved by the board of water and soil resources and the department of natural resources, the costs of the culvert and roadway grading other than surfacing are eligible for replacement funds up to the cost of constructing a replacement bridge. The expenditures on bridge structures and culverts may be on a matching basis, and if on a matching basis, not more than 90 percent of the cost of a bridge structure or culvert may be paid from the county turnback account. When bridge approach construction work exceeds \$10,000 in costs, the town shall be eligible for financial assistance from the town bridge account. Financial assistance shall be limited to 90 percent of the cost of the bridge approach work that is in excess of \$10,000 and shall be requested by resolution of the county board.

An amount equal to 47.5 percent of the county turnback account must be set aside as a town road account and distributed as provided in section 162.081.

Presented to the governor May 31, 1991

Signed by the governor June 4, 1991, 8:33 p.m.

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