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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 3037

04/30/2012 Authored by Hausman, Mariani, Paymar, Ward, Wagenius and others
The bill was read for the first time and referred to the Committee on Capital Investment

1.1 A bill for an act
1.2 relating to jobs; creating jobs through rehabilitation and construction of
1.3 affordable housing, green energy investments in public buildings, and capital
1.4 improvements at institutions of higher education; authorizing nonprofit housing
1.5 bonds; authorizing the sale and issuance of state bonds; appropriating money;
1.6 amending Minnesota Statutes 2010, section 462A.36, by adding subdivisions.

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

1.8 ARTICLE 1
1.9 STATEMENT OF PURPOSE

1.10 Section 1. **FINDINGS AND PURPOSE.**

1.11 Investments in Minnesota's public infrastructure have been falling behind the need,
1.12 and the state has a large backlog of unmet maintenance and repair of existing facilities. At
1.13 the same time, Minnesota has a high unemployment rate, particularly among construction
1.14 workers.

1.15 During the Great Depression, the federal government recognized the wisdom of
1.16 addressing public infrastructure needs and high unemployment rates by putting jobless
1.17 workers to work building with roads, bridges, schools, parks and recreational facilities,
1.18 courthouses, dams, and other public facilities.

1.19 Learning from history, Minnesota could stimulate the state economy and put
1.20 thousands of construction workers back to work building and rehabilitating public
1.21 infrastructure. Making these investments at this time of low interest rates and high
1.22 unemployment would cost less now than it will in the future, and it would also save the
1.23 state money through energy efficiency and renewable energy.

2.1 In addition, giving Minnesota schools, colleges, and universities first rate facilities
2.2 will help Minnesota's education system thrive.

2.3 Public funds can be used to create construction jobs, but those projects should serve
2.4 a public purpose, constructing public facilities, not subsidizing shopping malls or other
2.5 private businesses. Certainly there is no shortage of public needs.

2.6 Currently, there is more than a \$350,000,000 backlog of rehabilitation and
2.7 maintenance on public housing for seniors and low income Minnesotans. The failure
2.8 to properly maintain this housing infrastructure will cost much more in the future if
2.9 the buildings deteriorate to the point that they need to be demolished and replaced. In
2.10 addition, there is a severe shortage of affordable housing. Consequently this legislation
2.11 would provide funding for rehabilitation public housing and assist local governments
2.12 and nonprofits in acquiring vacant and foreclosed residential property and constructing
2.13 or renovating affordable rental housing.

2.14 The University of Minnesota currently has a backlog of \$949,000,000 in deferred
2.15 maintenance and asset preservation projects, and the Minnesota State Colleges and
2.16 Universities have a backlog of at least \$344,000,000. This legislation would provide the
2.17 funds to address those needs now, when the costs are lower and construction workers
2.18 are seeking work.

2.19 For schools and other government facilities, funding would be available not only for
2.20 much needed asset preservation, but also to significantly boost initiatives to make energy
2.21 efficiency and renewable energy investments in those facilities.

2.22 Consequently this legislation would put thousands of construction workers to
2.23 work, addressing the needs of one of the hardest hit sectors of the economy. And these
2.24 jobs would provide several additional benefits: they would improve our school and
2.25 educational facilities; they would save money and improve the environment by moving
2.26 Minnesota closer to a sustainable energy economy; they would improve neighborhoods
2.27 and communities, addressing blight and the problems caused by vacant property; and they
2.28 would help address the crisis-level lack of affordable housing.

2.29 **ARTICLE 2**

2.30 **AFFORDABLE HOUSING**

2.31 Section 1. Minnesota Statutes 2010, section 462A.36, is amended by adding a
2.32 subdivision to read:

2.33 Subd. 2a. **Authorization for other purposes.** The agency may issue up to
2.34 \$190,000,000 of nonprofit housing bonds in one or more series to which the payments
2.35 made under this section may be pledged. The nonprofit housing bonds authorized in this

3.1 subdivision may be issued for the purpose of making loans, on terms and conditions the
 3.2 agency deems appropriate, to local governments and 501(c)(3) nonprofit organizations
 3.3 as follows:

3.4 (1) up to \$100,000,000 to acquire land and to predesign, design, construct, renovate,
 3.5 furnish, and equip affordable rental housing;

3.6 (2) up to \$50,000,000 for modification of existing low-income rental housing for
 3.7 compliance with Americans with Disabilities Act requirements; and

3.8 (3) up to \$40,000,000 to acquire vacant or foreclosed residential property, up to
 3.9 \$20,000,000 of which must be used for the purpose of making loans to a neighborhood
 3.10 land trust authorized under section 462A.31, to acquire land for affordable housing, and
 3.11 the remainder of which must be used to rehabilitate low-income rental housing.

3.12 Sec. 2. Minnesota Statutes 2010, section 462A.36, is amended by adding a subdivision
 3.13 to read:

3.14 Subd. 5. **Appropriation for other purposes; payment.** (a) The agency must certify
 3.15 annually to the commissioner of finance the actual amount of annual debt service on each
 3.16 series of bonds issued under subdivision 2a.

3.17 (b) Each July 15, beginning in 2013 and through 2032, if any nonprofit housing
 3.18 bonds issued under subdivision 2a remain outstanding, the commissioner of finance
 3.19 must transfer to the nonprofit housing bond account established under section 462A.21,
 3.20 subdivision 32, the amount certified under paragraph (a), not to exceed \$16,000,000
 3.21 annually. The amounts necessary to make the transfers are appropriated from the general
 3.22 fund to the commissioner of finance.

3.23 (c) The agency may pledge to the payment of the nonprofit housing bonds the
 3.24 payments to be made by the state under this section.

3.25 Sec. 3. **ENERGY EFFICIENCY.**

3.26 Projects funded with nonprofit housing bonds under Minnesota Statutes, section
 3.27 462A.36, and with bonds authorized in section 4, must seek to improve energy efficiency
 3.28 using current best practices and utilize, to the extent practicable, renewable energy sources
 3.29 to generate energy used in those buildings.

3.30 Sec. 4. **PUBLIC HOUSING.**

3.31 Subdivision 1. **Appropriation.** \$350,000,000 is appropriated from the bond
 3.32 proceeds fund to the Housing Finance Agency for loans or grants for publicly owned
 3.33 permanent rental housing under Minnesota Statutes, section 462A.202, subdivision 3a.

4.1 Eligible public housing authorities or agencies must have a public housing assessment
 4.2 system rating of standard or above. Priority must be given to proposals that maximize
 4.3 federal or local resources to finance the capital costs. Minnesota Statutes, section 16A.642,
 4.4 applies to the amounts transferred from the date of the original appropriation.

4.5 Subd. 2. **Bond sale.** To provide the money appropriated in subdivision 1 from
 4.6 the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the
 4.7 state in an amount up to \$350,000,000 in the manner, upon the terms, and with the effect
 4.8 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
 4.9 Constitution, article XI, sections 4 to 7.

4.10 Sec. 5. **EFFECTIVE DATE.**

4.11 This article is effective the day following final enactment.

4.12 **ARTICLE 3**

4.13 **GREEN ENERGY INVESTMENTS**

4.14 Section 1. **RESIDENTIAL ENERGY-EFFICIENCY PROGRAMS;**
 4.15 **APPROPRIATION.**

4.16 \$10,000,000 in fiscal year 2013 is appropriated from the general fund to
 4.17 the Minnesota Housing Finance Agency to continue and enhance the residential
 4.18 energy-efficiency programs and activities for Minnesota homeowners and renters.

4.19 Sec. 2. **LOCAL GOVERNMENT ENERGY IMPROVEMENTS.**

4.20 \$10,000,000 in fiscal year 2013 is appropriated to the Department of Commerce to
 4.21 be deposited into an escrow account to be used as a loan-loss reserve pool supporting
 4.22 energy improvement finance programs as defined in Minnesota Statutes, section 216C.436.

4.23 Sec. 3. **LOCAL GOVERNMENT AND SCHOOL DISTRICT RENOVATIONS;**
 4.24 **APPROPRIATION.**

4.25 (a) \$25,000,000 in fiscal year 2013 is appropriated from the general fund to the
 4.26 commissioner of commerce for grants to local governments and school districts to make
 4.27 energy efficiency improvements in existing local government and school district facilities
 4.28 through the public building enhanced energy efficiency program under Minnesota Statutes,
 4.29 section 216C.43. These grants must be coordinated with other available financing
 4.30 programs.

5.1 (b) The commissioner shall prioritize lighting upgrades, energy-efficient windows,
 5.2 energy recommissioning, and other cost-effective energy projects that are ready for
 5.3 immediate implementation.

5.4 (c) The commissioner may require a local government or school district, as a
 5.5 condition of receiving a grant, to commit to implement future activities, including but not
 5.6 limited to staff training, that are designed to create additional energy or operating savings
 5.7 to the local government.

5.8 (d) The commissioner shall coordinate with the Department of Education to
 5.9 prioritize school district projects for funding under this section, consistent with the
 5.10 principles of statewide geographic distribution of projects, optimized energy savings, and
 5.11 an improved learning environment for schoolchildren.

5.12 (e) As an incentive to promote energy efficiency and renewable energy the
 5.13 commissioner shall forgive ten percent of loans made under this section.

5.14 Sec. 4. **RENEWABLE ENERGY GRANT PROGRAM; APPROPRIATION.**

5.15 \$100,000,000 in fiscal year 2013 is appropriated from the general fund to the
 5.16 commissioner of commerce for grants to local units of government to finance the purchase
 5.17 and installation of renewable energy systems and geothermal heating and cooling systems
 5.18 under the terms spelled out in Laws 2009, chapter 138, article 3, section 5, provided all
 5.19 cost-effective energy efficiency measures are planned or already implemented.

5.20 Sec. 5. **STATE GOVERNMENT BUILDING RENOVATIONS;**
 5.21 **APPROPRIATION.**

5.22 (a) \$15,000,000 in fiscal year 2013 is appropriated from the general fund to the
 5.23 commissioner of administration to continue and enhance state government building
 5.24 energy-efficiency improvement programs and activities. \$500,000 of this amount is
 5.25 for energy-efficiency improvements to the State Capitol and State Office Building.
 5.26 Energy-efficiency improvements to the State Capitol and State Office Building shall
 5.27 include, but are not limited to, motion sensor detection devices for lighting, simple,
 5.28 low-cost components, and communication of energy-saving strategies to building
 5.29 tenants. Priority must be given to lighting upgrades, window repair and replacement
 5.30 with energy-efficient windows, energy recommissioning, and other cost-effective energy
 5.31 projects that are ready for immediate implementation.

5.32 (b) In addition to other uses, funds may be used to advance public building enhanced
 5.33 energy efficiency program projects under Minnesota Statutes, section 16B.322, and for

6.1 grants for a portion of costs incurred by state agencies in implementing energy efficiency
 6.2 improvements not part of that program.

6.3 (c) Funds may be used to develop a system and procedures to set energy-reduction
 6.4 goals for state buildings, to automate utility bill data and analysis, to develop a system for
 6.5 reporting monthly energy use relative to these state building energy-reduction goals, and
 6.6 to install individual metering devices for separate buildings.

6.7 (d) The commissioner of administration may require a state agency, as a condition
 6.8 of receiving funds under this section, to commit to implement future energy-savings
 6.9 activities, including but not limited to staff training, that are designed to create additional
 6.10 energy or operating savings to the state agency.

6.11 Sec. 6. **EFFECTIVE DATE.**

6.12 This article is effective the day following final enactment.

6.13 **ARTICLE 4**

6.14 **HIGHER EDUCATION**

6.15 Section 1. **APPROPRIATION; MINNESOTA STATE COLLEGES AND**
 6.16 **UNIVERSITIES.**

6.17 \$344,000,000 is appropriated to the board of trustees of the Minnesota State Colleges
 6.18 and Universities for the purposes specified in Minnesota Statutes, section 135A.046.

6.19 Sec. 2. **APPROPRIATION; UNIVERSITY OF MINNESOTA.**

6.20 \$949,000,000 is appropriated from the bond proceeds fund to the board of regents of
 6.21 the University of Minnesota to be spent in accordance with Minnesota Statutes, section
 6.22 135A.046.

6.23 Sec. 3. **BOND SALE.**

6.24 To provide the money appropriated in sections 1 and 2 from the bond proceeds
 6.25 fund, the commissioner of management and budget shall sell and issue bonds of the state
 6.26 in an amount up to \$1,293,000,000 in the manner, upon the terms, and with the effect
 6.27 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
 6.28 Constitution, article XI, sections 4 to 7.

6.29 Sec. 4. **EFFECTIVE DATE.**

6.30 This article is effective the day following final enactment.

APPENDIX
Article locations in 12-6086

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