

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 63

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01/10/2019	56	Introduction and first reading Referred to Environment and Natural Resources Policy and Legacy Finance
01/14/2019	84	Author added Rest
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1.1 A bill for an act

1.2 relating to state government; prohibiting use of money in environment and natural

1.3 resources trust fund for payment of debt service on bonds; amending Minnesota

1.4 Statutes 2018, sections 16A.969, subdivision 2; 116P.08, subdivisions 1, 2.

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

1.6 Section 1. Minnesota Statutes 2018, section 16A.969, subdivision 2, is amended to read:

1.7 Subd. 2. **Authorization to issue appropriation bonds; accounts.** (a) Subject to the

1.8 limitations of this subdivision, the commissioner may sell and issue appropriation bonds of

1.9 the state under this section for public purposes and in amounts as provided by ~~law~~ Laws

1.10 2018, chapter 214. This authorization meets the public purposes established by the Minnesota

1.11 Constitution, article XI, section 14, and chapter 116P and shall be a supplement to the

1.12 traditional sources of funding for environment and natural resources activities.

1.13 (b) The special appropriation trust fund bond proceeds fund is established in the state

1.14 treasury. Proceeds of the appropriation bonds issued and sold must be credited to the special

1.15 appropriation trust fund bond proceeds fund. A bond payments account is established in

1.16 the special appropriation trust fund bond proceeds fund. All income from investment of the

1.17 bond proceeds, as estimated by the commissioner, must be deposited into the account and

1.18 is appropriated to the commissioner for the payment of principal and interest on the

1.19 appropriation bonds.

1.20 (c) Appropriation bonds may be issued in one or more issues or series on the terms and

1.21 conditions the commissioner determines to be in the best interests of the state, but the term

1.22 on any series of appropriation bonds may not exceed 20 years. The appropriation bonds of

2.1 each issue and series thereof shall be dated and bear interest, and may be includable in or
2.2 excludable from the gross income of the owners for federal income tax purposes.

2.3 (d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time
2.4 thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter
2.5 into agreements and ancillary arrangements relating to the appropriation bonds, including
2.6 but not limited to trust indentures, grant agreements, lease or use agreements, operating
2.7 agreements, management agreements, liquidity facilities, remarketing or dealer agreements,
2.8 letter of credit agreements, insurance policies, guaranty agreements, reimbursement
2.9 agreements, indexing agreements, or interest exchange agreements. Any payments made
2.10 or received according to the agreement or ancillary arrangement shall be made from or
2.11 deposited as provided in the agreement or ancillary arrangement. The determination of the
2.12 commissioner included in an interest exchange agreement that the agreement relates to an
2.13 appropriation bond shall be conclusive.

2.14 (e) The commissioner may enter into written agreements or contracts relating to the
2.15 continuing disclosure of information necessary to comply with or facilitate the issuance of
2.16 appropriation bonds in accordance with federal securities laws, rules, and regulations,
2.17 including Securities and Exchange Commission rules and regulations in Code of Federal
2.18 Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants
2.19 with purchasers and holders of appropriation bonds set forth in the order or resolution
2.20 authorizing the issuance of the appropriation bonds, or a separate document authorized by
2.21 the order or resolution.

2.22 (f) The appropriation bonds are not subject to chapter 16C.

2.23 Sec. 2. Minnesota Statutes 2018, section 116P.08, subdivision 1, is amended to read:

2.24 Subdivision 1. **Expenditures.** (a) Money in the trust fund may be spent only for:

2.25 (1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

2.26 (2) research that contributes to increasing the effectiveness of protecting or managing
2.27 the state's environment or natural resources;

2.28 (3) collection and analysis of information that assists in developing the state's
2.29 environmental and natural resources policies;

2.30 (4) enhancement of public education, awareness, and understanding necessary for the
2.31 protection, conservation, restoration, and enhancement of air, land, water, forests, fish,
2.32 wildlife, and other natural resources;

3.1 (5) capital projects for the preservation and protection of unique natural resources;

3.2 (6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural
3.3 resources that otherwise may be substantially impaired or destroyed in any area of the state;

3.4 (7) administrative and investment expenses incurred by the State Board of Investment
3.5 in investing deposits to the trust fund; and

3.6 (8) administrative expenses subject to the limits in section 116P.09; ~~and~~

3.7 ~~(9) to pay principal and interest on special appropriation trust fund bonds issued pursuant~~
3.8 ~~to section 16A.969 and other law.~~

3.9 (b) In making recommendations for expenditures from the trust fund, the commission
3.10 shall give priority to funding programs and projects under paragraph (a), clauses (1) and
3.11 (6). Any requests for proposals issued by the commission shall clearly indicate these
3.12 priorities.

3.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.14 applies to bonds or other debt instruments authorized to be sold on or after that date.

3.15 Sec. 3. Minnesota Statutes 2018, section 116P.08, subdivision 2, is amended to read:

3.16 Subd. 2. **Exceptions.** Money from the trust fund may not be spent for:

3.17 (1) purposes of environmental compensation and liability under chapter 115B and
3.18 response actions under chapter 115C;

3.19 (2) purposes of municipal water pollution control in municipalities with a population of
3.20 5,000 or more under the authority of chapters 115 and 116;

3.21 (3) costs associated with the decommissioning of nuclear power plants;

3.22 (4) hazardous waste disposal facilities;

3.23 (5) solid waste disposal facilities; ~~or~~

3.24 (6) projects or purposes inconsistent with the strategic plan; or

3.25 (7) payment of principal or interest on bonds or other debt instruments.

3.26 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.27 applies to bonds or other debt instruments authorized to be sold on or after that date.