

1.1 A bill for an act

1.2 relating to capital investment; modifying distribution of sale proceeds when
1.3 state bond financed property is sold; amending Minnesota Statutes 2008, section
1.4 16A.695, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2008, section 16A.695, subdivision 3, is amended to
1.7 read:

1.8 Subd. 3. **Sale of property.** (a) A public officer or agency shall not sell any state
1.9 bond financed property unless the public officer or agency determines by official action
1.10 that the property is no longer usable or needed by the public officer or agency to carry
1.11 out the governmental program for which it was acquired or ~~constructed~~ bettered, the
1.12 sale is made as authorized by law, the sale is made for fair market value, and the sale is
1.13 approved by the commissioner.

1.14 (b) If any state bonds issued to purchase or better the state bond financed property
1.15 that is sold remain outstanding on the date of sale, the net proceeds of sale must be
1.16 applied as follows:

1.17 (1) if the state bond financed property was acquired and bettered solely with state
1.18 bond proceeds, the net proceeds of sale must be paid to the commissioner and deposited
1.19 in the state treasury; or

1.20 (2) if the state bond financed property was acquired or bettered partly with state
1.21 bond proceeds and partly with other money, the net proceeds of sale must be used:
1.22 first, to pay to the state the amount of state bond proceeds used to acquire or better the
1.23 property; second, to pay in full any outstanding public or private debt incurred to acquire
1.24 or better the property; third, to pay interested public and private entities, other than any

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2.1 public officer or agency or any private lender already paid in full, the amount of money
2.2 contributed to the acquisition or betterment of the property; and fourth, any excess over the
2.3 amount needed for those purposes must be divided in proportion to the shares contributed
2.4 to the acquisition or betterment of the property and paid to the interested public and
2.5 private entities, other than any private lender already paid in full, and the proceeds are
2.6 appropriated for this purpose. In calculating the share contributed by each entity, the
2.7 amount to be attributed to the owner of the property shall be the fair market value of the
2.8 property that was bettered by state bond proceeds at the time the betterment began.

2.9 (c) If no state bonds issued to purchase or better the state bond-financed property
2.10 that is sold remain outstanding on the date of sale, the net proceeds of the sale must be
2.11 applied as provided in paragraph (b) except as provided in this paragraph. If the state
2.12 bond-financed property was acquired or bettered partly with state bond proceeds and
2.13 partly with other money and was owned and directly operated and managed by a political
2.14 subdivision, the net proceeds of the sale must be paid to the political subdivision and
2.15 are appropriated for that purpose.

2.16 (d) When all of the net proceeds of sale have been applied as provided in this
2.17 subdivision, this section no longer applies to the property.