What Price Is Right

The 2020 Minnesota Bonding Bill
Bonding bill will be the grand prize for Greater Minnesota during the 2020 legislative session
• Public Facilities Authority
• Child Care Facilities grants
• Greater MN BDPI grant program
• Local Road Improvement Program
• Individual local projects
Rules of What Price is Right

- Public Purpose
- A bondable project must be publicly-owned
- State bonds must mature within 20 years of being issued
- Bonding must be used specifically for capital projects, not ongoing or operational costs.
How many votes in the House and Senate are required to pass a bonding bill?

A. Majority
B. 3/5 Majority
C. 2/3 Majority
TIM WALZ!!!!

- 41st Governor of Minnesota
- Introduced a $1.27 billion bonding bill in 2019
- May want an even larger bill in 2020
- Likes to travel
MARY MURPHY!!!!

- DFL State Representative from Hermantown
- Chair of House Capital Investment Committee
- Wants a $3 billion bonding bill
DAVE SENJEM!!!!

- GOP State Senator from Rochester
- Chair of Senate Capital Investment Committee
- Likes to travel
- Wants: You to stop asking when the bonding
KURT DAUDT!!!!

- GOP State Representative from Crown
- House Minority Leader
- Will play key role in whether a bonding bill passes
- Wants???
2020 Legislative Plinko!

Which way will the chip bounce?
BIG WHEEL OF BONDING NEEDS

- 2020 Local Government Requests - $1.3 billion
- 2020 State Agency requests - $4 billion
DO THE MATH ON ASSET PRESERVATION

- State agencies requested nearly $800 million in asset preservation projects alone
  - $200 million University of Minnesota
  - $150 million Minnesota State
  - $150 million Department of Administration
Minnesota uses three guidelines to determine debt capacity:

- Two of these guidelines measure state debt as a share of Minnesota’s personal income
- The third guideline measures how much of the state’s current debt will be paid off within 5 and 10 years

Minnesota’s current debt capacity: $3.175 billion
How big was the 2018 bonding bill?

A. $774 million
B. $1.068 billion
C. $1.484 billion
A Bunch of Bonding Bill Components

• General Obligation debt
• Trunk Highway bonds
• User-financed
• Cash
Bonding Amount Approved by Legislative Session (General Obligation Bonds Only)

Legislative Session Year

Source: House Research
Which governor was the first to propose a bonding bill over $1 billion

A. Rudy Perpich (1984)  
B. Arne Carlson (1998)  
C. Mark Dayton (2012)
Carlson offers $1.2 billion proposal for construction

“The total size is too large for me,” said House Minority Leader Steve Sviggum, R-Kenyon. He said earlier rumors of the record size had raised concerns within his Republican caucus.

Sviggum said the $1 billion in capital projects could even grow once legislators get their hands on it. “Historically, the governor’s recommendations are on the low side, and it tends to grow throughout the legislative process,” he said.

Sen. Richard Cohen, DFL-St. Paul, chairman of a finance committee that deals with major parts of the bonding bill, pronounced it “too big” and predicted that the final price tag will be lower than the governor’s proposal.

The measure would provide state funding for improvements to the Twin Cities’ three largest airports, as well as other construction projects at the two largest state universities and at the University of Minnesota Medical Center’s Fairview campuses.

State lawmakers are considering the bonding bill as part of their biennial budget negotiations with Gov. Tim Walz, who is expected to provide his budget recommendations within the next few weeks.
Bonding Amount Approved by Legislative Session
(General Obligation Bonds Only)

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<th>Legislative Session Year</th>
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Source: MMB
The Goldilocks Bonding Bill

• Can’t be too big – lose GOP votes
• Can’t be too small – lose DFL votes
• But has to be large enough to get us to the grand prize
SHOWCASE SHOWDOWN
Does your city hope to receive funding from any of these programs in the near future? (choose all that apply)

A. Business Development Public Infrastructure Grants
B. Public Facilities Authority
C. Individual Local Project
D. Local Road Improvement Program
E. Child Care Facilities Grant Program
$1,500,000,000
Thank you for playing!