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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1900

03/16/2015 Authored by Simonson and Lien

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to telecommunications; authorizing broadband infrastructure
1.3 development and bonding; authorizing the state to guarantee debt of local units
1.4 of government incurred for broadband infrastructure development; amending
1.5 Minnesota Statutes 2014, section 446A.086, subdivision 1; proposing coding for
1.6 new law in Minnesota Statutes, chapter 237.

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

1.8 Section 1. **[237.90] BROADBAND INFRASTRUCTURE DEVELOPMENT.**

1.9 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 237.91,
1.10 the following terms have the meanings given them.

1.11 (b) "Broadband" or "broadband service" has the meaning given in section 116J.39,
1.12 subdivision 1, paragraph (b).

1.13 (c) "Broadband infrastructure" has the meaning given in section 116J.391,
1.14 subdivision 1, paragraph (c).

1.15 (d) "Local unit of government" has the meaning given in section 116G.03,
1.16 subdivision 3.

1.17 Subd. 2. **Broadband public-private partnerships.** A local unit of government
1.18 is authorized to partner or contract with other incorporated organizations, partnerships,
1.19 cooperatives, political subdivisions, or Indian tribal governments to offer, deliver, or
1.20 enhance broadband service in the territory within its jurisdiction.

1.21 Subd. 3. **Local authority; broadband infrastructure bonding.** (a) Each local
1.22 unit of government may by resolution authorize the issuance of bonds to provide funds
1.23 for the acquisition or betterment of its broadband infrastructure, or for refunding any
1.24 outstanding bonds issued for that purpose.

2.1 (b) The local unit of government may pledge to the payment of the bonds and
 2.2 interest, its full faith, credit, and taxing powers, or the proceeds of any designated tax
 2.3 levies, or the gross or net revenues or charges to be derived from any broadband service
 2.4 operated by or for the local unit of government, or any combination thereof. Taxes levied
 2.5 for the payment of the bonds and interest shall not reduce the amounts of other taxes
 2.6 which the local unit of government is authorized by law to levy.

2.7 (c) The proceeds of the bonds may be used in part to establish a reserve as further
 2.8 security for the payment of the principal and interest of the bonds when due.

2.9 (d) Bonds issued under this section may be sold at public or private sale upon the terms
 2.10 and conditions the local unit of government determines. Except as otherwise provided, the
 2.11 bonds shall be issued and sold in accordance with the provisions of chapter 475.

2.12 (e) No election shall be required to authorize the issuance of the bonds under this
 2.13 section.

2.14 Subd. 4. **General eligibility; state general obligation bond funds.** The Minnesota
 2.15 Constitution, article XI, section 5, clause (a), requires that state general obligation bonds
 2.16 be issued to finance only the acquisition or betterment of public land, buildings, and other
 2.17 public improvements of a capital nature. The legislature finds broadband infrastructure
 2.18 projects constitute betterments and capital improvements within the meaning of the
 2.19 Constitution and capital expenditures under generally accepted accounting principles.

2.20 Sec. 2. Minnesota Statutes 2014, section 446A.086, subdivision 1, is amended to read:

2.21 Subdivision 1. **Definitions.** (a) As used in this section, the following terms have
 2.22 the meanings given.

2.23 (b) "Authority" means the Minnesota Public Facilities Authority.

2.24 (c) "Commissioner" means the commissioner of management and budget.

2.25 (d) "Debt obligation" means:

2.26 (1) a general obligation bond or note issued by a county, a bond or note to which the
 2.27 general obligation of a county is pledged under section 469.034, subdivision 2, or a bond
 2.28 or note payable from a county lease obligation under section 641.24, to provide funds
 2.29 for the construction of:

2.30 (i) jails;

2.31 (ii) correctional facilities;

2.32 (iii) law enforcement facilities;

2.33 (iv) social services and human services facilities;

2.34 (v) solid waste facilities; or

- 3.1 (vi) qualified housing development projects as defined in section 469.034,
3.2 subdivision 2; ~~or~~
- 3.3 (2) a general obligation bond or note issued by a governmental unit to provide funds
3.4 for the construction, improvement, or rehabilitation of:
- 3.5 (i) wastewater facilities;
- 3.6 (ii) drinking water facilities;
- 3.7 (iii) storm water facilities; or
- 3.8 (iv) any publicly owned building or infrastructure improvement that has received
3.9 partial funding from grants awarded by the commissioner of employment and economic
3.10 development related to redevelopment, contaminated site cleanup, bioscience, small cities
3.11 development programs, and rural business infrastructure programs, for which bonds are
3.12 issued by the authority under section 446A.087-; or
- 3.13 (3) a bond issued by a local unit of government under section 237.90.
- 3.14 (e) "Governmental unit" means a county or a statutory or home rule charter city.