

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 368

02/06/2013 Authored by Mahoney and Gunther

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy

02/20/2013 Adoption of Report: Pass and Read Second Time

1.1 A bill for an act
1.2 relating to economic development; modifying loans to development authorities;
1.3 amending Minnesota Statutes 2012, section 116J.5764, subdivision 1.

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

1.5 Section 1. Minnesota Statutes 2012, section 116J.5764, subdivision 1, is amended to
1.6 read:

1.7 Subdivision 1. Terms. Loans to development authorities for demolition costs may
1.8 be made by the commissioner subject to the following terms and conditions:

1.9 (1) the agreement to repay the loan must may be a general obligation of the
1.10 development authority, payable primarily from a dedicated source of revenue, or other
1.11 security subject to review and approval by the commissioner, and the development
1.12 authority must deliver its bond or note to the commissioner to secure the loan;

1.13 (2) the term of the loan may not exceed 15 years;

1.14 (3) the loan shall bear interest at a rate equal to two percent, but interest will not
1.15 accrue during the first two years of the loan term;

1.16 (4) the development authority shall make semiannual interest payments and annual
1.17 principal payments beginning in the third year of the loan until the end of the term;

1.18 (5) the principal amount of a loan may not exceed \$1,000,000;

1.19 (6) loan proceeds shall be disbursed for eligible demolition costs as incurred or paid
1.20 by the borrower and upon submission of invoices and other supporting documentation
1.21 satisfactory to the commissioner; and

1.22 (7) an eligible borrower shall establish a dedicated source of revenue for repayment
1.23 of the loan.