SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 1112

(SENATE AUTHORS: PRATT and Eichorn)

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A bill for an act

relating to capital investment; establishing a debt limit; amending Minnesota Statutes 2016, section 16A.105.

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

Section 1. Minnesota Statutes 2016, section 16A.105, is amended to read:

16A.105 DEBT CAPACITY FORECAST; LIMIT.

Subdivision 1. **Forecast.** In February and November of each year the commissioner shall prepare a debt capacity forecast to be delivered to the governor and legislature according to section 16A.103, subdivision 1. The debt capacity forecast must include statements of the indebtedness of the state for bonds, notes, and other forms of long-term general obligation indebtedness. The forecast must show the actual amount of the debt service for at least the past two completed fiscal years, and the estimated amount for the current fiscal year and the next six fiscal years, the debt authorized and unissued, and the borrowing capacity for the next six fiscal years. The forecast must include the debt limit determined under subdivision 2.

Subd. 2. **Debt limit.** (a) For the purposes of this subdivision, "debt" means state debt payable from nondedicated state general fund revenues, including:

(1) state general obligation bonds payable from the general fund;

(2) state appropriation bonds;

(3) agency appropriation bonds payable from a statutory appropriation from the general fund or other debt issued by the state, a state agency, or the University of Minnesota, payable from a statutory appropriation of general fund money;

(4) state certificates of participation; and

(5) state lease-purchase financing for acquisition of real estate or equipment payable from the general fund.

(b) The debt limit established in this subdivision applies in addition to any other guideline adopted or used by the commissioner to prudently manage debt in the state's best interests.

(c) For each forecast under subdivision 1, the commissioner shall determine the maximum amount of new debt that may be issued so that payment due on all outstanding debt is no more than 3.5 percent of the estimated nondedicated general fund revenue received by the state for the same time periods.

(d) In addition, for each forecast under subdivision 1, the commissioner shall determine the maximum amount of debt payable from nondedicated state general fund revenues under paragraph (a), clauses (2), (4), and (5), that may be issued so that payment due is no more than 0.625 percent of the estimated nondedicated general fund revenue received by the state for the same time periods.

(e) The debt limits in this subdivision may only be used to delay issuance of debt authorized in a law enacted after the forecast that indicates the limits will be exceeded and do not require either (1) delay in the sale of or reduction in the amount of debt authorized before that forecast or (2) cancellation of appropriations made before that forecast. The commissioner must delay issuance until a forecast indicates that the debt limits will not be exceeded with the issuance.