

41.62 GENERAL OBLIGATION BONDS.

Subdivision 1. **Procedure.** Upon request of the commissioner of agriculture, the commissioner of finance is authorized to issue general obligation bonds of the state in a principal amount not exceeding \$20,000,000 to acquire public lands by providing money to be paid by the commissioner of agriculture from the special account established by section 41.61 to pay lenders for defaulted loans and to purchase the rights of first lienholders at mortgage foreclosure sales. The bonds shall be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, shall be issued and secured as provided in section 16A.641. The proceeds of the bonds, except any premium and accrued interest, shall be deposited in the special account established in section 41.61 and used solely for the purposes specified above and in section 16A.641, subdivision 8. The premium and accrued interest, if any, shall be deposited in the state family farm security program bond account in the state bond fund. The commissioner shall issue only the amount of bonds as from time to time the commissioner determines are necessary for the purposes specified in this section.

Subd. 2. **Terms of bonds.** The commissioner of finance may fix the terms of the bonds in any manner permitted for bonds of a municipality under chapter 475, and may enter into, on behalf of the state, all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities in chapter 475.

Subd. 3. **Sale of bonds.** If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.

Subd. 4. **Bond fund account.** The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account that shall be designated as the state family farm security program bond account, to record receipts and disbursements of money transferred to the fund to pay bonds issued under this section and to record income from the investment of the money. The income shall be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.

Subd. 5. **Transfers, appropriation.** In addition to the money required to be transferred to the state family farm security program bond account under section 41.56, subdivision 4b, and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the

state family farm security program bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the state family farm security program bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the state family farm security program bond account any other money in the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money should not be available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.

Subd. 6. Constitutional levy. On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the state family farm security program bond account, to pay the entire amount of principal and interest due then or earlier and principal and interest to become due on or before July 1 in the second year thereafter on bonds issued under this section. This tax shall be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivisions 6 and 7. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and shall be credited to the state bond fund, and the principal and interest on the bonds are payable from all the proceeds. As much of the proceeds as is necessary, is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is appropriated.

Subd. 7. Compliance with federal law. The commissioner of finance is authorized to covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.

Subd. 8. Taxability of interest. The bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.

History: *1Sp1986 c 2 art 1 s 5*