

A bill for an act

relating to public finance; providing terms and conditions relating to issuance of obligations and financing of public improvements; modifying restrictions on mail elections; providing tax credit and interest subsidy bonds; providing emergency debt certificates; authorizing the issuance of local bonds; authorizing the cities of Chisago City and Lindstrom to establish a joint venture, issue debt for use outside of the jurisdiction, and share revenues; providing for the additional financing of metropolitan area transit and paratransit capital expenditures; authorizing the issuance of certain obligations; authorizing counties to make joint purchases of energy and energy generation projects; authorizing Mountain Iron economic development and Winona County economic authorities to form limited liability companies; eliminating the maximum limit on state agricultural society's bonded debt and the sunset on the authority to issue bonds and modifying its authorized investments of debt service funds; extending sunset for special service and housing improvement districts; modifying authority of municipalities to issue bonds for certain postemployment benefits; appropriating money; amending Minnesota Statutes 2008, sections 37.31, subdivisions 1, 7; 37.33, subdivision 3; 37.34; 126C.55, subdivision 4; 204B.46; 275.065, subdivision 6; 360.036, subdivision 2; 366.095, subdivision 1; 373.01, subdivision 3; 373.40, subdivision 1; 373.47, subdivision 1; 373.48, subdivision 1, by adding a subdivision; 383B.117, subdivision 2; 410.32; 412.301; 428A.03, subdivision 1; 428A.08; 428A.09; 428A.10; 428A.101; 428A.21; 446A.086, by adding a subdivision; 469.005, subdivision 1; 469.034, subdivision 2; 469.153, subdivision 2; 471.191, subdivision 1; 473.1293, by adding a subdivision; 473.39, by adding a subdivision; 474A.02, subdivisions 2, 14; 475.51, subdivision 4; 475.52, subdivision 6; 475.58, subdivision 1; 475.67, subdivision 8; Laws 1971, chapter 773, sections 1, subdivision 2, as amended; 4, as amended; Laws 2008, chapter 366, article 6, section 46, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 475; repealing Minnesota Statutes 2008, section 37.31, subdivision 8; Laws 1998, chapter 407, article 8, section 12, subdivision 4.

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

Section 1. [16A.647] TAX CREDIT AND INTEREST SUBSIDY BONDS.

Subdivision 1. **Authority to issue.** When authorized by law to issue state general obligation bonds, the commissioner may issue all or part of the bonds as tax credit bonds or as interest subsidy bonds or a combination of the two.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Tax credit bonds" means bonds, the interest on which is includable in the income of the owner of the bonds for federal income tax purposes, but for which the owner is entitled to a federal tax credit.

(c) "Interest subsidy bonds" means bonds, the interest on which is includable in the income of the owner of the bonds for federal income tax purposes, but for which the issuer is entitled to federal interest subsidy payments based on a percentage of the interest payable on the interest subsidy bonds.

Subd. 3. **Method of sale.** Notwithstanding the provisions of section 16A.641, subdivision 4, the commissioner may sell any series of tax credit bonds or interest subsidy bonds at negotiated sale upon the terms and conditions and the restrictions the commissioner prescribes. The commissioner may contract for investment banking and banking services only after receiving competitive proposals for the services. The commissioner may enter into all contracts deemed necessary or desirable to accomplish the sale in a cost-effective manner.

Subd. 4. **Sinking fund.** The commissioner's order authorizing the issuance of interest subsidy bonds must establish a separate sinking fund account for the interest subsidy bonds in the state bond fund. There is annually appropriated, as received, to each interest subsidy bond account, in addition to amounts appropriated under section 16A.641, the interest subsidy payments received from the federal government with respect to that issue of interest subsidy bonds in that year.

Subd. 5. **Sale.** Tax credit bonds and interest subsidy bonds must be sold at a price not less than 98 percent of their stated principal amount. No state trunk highway bond may be sold for a price of less than par and accrued interest.

Sec. 2. Minnesota Statutes 2008, section 37.31, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the society incident to and necessary or convenient to carry out its corporate purposes and powers.

The society may not issue negotiable bonds for the purpose of construction or preparation for construction of a new National Football League stadium for the Minnesota Vikings. Bonds of the society may be issued as bonds or notes or in any other form authorized by law. ~~The principal amount of bonds issued and outstanding under this section at any time may not exceed \$20,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2008, section 37.31, subdivision 7, is amended to read:

Subd. 7. **Approval Notification; commissioner of finance.** ~~Before~~ Within 30 days after issuing and selling bonds under this section, the society must ~~obtain the approval~~ notify, in writing, ~~of the commissioner of finance of the date of issuance, principal amount,~~ true interest cost, final maturity date of the issue, and credit rating as applicable.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2008, section 37.33, subdivision 3, is amended to read:

Subd. 3. **Investment.** Money in a debt service reserve fund not required for immediate use may be invested in accordance with section ~~37.07~~ 37.34.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2008, section 37.34, is amended to read:

37.34 MONEY OF THE SOCIETY.

The society may contract with the holders of any of its bonds as to the custody, collection, securing, investment, and payment of money of the society or money held in trust or otherwise for the payment of bonds, and to carry out the contract. Money held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of the money may be invested in accordance with chapter 118A and may be secured in the same manner as money of the society, and all banks and trust companies are authorized to give security for the deposits.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2008, section 126C.55, subdivision 4, is amended to read:

Subd. 4. **Pledge of district's full faith and credit.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or

interest due on a district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district or the member districts of the intermediate district to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made. Whenever the state pays under this section interest on bonds for which the issuer is entitled to federal interest subsidy payments, the state is subrogated to the issuer's rights to any federal interest subsidy payments relating to the interest paid by the state, unless and until the state has been reimbursed by the issuer in full.

Sec. 7. Minnesota Statutes 2008, section 204B.46, is amended to read:

204B.46 MAIL ELECTIONS; QUESTIONS.

A county, municipality, or school district submitting questions to the voters at a special election may conduct an election by mail with no polling place other than the office of the auditor or clerk. ~~No more than two questions may be submitted at a mail election and no offices may be voted on at a mail election.~~ Notice of the election must be given to the county auditor at least 53 days prior to the election. This notice shall also fulfill the requirements of Minnesota Rules, part 8210.3000. The special mail ballot procedures must be posted at least six weeks prior to the election. No earlier than 20 or later than 14 days prior to the election, the auditor or clerk shall mail ballots by nonforwardable mail to all voters registered in the county, municipality, or school district. Eligible voters not registered at the time the ballots are mailed may apply for ballots pursuant to chapter 203B.

Sec. 8. Minnesota Statutes 2008, section 275.065, subdivision 6, is amended to read:

Subd. 6. **Public hearing; adoption of budget and levy.** (a) For purposes of this section, the following terms shall have the meanings given:

(1) "Initial hearing" means the first and primary hearing held to discuss the taxing authority's proposed budget and proposed property tax levy for taxes payable in the following year, or, for school districts, the current budget and the proposed property tax levy for taxes payable in the following year.

(2) "Continuation hearing" means a hearing held to complete the initial hearing, if the initial hearing is not completed on its scheduled date.

(3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final property tax levy, and, in the case of taxing authorities other than school districts, the final budget, for taxes payable in the following year.

(b) Between November 29 and December 20, the governing bodies of a city that has a population over 500, county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold an initial public hearing to discuss and seek public comment on its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold an initial public hearing to review its current budget and proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint initial public hearing, the location of which will be determined by the affected metropolitan agencies. A city, county, metropolitan special taxing district as defined in subdivision 3, paragraph (i), regional library district established under section 134.201, or school district is not required to hold a public hearing under this subdivision unless its proposed property tax levy for taxes payable in the following year, as certified under subdivision 1, has increased over its final property tax levy for taxes payable in the current year by a percentage that is greater than the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the current year.

(c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No initial hearing may be held on a Sunday.

(d) At the initial hearing under this subdivision, the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions. At the public hearing, the school district must also provide and discuss information on the distribution of its revenues by revenue source, and the distribution of its spending by program area.

(e) If the initial hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continuation hearing must be held at least five business days but no more than 14 business days after the initial hearing. A continuation hearing may not be held later than December 20 except as provided in paragraphs (f) and (g). A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No continuation hearing may be held on a Sunday.

(f) The governing body of a county shall hold its initial hearing on the first Thursday in December each year, and may hold additional initial hearings on other dates before December 20 if necessary for the convenience of county residents. If the county needs a continuation of its hearing, the continuation hearing shall be held on the third Tuesday in December. If the third Tuesday in December falls on December 21, the county's continuation hearing shall be held on Monday, December 20.

(g) The metropolitan special taxing districts shall hold a joint initial public hearing on the first Wednesday of December. A continuation hearing, if necessary, shall be held on the second Wednesday of December even if that second Wednesday is after December 10.

(h) The county auditor shall provide for the coordination of initial and continuation hearing dates for all school districts and cities within the county to prevent conflicts under clauses (i) and (j).

(i) By August 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its initial hearing and any continuation hearing. If a school board or regional library district does not certify these dates by August 10, the auditor will assign the initial and continuation hearing dates. The dates elected or assigned must not conflict with the initial and continuation hearing dates of the county or the metropolitan special taxing districts.

(j) By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts and regional library districts have elected to hold their initial and continuation hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and any continuation hearing. Until September 15, the first and second Mondays of December are reserved for the use of the cities. If a city does not certify its hearing dates by September 15, the auditor shall assign the initial and continuation hearing dates. The dates elected or assigned for the initial hearing must not conflict with the initial hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. To the extent possible, the dates of the city's continuation hearing should not conflict with the continuation hearing dates of the county, metropolitan special taxing districts, regional library districts, or school districts within which the city is located. This paragraph does not apply to cities of 500 population or less.

(k) The county initial hearing date and the city, metropolitan special taxing district, regional library district, and school district initial hearing dates must be designated on the notices required under subdivision 3. The continuation hearing dates need not be stated on the notices.

(l) At a subsequent hearing, each county, school district, city over 500 population, and metropolitan special taxing district may amend its proposed property tax levy and must adopt a final property tax levy. Each county, city over 500 population, and metropolitan special taxing district may also amend its proposed budget and must adopt a final budget at the subsequent hearing. The final property tax levy must be adopted prior to adopting the final budget. A school district is not required to adopt its final budget at the subsequent hearing. The subsequent hearing of a taxing authority must be held on a date subsequent to the date of the taxing authority's initial public hearing. If a continuation hearing is held, the subsequent hearing must be held either immediately following the continuation hearing or on a date subsequent to the continuation hearing. The subsequent hearing may be held at a regularly scheduled board or council meeting or at a special meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing of a taxing authority does not have to be coordinated by the county auditor to prevent a conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any other taxing authority. All subsequent hearings must be held prior to five working days after December 20 of the levy year. The date, time, and place of the subsequent hearing must be announced at the initial public hearing or at the continuation hearing.

(m) The property tax levy certified under section 275.07 by a city of any population, county, metropolitan special taxing district, regional library district, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a;

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of education or the commissioner of revenue after the proposed levy was certified; ~~and~~

(7) the amount required under section 126C.55; and

(8) the levy to pay emergency debt certificates under section 475.755 authorized and issued after the proposed levy was certified.

(n) This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.

(o) Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2008, section 360.036, subdivision 2, is amended to read:

Subd. 2. **Issuance of bonds.** (a) Bonds to be issued by a municipality under sections 360.011 to 360.076, shall be authorized and issued in the manner and within the limitation prescribed by laws or the charter of the municipality for the issuance and authorization of bonds for public purposes generally, except as provided in paragraphs (b) and (c).

(b) No election is required to authorize the issuance of the bonds if:

(1) a board organized under section 360.042 recommends by a resolution adopted by a vote of not less than 60 percent of its members the issuance of bonds, and the bonds are authorized by a resolution of the governing body of each of the municipalities acting jointly pursuant to section 360.042, adopted by a vote of not less than 60 percent of its members; or

(2) the bonds are authorized by a resolution of the governing body of the municipality, adopted by a vote of not less than 60 percent of its members; or

(3) the bonds are being issued for the purpose of financing the costs of constructing, enlarging, or improving airports and other air navigation facilities; and

(i) the governing body estimates that passenger facility charges and other revenues pledged to the payment thereof will be at least 20 percent of the debt service payable on the bonds in any year;

(ii) the project will be funded in part by a state or federal grant for airport development; and

(iii) the principal amount of the bonds issued under this clause does not exceed 25 percent of the amount of the state or federal grant.

(c) If the bonds are general obligations of the municipality, the levy of taxes required by section 475.61 to pay principal and interest on the bonds is not included in computing or applying any levy limitation applicable to the municipality.

Sec. 10. Minnesota Statutes 2008, section 366.095, subdivision 1, is amended to read:

Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than ~~five~~ ten years and be issued on the terms and in the manner as the board may determine. If the amount of the certificates to be issued exceeds 0.25 percent of the market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 11. Minnesota Statutes 2008, section 373.01, subdivision 3, is amended to read:

Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum, issue capital notes subject to the county debt limit to purchase capital equipment useful for county purposes that has an expected useful life at least equal to the term of the notes. The notes shall be payable in not more than ten years and shall be issued on terms and in a manner the board determines. A tax levy shall be made for payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(b) For purposes of this subdivision, "capital equipment" means:

(1) public safety, ambulance, road construction or maintenance, ~~and~~ medical equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software and fiber-optic cable or other means of voice and data transmission among municipal buildings, provided that software, application, and development services and training shall be deemed to have the same useful life as the computer equipment to which they are related.

Sec. 12. Minnesota Statutes 2008, section 373.40, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and bridges, public works facilities, fairgrounds buildings, fiber-optic cable or other means of voice and data transmission among municipal buildings, and the acquisition of development rights in the form of conservation easements under chapter 84C. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(d) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the Metropolitan Council or by the state demographer under section 4A.02.

(e) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

(f) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 13. Minnesota Statutes 2008, section 373.47, subdivision 1, is amended to read:

Subdivision 1. **Authority to incur debt.** Subject to prior approval by the Statewide Radio Board under section 403.36, the governing body of a county may finance the cost of designing, constructing, and acquiring public safety communication system infrastructure and equipment for use on the statewide, shared public safety radio system by issuing:

(1) capital improvement bonds under section 373.40, as if the infrastructure and equipment qualified as a "capital improvement" within the meaning of section 373.40, subdivision 1, paragraph (b), bonds issued under this section are exempt from and shall not be included in calculating the limitations in section 373.40, subdivision 4; and

(2) capital notes under the provisions of section 373.01, subdivision 3, as if the equipment qualified as "capital equipment" within the meaning of section 373.01, subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to bonds issued after May 22, 2002.

Sec. 14. Minnesota Statutes 2008, section 373.48, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purpose of this section, "project" means a facility that generates electricity from renewable energy sources listed in section 216B.1691, subdivision 1, paragraph (a), ~~clause (1).~~

Sec. 15. Minnesota Statutes 2008, section 373.48, is amended by adding a subdivision to read:

Subd. 3. Joint purchase of energy and acquisition of generation projects; financing. (a) A county may enter into agreements under section 471.59 with other counties for joint purchase of energy or joint acquisition of interests in projects. A county may annually levy an ad valorem tax for the purpose of paying the cost of energy purchased or acquiring interests in projects in an amount not exceeding 0.015 percent of the market value of taxable property in the county. A county that enters into a multiyear agreement for purchase of energy or acquires an interest in a project, including C-BED projects pursuant to section 216B.1612, subdivision 9, may finance the estimated cost of the energy to be purchased during the term of the agreement or the cost to the county of the interest in the project by the issuance of general obligation bonds of the county, including clean renewable energy bonds, provided that the annual debt service on all bonds issued under this section, together with the amounts to be paid by the county in any year for the purchase of energy under agreements entered into under this section, must not exceed the amount of taxes authorized by this section.

(b) An agreement entered into under section 471.59 as provided by this section may provide that:

(1) each county shall issue bonds to pay their respective shares of the cost of the projects;

(2) one of the counties shall issue bonds to pay the full costs of the project and that the other participating counties shall levy the tax authorized under this subdivision and pledge the collections of the tax to the county that issues the bonds; or

(3) the joint powers board shall issue revenue bonds to pay the full costs of the project and that the participating counties shall levy the tax authorized under this subdivision and pledge the collections of the tax to the joint powers entity for payment of the revenue bonds.

(c) Bonds issued under this section may be issued without an election and shall not constitute net debt of any participating county.

Sec. 16. Minnesota Statutes 2008, section 383B.117, subdivision 2, is amended to read:

Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and without public referendum, issue capital notes within existing debt limits for the purpose of purchasing ambulance and other medical equipment, road construction or maintenance equipment, public safety equipment and other capital equipment having an expected useful life at least equal to the term of the notes issued. The notes shall be payable in not more than ten years and shall be issued on terms and in a manner as the board determines. The total principal amount of the notes issued for any fiscal year shall not exceed one percent of the total annual budget for that year and shall be issued solely for the purchases authorized in this subdivision. A tax levy shall be made for the payment of the principal and interest on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software and fiber-optic cable or other means of voice and data transmission among municipal buildings, provided that software, application, and development services and training shall be deemed to have the same useful life as the computer equipment to which they are related. For purposes of this subdivision, the term "medical equipment" includes computer hardware and software and other intellectual property for use in medical diagnosis, medical procedures, research, record keeping, billing, and other hospital applications, together with application development services and training related to the use of the computer hardware and software and other intellectual property, all without regard to their useful life. For purposes of determining the amount of capital notes which the county may issue in any year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this subdivision shall be in addition to obligations issuable under section 373.01, subdivision 3.

Sec. 17. Minnesota Statutes 2008, section 410.32, is amended to read:

410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software and fiber-optic cable or other means of voice and data transmission among municipal buildings, provided that software, application, and development services and training shall be deemed to have the same useful life as the computer equipment to which they are related.

(c) The capital equipment ~~or software~~ must have an expected useful life at least as long as the term of the notes.

(d) The notes shall be payable in not more than ten years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 18. Minnesota Statutes 2008, section 412.301, is amended to read:

412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

14.1 (2) computer hardware and software, whether bundled with machinery or equipment
14.2 or unbundled, together with application development services and training related to the
14.3 use of the computer hardware and software and fiber-optic cable or other means of voice
14.4 and data transmission among municipal buildings, provided that software, application,
14.5 and development services and training shall be deemed to have the same useful life as the
14.6 computer equipment to which they are related.

14.7 (c) The capital equipment ~~or software~~ must have an expected useful life at least as
14.8 long as the terms of the certificates or notes.

14.9 (d) Such certificates or notes shall be payable in not more than ten years and shall be
14.10 issued on such terms and in such manner as the council may determine.

14.11 (e) If the amount of the certificates or notes to be issued to finance any such purchase
14.12 exceeds 0.25 percent of the market value of taxable property in the city, they shall not
14.13 be issued for at least ten days after publication in the official newspaper of a council
14.14 resolution determining to issue them; and if before the end of that time, a petition asking
14.15 for an election on the proposition signed by voters equal to ten percent of the number of
14.16 voters at the last regular municipal election is filed with the clerk, such certificates or notes
14.17 shall not be issued until the proposition of their issuance has been approved by a majority
14.18 of the votes cast on the question at a regular or special election.

14.19 (f) A tax levy shall be made for the payment of the principal and interest on such
14.20 certificates or notes, in accordance with section 475.61, as in the case of bonds.

14.21 Sec. 19. Minnesota Statutes 2008, section 428A.03, subdivision 1, is amended to read:

14.22 Subdivision 1. **Hearing.** Service charges may be imposed by the city within the
14.23 special service district at a rate or amount sufficient to produce the revenues required to
14.24 provide special services in the district. To determine the appropriate rate for a service
14.25 charge based on net tax capacity, taxable property or net tax capacity must be determined
14.26 without regard to captured or original net tax capacity under section 469.177 or to the
14.27 distribution or contribution value under section 473F.08. Service charges may not be
14.28 imposed to finance a special service if the service is ordinarily provided by the city from
14.29 its general fund revenues unless the service is provided in the district at an increased level.
14.30 In that case, a service charge may be imposed only in the amount needed to pay for the
14.31 increased level of service. A service charge may not be imposed on the receipts from the
14.32 sale of intoxicating liquor, food, or lodging. Before the imposition of service charges in a
14.33 district, for each calendar year, a hearing must be held under section 428A.02 and notice
14.34 must be given and must be mailed to any owner, individual, or business organization
14.35 subject to a service charge. For purposes of this section, the notice shall also include:

(1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed service charge;

(2) the estimated cost of improvements to be paid for in whole or in part by service charges imposed under this section, the estimated cost of operating and maintaining the improvements during the first year and upon completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements;

(3) the proposed rate or amount of the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year in which the service charge is to be collected; and

(4) a statement that the petition requirements of section 428A.08 have either been met or do not apply to the proposed service charge.

Within six months of the public hearing, the city may adopt a resolution imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued under this section.

Sec. 20. Minnesota Statutes 2008, section 428A.08, is amended to read:

428A.08 PETITION REQUIRED.

No action may be taken under section 428A.02 or 428A.03, unless owners of 25 percent or more of the land area of property that would be subject to service charges in the proposed special service district and either: (1) owners of 25 percent or more of the net tax capacity of property that would be subject to a proposed service charges in the proposed special service district charge, based on net tax capacity; or (2) owners, individuals, and business organizations subject to 25 percent or more of a proposed service charge based on other than net tax capacity file a petition requesting a public hearing on the proposed action with the city clerk. ~~No action may be taken under section 428A.03 to impose a service charge based on net tax capacity unless owners of 25 percent or more of the land area subject to a proposed service charge and owners of 25 percent or more of the net tax capacity subject to a proposed service charge file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken under section 428A.03 to impose any other type of service charge unless 25 percent or more of the individual or business organizations subject to the proposed service charge file a petition requesting a public hearing on the proposed action with the city clerk.~~ If the boundaries of a proposed district are changed or the land area or net tax capacity subject to a service charge or the individuals or business organizations subject to a service charge are changed

16.1 after the public hearing, a petition meeting the requirements of this section must be filed
16.2 with the city clerk before the ordinance establishing the district or resolution imposing
16.3 the service charge may become effective.

16.4 Sec. 21. Minnesota Statutes 2008, section 428A.09, is amended to read:

16.5 **428A.09 VETO POWER OF OWNERS.**

16.6 Subdivision 1. **Notice of right to file objections.** Except as provided in section
16.7 428A.10, the effective date of any ordinance or resolution adopted under sections 428A.02
16.8 and 428A.03 must be at least 45 days after it is adopted. Within five days after adoption
16.9 of the ordinance or resolution, a summary of the ordinance or resolution must be mailed
16.10 to the owner of each parcel included in the special service district and any individual or
16.11 business organization subject to a service charge in the same manner that notice is mailed
16.12 under section 428A.02. The mailing must include a notice that owners subject to a service
16.13 charge based on net tax capacity and owners, individuals, and business organizations
16.14 subject to a service charge imposed on another basis have a right to veto the ordinance
16.15 or resolution by filing the required number of objections with the city clerk before the
16.16 effective date of the ordinance or resolution and that a copy of the ordinance or resolution
16.17 is on file with the city clerk for public inspection.

16.18 Subd. 2. **Requirements for veto.** If owners of 35 percent or more of the land
16.19 area in the district subject to the service charge based on net tax capacity or owners
16.20 ~~of, individuals, and business organizations subject to 35 percent or more of the net tax~~
16.21 ~~capacity in the district subject to the service charge based on net tax capacity~~ service
16.22 charges to be imposed in the district, file an objection to the ordinance adopted by the city
16.23 under section 428A.02 with the city clerk before the effective date of the ordinance, the
16.24 ordinance does not become effective. If owners of 35 percent or more of the land area
16.25 subject to the service charge based on net tax capacity or owners of 35 percent or more
16.26 of the net tax capacity subject to the service charge based on net tax capacity file an
16.27 objection to the resolution adopted imposing a service charge based on net tax capacity
16.28 under section 428A.03 with the city clerk before the effective date of the resolution, the
16.29 resolution does not become effective. If ~~35 percent or more of owners, individuals, and~~
16.30 ~~business organizations subject to a 35 percent or more of the service charge~~ charges to
16.31 be imposed in the district file an objection to the resolution adopted imposing a service
16.32 charge on a basis other than net tax capacity under section 428A.03 with the city clerk
16.33 before the effective date of the resolution, the resolution does not become effective. In the
16.34 event of a veto, no district shall be established during the current calendar year and until a
16.35 petition meeting the qualifications set forth in this subdivision for a veto has been filed.

Sec. 22. Minnesota Statutes 2008, section 428A.10, is amended to read:

428A.10 EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.

The petition requirements of section 428A.08 ~~and do not apply to second or subsequent years' action to impose service charges under section 428A.03.~~ The right of owners and those subject to a service charge to veto a resolution in section 428A.09 ~~do does~~ not apply to second or subsequent years' applications of a service charge that is authorized to be in effect for more than one year under a resolution that ~~has met the petition requirements of section 428A.08 and which~~ has not been vetoed under section 428A.09 for the first year's application. A resolution imposing a service charge for more than one year must not be adopted unless the notice of public hearing required by section 428A.03 and the notice mailed with the adopted resolution under section 428A.09 include the following information:

(1) in the case of improvements, the maximum service charge to be imposed in any year and the maximum number of years the service ~~charges~~ charge is imposed to pay for the improvement; and

(2) in the case of operating and maintenance services, the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the service charge will be imposed for an indefinite number of years, the service charges will be imposed to pay for operation and maintenance services.

The resolution may provide that the maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.

Sec. 23. Minnesota Statutes 2008, section 428A.101, is amended to read:

428A.101 DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER GENERAL LAW.

The establishment of a new special service district after June 30, ~~2009~~ 2013, requires enactment of a special law authorizing the establishment.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 24. Minnesota Statutes 2008, section 428A.21, is amended to read:

428A.21 DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER GENERAL LAW.

18.1 The establishment of a new housing improvement area after June 30, ~~2009~~ 2012,
18.2 requires enactment of a special law authorizing the establishment of the area.

18.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.4 Sec. 25. Minnesota Statutes 2008, section 446A.086, is amended by adding a
18.5 subdivision to read:

18.6 Subd. 12. **Federal interest subsidy payments.** Whenever the state pays under
18.7 this section interest on bonds for which the issuer is entitled to federal interest subsidy
18.8 payments, the state is subrogated to the issuer's rights to any federal interest subsidy
18.9 payments relating to the interest paid by the state, unless and until the state has been
18.10 reimbursed by the issuer in full.

18.11 Sec. 26. Minnesota Statutes 2008, section 469.005, subdivision 1, is amended to read:

18.12 Subdivision 1. **County and multicounty authorities.** The area of operation of a
18.13 county authority shall include all of the county for which it is created, and in case of
18.14 a multicounty authority, it shall include all of the political subdivisions for which the
18.15 multicounty authority is created; provided, that a county authority or a multicounty
18.16 authority shall not undertake any project within the boundaries of any city which has not
18.17 empowered the authority to function therein as provided in section 469.004 unless a
18.18 resolution has been adopted by the governing body of the city, ~~and by any authority which~~
18.19 ~~has been established in the city~~, declaring that there is a need for the county or multicounty
18.20 authority to exercise its powers in the city. A resolution is not required for the operation of
18.21 a Section 8 program or a public housing scattered site project.

18.22 Sec. 27. Minnesota Statutes 2008, section 469.034, subdivision 2, is amended to read:

18.23 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
18.24 general obligation of the general jurisdiction governmental unit as additional security for
18.25 bonds payable from income or revenues of the project or the authority. The authority
18.26 must find that the pledged revenues will equal or exceed 110 percent of the principal and
18.27 interest due on the bonds for each year. The proceeds of the bonds must be used for a
18.28 qualified housing development project or projects. The obligations must be issued and
18.29 sold in the manner and following the procedures provided by chapter 475, except the
18.30 obligations are not subject to approval by the electors, and the maturities may extend to
18.31 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
18.32 for other obligations issued under this subdivision. The authority is the municipality for
18.33 purposes of chapter 475.

19.1 (b) The principal amount of the issue must be approved by the governing body of
19.2 the general jurisdiction governmental unit whose general obligation is pledged. Public
19.3 hearings must be held on issuance of the obligations by both the authority and the general
19.4 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
19.5 than 120 days, before the sale of the obligations.

19.6 (c) The maximum amount of general obligation bonds that may be issued and
19.7 outstanding under this section equals the greater of (1) one-half of one percent of
19.8 the taxable market value of the general jurisdiction governmental unit whose general
19.9 obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty general
19.10 obligation bonds, the outstanding general obligation bonds of all cities in the county
19.11 or counties issued under this subdivision must be added in calculating the limit under
19.12 clause (1).

19.13 (d) "General jurisdiction governmental unit" means the city in which the housing
19.14 development project is located. In the case of a county or multicounty authority, the
19.15 county or counties may act as the general jurisdiction governmental unit. In the case of
19.16 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
19.17 taxable property in each of the counties.

19.18 (e) "Qualified housing development project" means a housing development project
19.19 providing housing either for the elderly or for individuals and families with incomes not
19.20 greater than 80 percent of the median family income as estimated by the United States
19.21 Department of Housing and Urban Development for the standard metropolitan statistical
19.22 area or the nonmetropolitan county in which the project is located. The project must be
19.23 owned for the term of the bonds either by the authority or by a limited partnership or other
19.24 entity in which the authority or another entity under the sole control of the authority is the
19.25 sole general partner and the partnership or other entity must receive (1) an allocation from
19.26 the Department of Finance or an entitlement issuer of tax-exempt bonding authority for
19.27 the project and a preliminary determination by the Minnesota Housing Finance Agency
19.28 or the applicable suballocator of tax credits that the project will qualify for four percent
19.29 low-income housing tax credits or (2) a reservation of nine percent low-income housing
19.30 tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits
19.31 for the project. A qualified housing development project may admit nonelderly individuals
19.32 and families with higher incomes if:

19.33 (1) three years have passed since initial occupancy;

19.34 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
19.35 insufficient revenues, because of changes in population or other unforeseen circumstances
19.36 that occurred after the initial finding of adequate revenues; and

(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

(f) The authority may issue bonds to refund bonds issued under this subdivision in accordance with section 475.67. The finding of the adequacy of pledged revenues required by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after July 1, 1992.

Sec. 28. Minnesota Statutes 2008, section 469.153, subdivision 2, is amended to read:

Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field, or in the manufacturing, creation, or production of intangible property, including any patent, copyright, formula, process, design, know how, format, or other similar item; (2) any properties, real or personal, used or useful in the abatement or control of noise, air, or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry; (3) any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including toll lines, poles, cables, switching, and other electronic equipment and administrative, data processing, garage, and research and development facilities; (4) any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to homes and businesses, including cogeneration facilities, distribution lines, service facilities, and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

(b) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

(c) "Project" also includes any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts,

21.1 recreational facilities of the type that may be acquired under section 471.191, and related
21.2 facilities.

21.3 (d) "Project" also includes any properties, real or personal, used or useful in
21.4 connection with a revenue producing enterprise, whether or not operated for profit,
21.5 engaged in providing health care services, including hospitals, nursing homes, and related
21.6 medical facilities.

21.7 (e) "Project" does not include any property to be sold or to be affixed to or consumed
21.8 in the production of property for sale, and does not include any housing facility to be
21.9 rented or used as a permanent residence.

21.10 (f) "Project" also means the activities of any revenue producing enterprise involving
21.11 the construction, fabrication, sale, or leasing of equipment or products to be used in
21.12 gathering, processing, generating, transmitting, or distributing solar, wind, geothermal,
21.13 biomass, agricultural or forestry energy crops, or other alternative energy sources for
21.14 use by any person or any residential, commercial, industrial, or governmental entity in
21.15 heating, cooling, or otherwise providing energy for a facility owned or operated by that
21.16 person or entity.

21.17 (g) "Project" also includes any properties, real or personal, used or useful in
21.18 connection with a county jail, county regional jail, community corrections facilities
21.19 authorized by chapter 401, or other law enforcement facilities, the plans for which are
21.20 approved by the commissioner of corrections; provided that the provisions of section
21.21 469.155, subdivisions 7 and 13, do not apply to those projects.

21.22 (h) "Project" also includes any real properties used or useful in furtherance of the
21.23 purpose and policy of section 469.141.

21.24 (i) "Project" also includes related facilities as defined by section 471A.02,
21.25 subdivision 11.

21.26 (j) "Project" also includes an undertaking to purchase the obligations of local
21.27 governments located in whole or in part within the boundaries of the municipality that are
21.28 issued or to be issued for public purposes.

21.29 Sec. 29. Minnesota Statutes 2008, section 471.191, subdivision 1, is amended to read:

21.30 Subdivision 1. **Lease to nonprofit.** Any city operating a program of public
21.31 recreation and playgrounds pursuant to sections 471.15 to 471.19 may acquire or lease,
21.32 equip, and maintain land, buildings, and other recreational facilities, including, but
21.33 without limitation, outdoor or indoor swimming pools, skating rinks and arenas, athletic
21.34 fields, golf courses, marinas, concert halls, museums, and facilities for other kinds of
21.35 athletic or cultural participation, contests, conventions, conferences, and exhibitions,

22.1 together with related automobile parking facilities as defined in section 459.14, and may
22.2 expend funds for the operation of such program and borrow and expend funds for capital
22.3 costs thereof pursuant to the provisions of this section. A school district operating a
22.4 program of public recreation and playgrounds has the rights provided in this section. Any
22.5 facilities to be operated by a nonprofit corporation, as contemplated in section 471.16,
22.6 may be leased to the corporation upon such rentals and for such term, not exceeding 30
22.7 years, and subject to such other provisions as may be agreed; including but not limited to
22.8 provisions (a) permitting the lessee, subject to whatever conditions are stated, to provide
22.9 for the construction and equipment of the facilities by any means available to it and in the
22.10 manner determined by it, without advertisement for bids as required for other municipal
22.11 facilities, and (b) granting the lessee the option to renew the lease upon such conditions
22.12 and rentals, or to purchase the facilities at such price, as may be agreed; provided that (c)
22.13 any such lease shall require the lessee to pay net rentals sufficient to pay the principal,
22.14 interest, redemption premiums, and other expenses when due with respect to all city
22.15 bonds issued for the acquisition or betterment of the facilities, less such amount of taxes
22.16 and special assessments, if any, as may become payable in any year of the term of the
22.17 lease, on the land, building, or other facilities leased, and (d) no option shall be granted
22.18 to purchase the facilities at any time at a price less than the amount required to pay all
22.19 principal and interest to become due on such bonds to the earliest date or dates on which
22.20 they may be paid and redeemed, and all redemption premiums and other expenses of
22.21 such payment and redemption.

22.22 Sec. 30. Minnesota Statutes 2008, section 473.1293, is amended by adding a
22.23 subdivision to read:

22.24 Subd. 6. **Renewable energy; transit or wastewater facilities.** For purposes of
22.25 providing a source of renewable energy for its transit or wastewater facilities, the council
22.26 may exercise the powers of a county under section 373.48; provided that funding for such
22.27 purposes shall be from the proceeds of bonds issued for transit or wastewater purposes
22.28 under section 473.39 or 473.541.

22.29 Sec. 31. Minnesota Statutes 2008, section 473.39, is amended by adding a subdivision
22.30 to read:

22.31 Subd. 1o. **Obligations.** After July 1, 2009, in addition to other authority in this
22.32 section, the council may issue certificates of indebtedness, bonds, or other obligations
22.33 under this section in an amount not exceeding \$34,200,000 for capital expenditures as

23.1 prescribed in the council's regional transit master plan and transit capital improvement
23.2 program and for related costs, including the costs of issuance and sale of the obligations.

23.3 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
23.4 final enactment and applies to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,
23.5 Scott, and Washington.

23.6 Sec. 32. Minnesota Statutes 2008, section 474A.02, subdivision 2, is amended to read:

23.7 Subd. 2. **Annual volume cap.** "Annual volume cap" means the aggregate dollar
23.8 amount of obligations constituting "private activity bonds" under federal tax law and
23.9 bearing interest excluded from gross income for purposes of federal income taxation
23.10 which, under the provisions of federal tax law, may be issued in one year by issuers.
23.11 Employees of the department shall handle the volume cap allocations for obligations
23.12 permitted under the federal American Recovery and Reinvestment Act of 2009, whether
23.13 taxable or tax-exempt, in accordance with orders of the commissioner.

23.14 Sec. 33. Minnesota Statutes 2008, section 474A.02, subdivision 14, is amended to read:

23.15 Subd. 14. **Manufacturing project.** "Manufacturing project" means any facility
23.16 which is used in the manufacturing or production of tangible personal property,
23.17 including the processing resulting in a change in the condition of the property, or in the
23.18 manufacturing, creation, or production of intangible property, including any patent,
23.19 copyright, formula, process, design, know how, format, or other similar item.

23.20 Sec. 34. Minnesota Statutes 2008, section 475.51, subdivision 4, is amended to read:

23.21 Subd. 4. **Net debt.** "Net debt" means the amount remaining after deducting from its
23.22 gross debt the amount of current revenues which are applicable within the current fiscal
23.23 year to the payment of any debt and the aggregate of the principal of the following:

23.24 (1) Obligations issued for improvements which are payable wholly or partly from the
23.25 proceeds of special assessments levied upon property specially benefited thereby, including
23.26 those which are general obligations of the municipality issuing them, if the municipality is
23.27 entitled to reimbursement in whole or in part from the proceeds of the special assessments.

23.28 (2) Warrants or orders having no definite or fixed maturity.

23.29 (3) Obligations payable wholly from the income from revenue producing
23.30 conveniences.

23.31 (4) Obligations issued to create or maintain a permanent improvement revolving
23.32 fund.

(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

(6) Debt service loans and capital loans made to a school district under the provisions of sections 126C.68 and 126C.69.

(7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

(8) Obligations to repay loans made under section 216C.37.

(9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

(10) Obligations issued to pay pension fund ~~or other postemployment benefit~~ liabilities under section 475.52, subdivision 6, or any charter authority.

(11) Obligations issued to pay judgments against the municipality under section 475.52, subdivision 6, or any charter authority.

(12) Obligations issued by a school district to pay other postemployment benefits.

~~(12)~~ (13) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

EFFECTIVE DATE. This section is effective for obligations sold after August 1, 2009.

Sec. 35. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; for funding floating indebtedness; ~~for funding actuarial liabilities to pay postemployment benefits to employees or officers after their termination of service;~~ or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed pursuant to sections 356.215 and 356.216. The board of trustees or directors of a pension fund or relief association referred to in section 69.77 or chapter 422A must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members. A school district may issue bonds to pay postemployment benefits to employees or officers after their termination of service. For purposes of this section, the term "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Governmental Accounting Standards Board.

25.1 **EFFECTIVE DATE.** This section is effective for obligations sold after August
25.2 1, 2009.

25.3 Sec. 36. Minnesota Statutes 2008, section 475.58, subdivision 1, is amended to read:

25.4 Subdivision 1. **Approval by electors; exceptions.** Obligations authorized by law or
25.5 charter may be issued by any municipality upon obtaining the approval of a majority of
25.6 the electors voting on the question of issuing the obligations, but an election shall not be
25.7 required to authorize obligations issued:

25.8 (1) to pay any unpaid judgment against the municipality;

25.9 (2) for refunding obligations;

25.10 (3) for an improvement or improvement program, which obligation is payable wholly
25.11 or partly from the proceeds of special assessments levied upon property specially benefited
25.12 by the improvement or by an improvement within the improvement program, or from tax
25.13 increments, as defined in section 469.174, subdivision 25, including obligations which are
25.14 the general obligations of the municipality, if the municipality is entitled to reimbursement
25.15 in whole or in part from the proceeds of such special assessments or tax increments and
25.16 not less than 20 percent of the cost of the improvement or the improvement program is to
25.17 be assessed against benefited property or is to be paid from the proceeds of federal grant
25.18 funds or a combination thereof, or is estimated to be received from tax increments;

25.19 (4) payable wholly from the income of revenue producing conveniences;

25.20 (5) under the provisions of a home rule charter which permits the issuance of
25.21 obligations of the municipality without election;

25.22 (6) under the provisions of a law which permits the issuance of obligations of a
25.23 municipality without an election;

25.24 (7) to fund pension or retirement fund ~~or postemployment benefit~~ liabilities pursuant
25.25 to section 475.52, subdivision 6;

25.26 (8) under a capital improvement plan under section 373.40; ~~and~~

25.27 (9) under sections 469.1813 to 469.1815 (property tax abatement authority bonds), if
25.28 the proceeds of the bonds are not used for a purpose prohibited under section 469.176,
25.29 subdivision 4g, paragraph (b); and

25.30 (10) under section 475.755.

25.31 **EFFECTIVE DATE.** This section is effective the day following final enactment,
25.32 except that the changes made to clause (7) are effective for obligations sold after August
25.33 1, 2009.

25.34 Sec. 37. Minnesota Statutes 2008, section 475.67, subdivision 8, is amended to read:

Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall be limited to:

(a) general obligations of the United States, securities whose principal and interest payments are guaranteed by the United States, and securities issued by the following agencies of the United States: Banks for Cooperatives, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, and the Federal National Mortgage Association; or

(b) obligations issued or guaranteed by any state or any political subdivision of a state, which at the date of purchase are rated in the highest or the next highest rating given category by Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally recognized rating agency, but not less than the rating on the refunded bonds immediately prior to the refunding.

"Rating category," as used in this subdivision, means a generic securities rating category, without regard in the case of a long-term rating category to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

Sec. 38. **[475.755] EMERGENCY DEBT CERTIFICATES.**

(a) If at any time during a fiscal year the receipts of a local government are reasonably expected to be reduced below the amount provided in the local government's budget when the final property tax levy to be collected during the fiscal year was certified and the receipts are insufficient to meet the expenses incurred or to be incurred during the fiscal year, the governing body of the local government may authorize and sell certificates of indebtedness to mature within two years or less from the end of the fiscal year in which the certificates are issued. The maximum principal amount of the certificates that it may issue in a fiscal year is limited to the expected reduction in receipts plus the cost of issuance. The certificates may be issued in the manner and on the terms the governing body determines by resolution.

(b) The governing body of the local government shall levy taxes for the payment of principal and interest on the certificates in accordance with section 475.61.

(c) The certificates are not to be included in the net debt of the issuing local government.

(d) To the extent that a local government issues certificates under this section to fund an unallotment or other reduction in its state aid, the local government may not use a special levy for the aid reduction under section 275.70, subdivision 5, clause (22), or a similar or successor provision. This provision does not affect the status of the levy under section 475.61 to pay the certificates as a levy that is not subject to levy limits.

27.1 (e) For purposes of this section, the following terms have the meanings given:

27.2 (1) "Local government" means a statutory or home rule charter city, a town, or
27.3 a county.

27.4 (2) "Receipts" includes the following amounts scheduled to be received by the
27.5 local government for the fiscal year from:

27.6 (i) taxes;

27.7 (ii) aid payments previously certified by the state to be paid to the local government;

27.8 (iii) state reimbursement payments for property tax credits; and

27.9 (iv) any other source.

27.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.11 Sec. 39. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,
27.12 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,
27.13 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws
27.14 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998,
27.15 chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to
27.16 read:

27.17 Subd. 2. ~~For~~ In each of the years 2003 to 2013 year, the city of St. Paul is authorized
27.18 to issue bonds in the aggregate principal amount of \$20,000,000 ~~for each year.~~

27.19 **EFFECTIVE DATE.** This section is effective upon compliance by the city of St.
27.20 Paul with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

27.21 Sec. 40. Laws 1971, chapter 773, section 4, as amended by Laws 1976, chapter 234,
27.22 section 2, is amended to read:

27.23 Sec. 4. No proceeds of any bonds issued pursuant to section 1 hereof shall be
27.24 expended for the construction or equipment of any portion of the St. Paul auditorium or
27.25 civic center connected thereto; nor shall any such proceeds be expended for the acquisition
27.26 or betterment of the building known as the Lowry Medical Arts Annex. All bonds issued
27.27 under this act shall mature at any time or times within ten, or for bonds for public
27.28 buildings or parking structures 30, years from the date of issue.

27.29 **EFFECTIVE DATE.** This section is effective upon compliance by the city of St.
27.30 Paul with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

27.31 Sec. 41. Laws 2008, chapter 366, article 6, section 46, subdivision 1, is amended to
27.32 read:

Subdivision 1. **Authorized.** Notwithstanding the contiguity requirement in Minnesota Statutes, section 447.31, subdivision 2, any two or more of the following cities and towns in St. Louis County may establish by resolution of their respective governing bodies the White Community Hospital District or its successor: the cities of Aurora, Biwabik, and Hoyt Lakes, and the towns of Biwabik, White, and Colvin. The proposed resolution to establish the hospital district must be published and is subject to referendum as provided in section 447.31, subdivision 2.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), for taxes levied in 2009, payable in 2010, and thereafter.

Sec. 42. Laws 2008, chapter 366, article 6, section 46, subdivision 2, is amended to read:

Subd. 2. **Powers; may make grants.** (a) Except as otherwise provided in this section, the White Community Hospital District or its successor shall be organized and have the powers and duties provided in Minnesota Statutes, sections 447.31, except subdivisions 2, 5, and 6; 447.32, subdivisions 5, 7, and 9; 447.345; 447.37; and 447.38.

(b) The hospital district may levy taxes as provided in this section to provide funding to make grants to the White Community Hospital or its successor and any affiliated health care facility or provider for any purpose authorized for hospital districts in Minnesota Statutes, sections 447.31 to 447.38, except 447.331. A grant must not be made under this section until the governing body of the White Community Hospital, and any of its affiliated health care facilities or providers receiving a grant, have entered into a written agreement with the hospital district board stating that the governing body will comply with and is subject to all provisions of the Minnesota open meeting law in Minnesota Statutes, chapter 13D.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), for taxes levied in 2009, payable in 2010, and thereafter.

Sec. 43. **ST. PAUL PORT AUTHORITY CREDIT.**

Notwithstanding Minnesota Statutes, section 474A.061, subdivision 4, the commissioner of finance shall apply the \$31,800 deposit paid in 2008 for a proposed issue of \$1,590,000 in tax exempt bonds by the St. Paul Port Authority for District Cooling

29.1 St. Paul, Inc. to an application for an allocation of tax exempt bonds by the St. Paul Port
29.2 Authority for the same project.

29.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
29.4 and expires January 1, 2011.

29.5 Sec. 44. **CHISAGO CITY AND LINDSTROM JOINT VENTURE.**

29.6 Any two or more of the cities of Chisago City and Lindstrom, their economic
29.7 development authorities, housing and redevelopment authorities, and the county of
29.8 Chisago may enter into a joint powers agreement to acquire and develop or redevelop a
29.9 business park in the city of Chisago City or Lindstrom. Any party to the agreement may
29.10 spend money or issue debt for all or a part of the project, regardless of whether the project
29.11 is located within its corporate boundaries. Issuance of debt under this section is subject to
29.12 Minnesota Statutes, chapter 475, except that an election is not required. The agreement
29.13 may provide for the parties to share revenues from the project. Any party to the agreement
29.14 may levy taxes or spend its funds, as otherwise permitted by law, to pay for the project,
29.15 including debt issued to finance the project.

29.16 If the project is included in a tax increment financing district, each city and authority
29.17 that is a party to the agreement may treat the tax increment financing district as being
29.18 located within its corporate boundaries for purposes of the authority under the tax
29.19 increment financing act, Minnesota Statutes, sections 469.174 to 469.1799, to spend
29.20 increments or issue bonds for the project.

29.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

29.22 Sec. 45. **MOUNTAIN IRON ECONOMIC DEVELOPMENT AUTHORITY;**
29.23 **WIND ENERGY PROJECT.**

29.24 (a) The Mountain Iron economic development authority may form or become a
29.25 member of a limited liability company organized under Minnesota Statutes, chapter 322B,
29.26 for the purpose of developing a community-based energy development project pursuant
29.27 to Minnesota Statutes, section 216B.1612. A limited liability company formed or joined
29.28 under this section is subject to the open meeting requirements established in Minnesota
29.29 Statutes, chapter 13D. A project authorized by this section may not sell, transmit, or
29.30 distribute the electrical energy at retail or provide for end use of the electricity to an
29.31 off-site facility of the economic development corporation or the limited liability company.
29.32 Nothing in this section modifies the exclusive service territories or exclusive right to serve
29.33 as provided in Minnesota Statutes, sections 216B.37 to 216B.43.

(b) The authority may acquire a leasehold interest in property outside its corporate boundaries for the purpose of developing a community-based energy development project as provided in Minnesota Statutes, section 216B.1612.

EFFECTIVE DATE. This section is effective the day after the city of Mountain Iron and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 46. **WINONA COUNTY ECONOMIC DEVELOPMENT AUTHORITY; WIND ENERGY PROJECT.**

(a) The Winona County economic development authority may form or become a member of a limited liability company organized under Minnesota Statutes, chapter 322B, for the purpose of developing a community-based energy development project pursuant to Minnesota Statutes, section 216B.1612. A limited liability company formed or joined under this section is subject to the open meeting requirements established in Minnesota Statutes, chapter 13D. A project authorized by this section may not sell, transmit, or distribute the electrical energy at retail or provide for end use of the electrical energy to an off-site facility of the economic development authority or the limited liability company. Nothing in this section modifies the exclusive service territories or exclusive right to serve as provided in Minnesota Statutes, sections 216B.37 to 216B.43.

(b) The authority may acquire a leasehold interest in property outside its corporate boundaries for the purpose of developing a community-based energy development project as provided in Minnesota Statutes, section 216B.1612.

EFFECTIVE DATE. This section is effective the day after the county of Winona and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 47. **TEMPORARY CARRYFORWARD EXTENSION.**

Notwithstanding Minnesota Statutes, section 474A.04, subdivision 1a, bonding authority allocated to an entitlement issuer in 2008, except the bonding authority allocated in Laws 2008, chapter 366, article 5, section 38, or 2009, that an entitlement issuer carries forward under federal tax law that is not permanently issued or for which the governing body of the entitlement issuer has not enacted a resolution electing to use the authority for mortgage credit certificates and has not provided a notice of issue to the commissioner of finance before 4:30 p.m. on the last business day in December 2011 must be deducted from the entitlement allocation for that entitlement issuer in 2012.

31.1 Sec. 48. **REPEALER.**
31.2 Minnesota Statutes 2008, section 37.31, subdivision 8, and Laws 1998, chapter 407,
31.3 article 8, section 12, subdivision 4, are repealed.

31.4 Sec. 49. **EFFECTIVE DATE.**
31.5 Unless otherwise provided, the sections of this act are effective the day following
31.6 final enactment.

APPENDIX
Repealed Minnesota Statutes: H1298-3

37.31 ISSUANCE OF BONDS.

Subd. 8. **Expiration.** The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, 2009.

APPENDIX
Repealed Minnesota Session Laws: H1298-3

Laws 1998, chapter 407, article 8, section 12, subdivision 4

Sec. 12. TOWN OF WHITE, ST. LOUIS COUNTY.

Subd. 4. **Name.** The public name of the buildings and improvements located on the real property legally described in subdivision 1 shall always include the words "White community."