

A bill for an act
relating to housing; authorizing the sale and issuance of challenge program bonds
for affordable housing and permanent supportive housing purposes; amending
Minnesota Statutes 2008, section 462A.21, by adding a subdivision; proposing
coding for new law in Minnesota Statutes, chapter 462A.

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

Section 1. Minnesota Statutes 2008, section 462A.21, is amended by adding a
subdivision to read:

Subd. 33. **Challenge program bond account.** The agency may establish a
challenge program bond account as a separate account within the housing development
fund. Proceeds of challenge program bonds and payments made by the state under
section 462A.40 may be credited to the account. The agency may transfer the proceeds
of challenge program housing bonds to another account within the housing development
fund that it determines appropriate to accomplish the purposes for which the bonds are
authorized under section 462A.40.

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

Sec. 2. **[462A.40] CHALLENGE PROGRAM BONDS; AUTHORIZATION AND
STANDING APPROPRIATION.**

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

(b) "Challenge program bonds" means a bond, note, or other evidence of obligation
of the agency issued and sold for the purposes specified in subdivision 2.

(c) "Debt service" means the amount payable in any fiscal year of principal, premium, if any, and interest on challenge program bonds and the fees, charges, and expenses related to the bonds.

Subd. 2. Authority. The agency may issue up to \$30,000,000 of challenge program bonds in one or more series to which the payments made under this section may be pledged. The challenge program bonds authorized in this subdivision must be issued for the purpose of making grants and loans, on terms and conditions the agency deems appropriate:

(1) to projects meeting the requirements of the economic development and housing challenge program under section 462A.33; or

(2) to neighborhood land trusts authorized under section 46A.31 for land acquisition.

Subd. 3. No full faith and credit. The challenge program bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the challenge program bonds or to any payment that the state agrees to make under this section. The bonds must contain a conspicuous statement to that effect.

Subd. 4. Appropriation; payment to agency or trustee. (a) The agency must certify annually to the commissioner of management and budget the actual amount of annual debt service on each series of bonds issued under subdivision 2.

(b) Each July 15, beginning in 2010 and through 2032, if any challenge program bonds issued under subdivision 2 remain outstanding, the commissioner of management and budget must transfer to the challenge program bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$2,400,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(c) The agency may pledge to the payment of the challenge program bonds the payments to be made by the state under this section.

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