

**SENATE  
STATE OF MINNESOTA  
NINETY-FOURTH SESSION**

**S.F. No. 3809**

(SENATE AUTHORS: LIESKE, Bahr and Wesenberg)

DATE  
02/23/2026

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Introduction and first reading  
Referred to State and Local Government

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to local government; requiring referendums for certain capital improvement  
1.3 projects by economic development authorities; amending Minnesota Statutes 2024,  
1.4 sections 465.71; 469.103, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2024, section 465.71, is amended to read:

1.7 **465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN,**  
1.8 **SCHOOL.**

1.9 Subdivision 1. Generally. A home rule charter city, statutory city, county, town, or  
1.10 school district may purchase personal property under an installment contract, or lease real  
1.11 or personal property with an option to purchase under a lease-purchase agreement, by which  
1.12 contract or agreement title is retained by the seller or vendor or assigned to a third party as  
1.13 security for the purchase price, including interest, if any, but such purchases are subject to  
1.14 statutory and charter provisions applicable to the purchase of real or personal property. For  
1.15 purposes of the bid requirements contained in section 471.345, "the amount of the contract"  
1.16 shall include the total of all lease payments for the entire term of the lease under a  
1.17 lease-purchase agreement. The obligation created by an installment contract or a  
1.18 lease-purchase agreement for personal property, or an installment contract or a lease-purchase  
1.19 agreement for real property if the amount of the contract for purchase of the real property  
1.20 is less than \$1,000,000, shall not be included in the calculation of net debt for purposes of  
1.21 section 475.53, and shall not constitute debt under any other statutory provision. Except as  
1.22 required under subdivision 2, no election shall be required in connection with the execution  
1.23 of an installment contract or a lease-purchase agreement authorized by this section. The

2.1 city, county, town, or school district must have the right to terminate a lease-purchase  
2.2 agreement at the end of any fiscal year during its term.

2.3 Subd. 2. Referendum in certain cases. A home rule charter city or statutory city must  
2.4 follow the election requirements under section 475.521, subdivision 2, to enter any  
2.5 lease-purchase agreement that is: (1) for real or personal property that qualifies as a capital  
2.6 improvement under section 475.521, subdivision 1, paragraph (b); and (2) financed by  
2.7 revenue bonds issued by an economic development authority exercising the powers under  
2.8 sections 469.090 to 469.108.

2.9 Sec. 2. Minnesota Statutes 2024, section 469.103, is amended by adding a subdivision to  
2.10 read:

2.11 Subd. 9. Referendum for certain revenue bonds. (a) An authority must follow the  
2.12 election requirements under section 475.521, subdivision 2, to issue a revenue bond to  
2.13 finance a project that: (1) qualifies as a capital improvement under section 475.521,  
2.14 subdivision 1, paragraph (b); and (2) will be leased to a home rule charter city or statutory  
2.15 city for its use.

2.16 (b) For purposes of this subdivision, "authority" means an economic development  
2.17 authority exercising the powers under sections 469.090 to 469.108.