A bill for an act

relating to capital investment; amending certain general obligation bond sale provisions; amending Minnesota Statutes 2008, sections 16A.641, subdivisions 4, 7; 16A.66, subdivision 2.

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

Section 1. Minnesota Statutes 2008, section 16A.641, subdivision 4, is amended to read:

Subd. 4. **Sale and issuance.** State bonds ~~must~~ may be sold and issued ~~upon competitive bids~~ at public or private sale in the manner and on the terms and conditions determined by the commissioner in accordance with the laws authorizing them and subject to the approval of the attorney general, but not subject to chapter 14, including section 14.386. For each series, in addition to provisions required by subdivision 3, the commissioner may determine:

(1) the time, place, and form of notice of sale ~~and~~ for competitive bids and requests for proposals for negotiated sales;

(2) method of comparing bids;

~~(2)~~ (3) the price, not less than par for highway bonds;

~~(3)~~ (4) the principal amount and date of issue;

~~(4)~~ (5) the interest rates and payment dates;

~~(5)~~ (6) the maturity amounts and dates, not more than 20 years from the date of issue, subject to subdivision 5;

~~(6)~~ (7) the terms, if any, on which the bonds may or must be redeemed before maturity, including notice, times, and redemption prices; and

~~(7)~~ (8) the form of the bonds and the method of execution, delivery, payment, registration, conversion, and exchange, in accordance with section 16A.672.

Sec. 2. Minnesota Statutes 2008, section 16A.641, subdivision 7, is amended to read:

Subd. 7. **Credit of proceeds.** (a) Proceeds of bonds issued under each law must be credited by the commissioner to a special fund, as provided in this subdivision.

(b) Accrued interest ~~and any premium~~ received on sale of the bonds must be credited to the state bond fund created by the Constitution, article XI, section 7. Premium received on the sale of the bonds must be credited either to the state bond fund or to the bond proceeds fund where it is used to reduce the par amount of the bonds issued. Premium may only be credited to the bond proceeds fund and used to reduce the par amount if it does not cause an increase in the general fund debt service transfer for the biennium during which the bonds are sold, as estimated by the commissioner.

(c) Except as otherwise provided by law, proceeds of state bonds issued under the Constitution, article XI, section 5, clause (a), must be credited to the bond proceeds fund established by section 16A.631.

(d) Proceeds of state highway bonds must be credited to the trunk highway fund under the Constitution, article XIV, section 6.

(e) Proceeds of bonds issued for programs of grants or loans to political subdivisions must be credited to special accounts in the bond proceeds fund or to special funds established by laws stating the purposes of the grants or loans, and the standards and criteria under which an executive agency is authorized to make them.

(f) Proceeds of refunding bonds must be credited to the state bond fund as provided in section 16A.66, subdivision 1.

(g) Proceeds of other bonds must be credited as provided in the law authorizing their issuance.

Sec. 3. Minnesota Statutes 2008, section 16A.66, subdivision 2, is amended to read:

Subd. 2. **Special provisions for sale and issuance.** Refunding bonds may be sold ~~publicly~~ at public or private sale, or directly to the State Board of Investment without bids, or may be exchanged for bonds refunded by agreement with their holders. The refunding bonds must be prepared, executed, delivered, and secured in the same way as the refunded bonds. The proceeds of refunding bonds may be deposited, invested, and applied to accomplish the refunding as provided in section 475.67, subdivisions 5 to 10 and 13. The interest rate on refunding bonds may exceed that on the refunded bonds

if the purpose of refunding is to extend the maturities and to reduce the amount needed annually to pay and to secure the debt.

Sec. 4. **EFFECTIVE DATE.**

This act is effective the day following final enactment.