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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2650

03/21/2019 Authored by Marquart The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to public finance; modifying sections governing bonds, drainage lien
1.3 interest, notice requirements for school and private activity bonds, transportation
1.4 bonds, and municipal bankruptcy; amending Minnesota Statutes 2018, sections
1.5 103E.611, subdivision 2; 123B.595, subdivision 5; 297A.993, subdivision 1, by
1.6 adding a subdivision; 462C.04, subdivision 2; 469.154, subdivision 4; 471.831;
1.7 473.39, subdivision 6; 474A.02, subdivision 22b; 475.521, subdivision 1.

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

1.9 Section 1. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

1.10 Subd. 2. Interest. (a) Interest is an additional drainage lien on all property until paid.
1.11 The interest rate on the drainage lien principal from the date the drainage lien statement is
1.12 recorded must be set by the board but may not exceed the rate determined by the state court
1.13 administrator for judgments under section 549.09, or six percent, whichever is greater.

1.14 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall
1.15 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.
1.16 The amount of interest must be computed on the entire unpaid principal from the date the
1.17 drainage lien was recorded to August 15 of the next calendar year, and afterwards from
1.18 August 15 to August 15 of each year.

1.19 (c) Interest is due and payable after November 1 of each year the drainage lien principal
1.20 or interest is due and unpaid.

1.21 Sec. 2. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

1.22 Subd. 5. Bond authorization. (a) A school district may issue general obligation bonds
1.23 under this section to finance facilities plans approved by its board and the commissioner.

2.1 Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to
 2.2 issue bonds under this section is in addition to any bonding authority authorized by this
 2.3 chapter or other law. The amount of bonding authority authorized under this section must
 2.4 be disregarded in calculating the bonding or net debt limits of this chapter, or any other law
 2.5 other than section 475.53, subdivision 4.

2.6 (b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds; or
 2.7 the final certification of levies under subdivision 6, the district must publish notice of the
 2.8 intended projects, the amount of the bond issue, and the total amount of district indebtedness.

2.9 (c) The portion of revenue under this section for bonded debt must be recognized in the
 2.10 debt service fund.

2.11 Sec. 3. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

2.12 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions
 2.13 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the~~
 2.14 ~~metropolitan transportation area, as defined under section 297A.992, subdivision 1,~~ or more
 2.15 than one county ~~outside the metropolitan transportation area~~ acting under a joint powers
 2.16 agreement, may by resolution of the county board, or each of the county boards, following
 2.17 a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent
 2.18 on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor
 2.19 vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any
 2.20 person engaged in the business of selling motor vehicles at retail, occurring within the
 2.21 jurisdiction of the taxing authority.

2.22 Sec. 4. Minnesota Statutes 2018, section 297A.993, is amended by adding a subdivision
 2.23 to read:

2.24 Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds,
 2.25 notes, or other obligations for the purposes specified in subdivision 2. The county may also,
 2.26 by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

2.27 (b) The bonds may be limited obligations, payable solely from or secured by taxes levied
 2.28 under this section, and the county may also pledge its full faith, credit, and taxing power as
 2.29 additional security for the bonds. A regional railroad authority within the county may also
 2.30 pledge its taxing powers as additional security for the bonds.

2.31 (c) Bonds may be issued in one or more series and sold without an election. The bonds
 2.32 shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority,

3.1 be executed in the manner, be payable in the manner, mature, and be subject to the defaults,
 3.2 redemptions, repurchases, tender options, or other terms, and shall be sold in such manner
 3.3 as the county may determine.

3.4 (d) The county may enter into and perform all contracts deemed necessary or desirable
 3.5 by it to issue and secure the bonds, including an indenture of trust with a trustee within or
 3.6 without the state.

3.7 (e) Except as otherwise provided in this subdivision, the bonds must be issued and sold
 3.8 in the manner provided under chapter 475.

3.9 Sec. 5. Minnesota Statutes 2018, section 462C.04, subdivision 2, is amended to read:

3.10 Subd. 2. **Program review.** A public hearing shall be held on each program after one
 3.11 publication of notice in a newspaper circulating generally in the city, at least ~~45~~ seven days
 3.12 before the hearing. On or before the day on which notice of the public hearing is published,
 3.13 the city shall submit the program to the Metropolitan Council, if the city is located in the
 3.14 metropolitan area as defined in section 473.121, subdivision 2, or to the regional development
 3.15 commission for the area in which the city is located, if any, for review and comment. The
 3.16 appropriate reviewing agency shall comment on:

3.17 (a) whether the program furthers local and regional housing policies and is consistent
 3.18 with the Metropolitan Development Guide, if the city is located in the metropolitan area,
 3.19 or adopted policies of the regional development commission; and

3.20 (b) the compatibility of the program with the housing portion of the comprehensive plan
 3.21 of the city, if any.

3.22 Review of the program may be conducted either by the board of the reviewing agency
 3.23 or by the staff of the agency. Any comment submitted by the reviewing agency to the city
 3.24 must be presented to the body considering the proposed program at the public hearing held
 3.25 on the program.

3.26 A member or employee of the reviewing agency shall be permitted to present the
 3.27 comments of the reviewing agency at the public hearing. After conducting the public hearing,
 3.28 the program may be adopted with or without amendment, provided that any amendments
 3.29 must not be inconsistent with the comments, if any, of the reviewing agency and must not
 3.30 contain any material changes from the program submitted to the reviewing agency other
 3.31 than changes in the financial aspects of any proposed issue of bonds or obligations. If any
 3.32 material change other than a change in the financial aspects of a proposed issue of bonds
 3.33 or obligations, or any change which is inconsistent with the comments of the reviewing

4.1 agency is adopted, the amended program shall be resubmitted to the appropriate reviewing
 4.2 agency for review and comment, and a public hearing shall be held on the amended program
 4.3 after one publication of notice in a newspaper circulating generally in the city at least ~~15~~
 4.4 seven days before the hearing. The amended program shall be considered after the public
 4.5 hearing in the same manner as consideration of the initial program.

4.6 Sec. 6. Minnesota Statutes 2018, section 469.154, subdivision 4, is amended to read:

4.7 Subd. 4. **Hearing.** Prior to submitting an application to the department requesting
 4.8 approval of a project pursuant to subdivision 3, the governing body or a committee of the
 4.9 governing body of the municipality or redevelopment agency shall conduct a public hearing
 4.10 on the proposal to undertake and finance the project. Notice of the time and place of hearing,
 4.11 and stating the general nature of the project and an estimate of the principal amount of bonds
 4.12 or other obligations to be issued to finance the project, shall be published at least once not
 4.13 less than ~~14~~ seven days nor more than 30 days prior to the date fixed for the hearing, in the
 4.14 official newspaper and a newspaper of general circulation of the municipality or
 4.15 redevelopment agency. The notice shall state that a draft copy of the proposed application
 4.16 to the department, together with all attachments and exhibits, shall be available for public
 4.17 inspection following the publication of the notice and shall specify the place and times
 4.18 where and when it will be so available. The governing body of the municipality or the
 4.19 redevelopment agency shall give all parties who appear at the hearing an opportunity to
 4.20 express their views with respect to the proposal to undertake and finance the project.
 4.21 Following the completion of the public hearing, the governing body of the municipality or
 4.22 redevelopment agency shall adopt a resolution determining whether or not to proceed with
 4.23 the project and its financing; it may thereafter apply to the department for approval of the
 4.24 project.

4.25 Sec. 7. Minnesota Statutes 2018, section 471.831, is amended to read:

4.26 **471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.**

4.27 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in
 4.28 subdivision 2, may file a petition and seek any relief available to it under United States
 4.29 Code, title 11, as amended ~~through December 31, 1996.~~

4.30 Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as
 4.31 defined in United States Code, title 11, section 101, as amended ~~through December 31,~~
 4.32 ~~1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and

5.1 redevelopment authority, economic development authority, or rural development financing
5.2 authority established under chapter 469, a home rule charter, or special law.

5.3 Sec. 8. Minnesota Statutes 2018, section 473.39, subdivision 6, is amended to read:

5.4 Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any
5.5 proceeds from certificates of indebtedness, bonds, or other obligations under ~~this section~~
5.6 subdivision 1u for project development, land acquisition, or construction to (1) establish a
5.7 light rail transit line; or (2) expand a light rail transit line, including by extending a line or
5.8 adding additional stops.

5.9 Sec. 9. Minnesota Statutes 2018, section 474A.02, subdivision 22b, is amended to read:

5.10 Subd. 22b. **Public facilities project.** "Public facilities project" means any publicly owned
5.11 facility, or a facility ~~owned by a nonprofit organization~~ that is used for district heating or
5.12 cooling, whether publicly or privately owned, that is eligible to be financed with the proceeds
5.13 of public facilities bonds as defined under section 474A.02, subdivision 23a.

5.14 Sec. 10. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

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

5.17 (a) "Bonds" mean an obligation defined under section 475.51.

5.18 (b) "Capital improvement" means acquisition or betterment of public lands, buildings
5.19 or other improvements for the purpose of a city hall, town hall, library, public safety facility,
5.20 and public works facility. An improvement must have an expected useful life of five years
5.21 or more to qualify. Capital improvement does not include light rail transit or any activity
5.22 related to it, or a park, road, bridge, administrative building other than a city or town hall,
5.23 or land for any of those facilities. For purposes of this section, "capital improvement"
5.24 includes expenditures for purposes described in this paragraph that have been incurred by
5.25 a municipality before approval of a capital improvement plan, if such expenditures are
5.26 included in a capital improvement plan approved on or before the date of the public hearing
5.27 under subdivision 2 regarding issuance of bonds for such expenditures.

5.28 (c) "Municipality" means a home rule charter or statutory city or a town ~~described in~~
5.29 ~~section 368.01, subdivision 1 or 1a.~~