

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, but 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 the 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.

History: 2009 c 88 art 6 s 1