

469.178 TAX INCREMENT BONDING.

Subdivision 1. **Generally.** Notwithstanding any other law, no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken except as authorized in this section. The proceeds from the bonds shall be used only in accordance with section 469.176, subdivisions 4 to 41, as if the proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to laws not requiring a tax increment financing plan. The bonds are not included for purposes of computing the net debt of any municipality.

Subd. 2. **Municipality's general obligation bonds.** A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 469.176, subdivision 4, in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments, or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments, or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and shall file the resolution containing the covenant with the county auditor. When tax increment, assessments, and other revenues are pledged, the estimated collections of the tax increment, assessments, and other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

Subd. 3. **Authority's general obligation bonds.** When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue, and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 469.176, subdivision 4. The bonds of the authority shall be authorized by its resolution and shall mature as determined by resolution of the authority in accordance with sections 469.174 to 469.178. The bonds may be issued in one or more series and shall bear the date or dates, bear interest at the rate or rates, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption, with or without premium, as the resolution, its trust indenture, or mortgage may provide. The bonds may be sold at public or private sale at the price or prices the authority by resolution shall determine. Notwithstanding any provision of law to the contrary, the bonds shall be fully negotiable. In any suit or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for that purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 469.174 to 469.178. Neither the authority, nor any director, commissioner, council member, board member, officer, employee, or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority shall not be a debt of any municipality, the state, or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor shall the bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor; the bonds shall state this on their face.

Subd. 4. **Authority's revenue bonds.** Notwithstanding any other law, an authority may, by resolution, authorize, issue, and sell revenue bonds payable solely from all or a portion of revenues, including tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure that the authority is authorized to make by section 469.176, subdivision 4. The bonds shall mature as determined by resolution of the authority in accordance with sections 469.174 to 469.178 and may be issued in one or more series. The bonds shall bear the date or dates, bear interest at the rate or rates, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption, with or without premium, as the resolution, its trust indenture, or mortgage may provide. The bonds may be sold at public or private sale at the price or prices the authority by resolution determines, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for that purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 469.174 to 469.178. Neither the authority, nor any director, commissioner, council member, board member, officer, employee, or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of their issuance. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and by covenants the authority deems by resolution to be necessary and proper to secure payment of the bonds. The bonds shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged, and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under sections 469.174 to 469.178 and pledged hereunder, to pay the principal of or interest on the bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof; the bonds shall state this on their face.

Subd. 5. **Temporary bonds.** (a) In anticipation of the issuance of bonds pursuant to subdivision 2, 3, or 4, the authority or municipality may by resolution issue and sell temporary bonds pursuant to subdivision 2, 3, or 4, maturing within three years from their date of issue, to pay any part or all of the cost of a project. To the extent that the principal of and interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, they shall be paid from the proceeds of long-term bonds or additional temporary bonds that the authority or municipality offers for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued pursuant to subdivision 2, 3, or 4 without regard to whether the temporary bonds were issued pursuant to subdivision 2, 3, or 4. If general obligation temporary bonds are issued pursuant to subdivision 2, proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by section 475.61 to be levied prior to delivery of the obligations. Subject to the six-year maturity limitation contained above, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the holders may demand that the authority or municipality issue pursuant to subdivision 2, 3, or 4 as the temporary bonds and in exchange for the temporary bonds, at par, replacement temporary bonds dated as of the date of the replaced temporary

bonds, maturing within one year from the date of the replacement temporary bonds and earning interest at the rate set forth in the resolution authorizing the issuance of the replaced temporary bonds, provided that the rate shall not exceed the maximum rate permitted by law at the date of issue of the replaced temporary bonds. The authority or municipality shall do so upon demand.

(b) Funds of a municipality may be invested in its temporary bonds in accordance with the provisions of section 118A.04, and may be purchased upon their initial issue, but shall be purchased only from funds which the governing body of the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in case of emergency. If purchased from a debt service fund securing other bonds, the holders of those bonds may enforce the municipality's obligations on the temporary bonds in the same manner as if they held the temporary bonds.

Subd. 6. **When Bond Allocation Act applies.** Sections 474A.01 to 474A.21 apply to any issuance of obligations under this section that are subject to limitation under a federal tax law as defined in section 474A.02, subdivision 8.

Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan money to finance expenditures under section 469.176, subdivision 4, from its general fund or any other fund under which it has legal authority to do so.

(b) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized by resolution of the governing body or of the authority, whichever has jurisdiction over the fund from which the advance or loan is authorized.

(c) The resolution may generally grant to the municipality or the authority the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.

(d) The terms and conditions for repayment of the loan must be provided in writing. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the municipality or the authority before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under section 270C.40 or 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.

(e) The authority shall report in the annual report submitted under section 469.175, subdivision 6:

(1) the amount of any interfund loan or advance made in a calendar year; and

(2) any amendment of an interfund loan or advance made in a calendar year.

History: 1987 c 291 s 179; 1996 c 399 art 2 s 12; 2000 c 260 s 66; 1Sp2001 c 5 art 15 s 21; 2003 c 127 art 10 s 21; 2005 c 151 art 2 s 17; 2005 c 152 art 2 s 20; 2006 c 259 art 9 s 9; 2008 c 154 art 9 s 13; 2009 c 88 art 5 s 9; 1Sp2017 c 1 art 6 s 8