475A.04 DEBT SERVICE DEFICIENCY LOANS.

Subdivision 1. **Procedure.** In the event that funds sufficient to pay all of the principal and interest due on any guaranteed bond are not in the hands of the municipal treasurer or the paying agent at least 15 days before the due date, the treasurer or agent shall report the amount of the deficiency to the paying agent and the auditor who shall grant a loan to the issuer in this amount and shall certify to the issuer, the paying agent, and the auditor and treasurer of each county in which property subject to taxation by the issuer is situated, the amount of the loan and interest to accrue thereon to the due date of the loan, and the commissioner of management and budget shall issue a payment for the principal amount and shall remit it to the paying agent on or before the due date. If the municipal treasurer fails to deposit funds with the paying agent sufficient to pay all principal and interest due on any guaranteed bond on any date, without having previously given the notice herein required, the paying agent may report the amount of the deficiency to the commissioner of management and budget, who shall forthwith grant a loan to the issuer for this amount plus interest to accrue thereon for one month at the rate represented by the coupons then due, and the loan shall be certified and remitted as provided above. The paying agent may advance its own funds for the payment of any guaranteed bonds and interest due for which it has not received sufficient funds from the municipality, and may contract with the municipality to make such advances, and shall be entitled to reimbursement therefor from the proceeds of the loan, with interest at the rate represented by the coupons due. The issuing municipality shall give a receipt to the commissioner of management and budget for the amount of the loan and interest.

Subd. 2. **Due date; interest; prepayment.** Each loan shall become due on December 31 in the year following the year when a tax is levied for its payment as provided in subdivision 3, and shall bear interest from the date of its disbursement until paid, at a rate determined by the commissioner of management and budget, not less than the average annual rate payable on state municipal aid bonds most recently issued before such disbursement, and in no event less than 3-1/2 percent per annum. Any loan may be prepaid at any time with interest to the date of prepayment, by remittance to the commissioner of management and budget, who shall deposit the prepayment to the credit of the municipal bond guarantee fund and shall issue a receipt to the municipality with a copy to the treasurer of each county in which taxable property within the municipality is situated. Interest on loans not prepaid shall be due at the same time as principal.

Subd. 3. **Levy.** Before October 1 in each year the state auditor shall certify to the county auditor and treasurer of each county containing taxable property situated within any municipality having an outstanding loan, and to the municipality, the amount, if any, necessary to be levied to produce the total amount of principal and interest to become due in the next ensuing year on such loan plus the amount of any guaranty fee unpaid. After receipt of the certification each county auditor, upon ascertaining the current year's net tax capacity of all taxable property within the municipality which is situated within that county, and upon ascertaining from the county auditors of other counties the net tax capacity of any such property situated within their counties, shall extend upon the tax rolls an ad valorem tax upon all such property within that county, in an amount equal to that proportion of the total amount certified by the secretary which the net tax capacity of such property bears to the net tax capacity of all taxable property within the municipality.

Subd. 4. **First lien.** Each loan shall be a first lien and charge on all collections of taxes levied on property by the municipality to which the loan is granted, which are due and payable on and after October 31 in the year in which the loan is due. Unless a receipt for the prepayment thereof has theretofore been filed with the treasurer of each county in which property taxable by the municipality to which the loan was granted is situated, each such treasurer shall deduct from the first such taxes to be distributed to the municipality the full amount of the tax extended pursuant to subdivision 3, and shall remit the same to the commissioner of

management and budget, who shall deposit the remittance to the credit of the municipal bond guaranty fund and shall issue a receipt to the municipality with a copy to the county treasurer.

History: *1971 c 856 s 4; Ex1971 c 46 s 4; 1973 c 492 s 14; 1986 c 444; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 2003 c 112 art 2 s 44; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 40*