

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2981

DATE: February 27, 2008

Version: As introduced

Authors: Carlson and others

Subject: Intermediate School Districts ; Short Term Bonding

Analyst: Tim Strom

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

School districts may engage in short-term borrowing for cash flow purposes. School districts may borrow against both expected aid payments and future levy proceeds in amounts not to exceed 75 percent of the expected annual state aid or property tax receipts.

This bill extends the authority for short-term borrowing to the three intermediate school districts. The bill also restores general language that was inadvertently repealed in 2003 regarding the state's guarantee of school district bonds.

Section

- 1 Application of limiting tax legislation.** Adds intermediate school districts to the authority to engage in tax and aid anticipation borrowing.
- 2 Limitations.** Clarifies a reference to school district fiscal years.
- 3 Intermediate school districts.** Specifically authorizes an intermediate school district to borrow against its expected receipt of state aids, federal aids, and membership fees and tuition payments from its member districts. Allows the intermediate school district, upon its member district approval, to amend its bylaws to allow it to pledge the full faith and credit of its member districts to repay the short-term borrowing of the intermediate school district.
- 4 Enabling resolution; form of certificates of indebtedness.** Adds intermediate school districts to the authority to issue certificates of indebtedness for cash flow borrowing.
- 5 State payment of debt obligation upon potential default.** Extends the state guarantee of school district debt to intermediate school districts. Restores language in subdivision 4a that was inadvertently repealed in 2003 that allows the state to recapture aid payments if a school district defaults on state-guaranteed bond payments.