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Overview

This bill would pay for transportation infrastructure through involvement of state-chartered banks. A state-chartered bank is a private sector bank that has chosen to be a state-regulated bank (have a state charter), instead of being a national (federally-regulated) bank that has a federal charter.

1 Use of new wealth-based bookkeeping entry money for transportation funding.

Subd. 1. Applicability. (a) Requires that the funding of all construction and maintenance of governmental roads, bridges, transit systems, and other transportation infrastructure be provided without taxation or bonding. Provides that it be funded instead through the use of state-chartered banks to create bookkeeping entry money as described in this bill. (b) Defines "state-chartered bank" as a bank chartered in Minnesota.

Subd. 2. Use of project money. Requires a road authority sponsoring a transportation infrastructure project to select and develop the details of the project and submit the documentation to the nearest state-chartered bank for funding. The information submitted to the bank must include the amount of the winning bid, or the cost to the road authority if the road authority plans to do the work itself.

Subd. 3. Origination and movement of new wealth-based checkbook money. (a) Requires each state-chartered bank to set up an asset-monetizing account for use in monetizing infrastructure accounts. Requires that bank auditors treat the asset-monetizing account as a separate agency of the state-chartered bank and not as part of the bank's ongoing banking operations.

(b) Requires a state-chartered bank that has received a funding request described in subdivision 2 to transfer the requested funds electronically to the account of the road authority, to be used only for the specific project. Makes the road authority (not the bank) responsible for overseeing the project.

Subd. 4. Direction to bank examiners. Provides that banks are not subject to reserve requirements for money created under this section. Provides that any liability of a bank in

connection with this section lasts only until the bank has transmitted the requested money to the road authority.

Subd. 5 Auditing; public transparency. Requires state and legislative auditors to make sure there is ongoing and accurate accounting of the total money created to fund projects under this section. Requires the state auditor to update the accounting monthly.

Subd. 6. Criminal penalty for noncompliance or fraud. Makes any noncompliance or fraud committed in connection with this section a felony. Provides a criminal penalty of a fine of up to \$100 million or up to 40 years in prison, or both.

Subd. 7. Pilot project. Requires the state to implement a pilot project to test all the procedures involved in this bill. Requires it to be completed within 180 days of the effective date of this bill.

Effective date: Makes the bill effective August 1, 2012, except that the pilot project in section 7 is effective immediately upon enactment.