

Subject Local government debt financing modified

Authors Marquart

Analyst Chris Kleman

Date February 24, 2021

### Overview

This bill makes a number of changes in laws relating to municipal financing.

## Summary

Section	Description
1	<b>Allocation; termination.</b> Allows counties to use funds generated by county transportation sales taxes for payment of capital costs of constructing buildings and other facilities used for maintaining transportation or transit projects.
2	<b>Exercising powers of a municipal power agency.</b> Allows municipal gas agencies to engage in electric prepayment transactions.
3	<b>All other powers.</b> Renumbers existing subdivision due to the change in section 2.
4	<b>Installment; lease purchase; city, county, town, school.</b> Clarifies that installment contracts that local governments use to purchase real or personal property are not to be included in the calculation of the local government's net debt if the amount is under \$1 million.
5	<b>Interest rate.</b> Deletes outdated and confusing terminology relating to the interest rate of municipal debt.
6	<b>Street reconstruction and bituminous overlays.</b> Allows municipalities to use street reconstruction bond proceeds to construct bicycle lanes, sidewalks, and paths that are incidental to street reconstruction. This provision aligns the statute with current practice.

Section	Description
7	<b>Advertisement.</b> Deletes outdated and confusing terminology relating to the interest rate of municipal debt.
8	<b>Escrow account securities.</b> Updates the list of permissible investments for escrow accounts for refunding bonds to reflect the consolidation of various banks into the Farm Credit System and provides examples of permitted securities.
9	<b>Repealer.</b> Repeals overlapping and contradictory language regarding the sale of port authority property.



*Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.*

[www.house.mn/hrd](http://www.house.mn/hrd) | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155