Overview

This bill reenacts provisions of the 1997 Omnibus Tax Act ("the Act") that relate to public debt. This responds to an ongoing legal challenge to the Act on the basis of the single subject requirements of the constitution. This case challenged the provision of the Act that subjected school district projects to the prevailing wage rules. Associated Builders and Contractors v. Carlson, 590 N.W.2d 130 (Minn. App. 1999), rev. granted (April 20, 1999). The Minnesota Supreme Court has granted a petition to review of the case.

In Associated Builders the Minnesota Court of Appeals held that the Act was enacted in violation of the single subject requirement of the constitution. The Court of Appeals, however, held that this invalidated only the prevailing wage provision and not the remainder of the act. Because the standard remedy in a single subject case is to invalidate the entire act, this case casts a shadow over the other provisions of the Act. As a result, bond counsel in Minnesota are generally refusing to issue bond opinions on issues that are dependent on the provisions of the Act. This bill attempts to remove this impediment to issuing these bonds by reenacting the provisions of the Act that relate to bond issuance.

1  **Class 4d.** Reenacts the provisions of the 1997 Omnibus Tax Act that established class 4d for low income rental housing.

2  **Property tax abatement.** Reenacts the provisions of the 1997 Omnibus Tax Act that authorized property tax abatement for economic development, housing, and other purposes.

3  **Tax increment financing.** Reenacts the provisions of the 1997 Omnibus Tax Act that related to tax increment financing.

4  **Effective date.** Provides the reenactments are effective retroactive to the date of the original effective dates in the 1997 Omnibus Tax Act.