



Subject Public finance
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Overview

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

Summary

Section	Description
1	Maximum interest rates on drainage lien. Increases the maximum interest rate that counties can charge on drainage lien principal to six percent. Present law sets the limit at the rate set by the State Court Administrator for interest on court judgments, a floating interest rate pegged to the rate on one-year Treasury securities. For 2018, that rate was four percent.
2	Bond authorization; school districts. Eliminates the public notice requirement for solicitation of bids to allow school districts to solicit project bids prior to involving bond counsel. Under current law, school districts may be required to reject and then resolicit bids to meet the current requirements.
3	Transportation sales and use tax; authorization and rates. Amends current law to clarify that, after the disbanding of CTIB, any county may impose a transportation sales and use tax under this section. As currently defined, the “metropolitan transportation area” means a county participating in CTIB. Since no counties currently participate, all counties are outside this area.
4	Transportation sales and use tax; bonds. Allows counties imposing a transportation sales tax to issue bonds, in the manner previously available for counties participating in CTIB.
5	Housing bonds; program review. Amends the notice requirements for a public hearing on housing bonds from 14 days to 7 days before the hearing. The IRS recently finalized regulations that shortened the 14-day period to 7 days for tax-exempt private activity bonds.

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6	Industrial development bonds; Hearing. Amends the notice requirements for a public hearing on industrial development bonds from 14 days to 7 days before the hearing. The IRS recently finalized regulations that shortened the 14-day period to 7 days for tax-exempt private activity bonds.
7	Municipal bankruptcy. Updates the reference to the United States Bankruptcy Code to reflect amendments made since 1996 and to adopt future amendments in law authorizing municipalities to file for bankruptcy.
8	Metropolitan Council debt obligations. Limits the prohibition on using Metropolitan Council debt for light rail improvements, enacted in 2017, to obligations authorized by the 2017 law. Under present law, the prohibition applies to any debt obligations issued by the council under the section of the statute.
9	Bond allocation; public facilities projects. Allows district heating projects owned by for-profit entities to qualify as public facilities projects under the Minnesota's bond allocation process. Under present law, these projects must be owned by a governmental entity or a nonprofit organization to qualify for an allocation of public facilities bonding.
10	Authority of towns to issue capital improvement bonds. Modifies the definition of "municipality" for purposes of capital improvement bonds so that any town can issue these bonds. Under present law, only towns with populations of 1,000 or more are authorized to issue capital improvement bonds. These bonds may be issued, subject to a reverse referendum (rather than a direct referendum), for various types of public buildings but may not be used for parks, roads, bridges, or transit facilities. This will permit the town board for the added towns to issue capital improvement bonds without holding a town meeting.



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