

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3678
Version: First committee engrossment

DATE: March 25, 2010

Authors: Clark and others

Subject: Challenge program bonds

Analyst: Matt Burrell, 651-296-5045

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

This bill authorizes the Minnesota Housing Finance Agency to issue up to \$30 million in bonds for (1) implementing the challenge program, and (2) land acquisition by neighborhood land trusts. It appropriates funds from the general fund, with an annual reduction in state funding for the challenge program that matches the amount of debt service needed for the bonds. Under the bill, the amount provided annually for the challenge program is only reduced if the agency issues challenge bonds.

Section

Article 1: Appropriations

Overview

This article adjusts the base appropriations to the Minnesota Housing Finance Agency for the challenge program, reducing it by \$2.4 million per year.

- 1** Summary of appropriations. Summarizes the appropriations by fund.
- 2** Appropriations. Establishes that appropriations and reductions are from the general fund, unless another is named, and that they modify the 2010-11 budget.
- 3** Housing finance agency. Makes a reduction in general fund appropriation to the Minnesota Housing Finance Agency for the economic development and housing challenge program, of \$2.4 million in fiscal year 2011. Reduces the base appropriation for the challenge program by \$2.4 million per year, so that the appropriation is \$6.993 million each year in fiscal years 2012 and 2013.

Article 2: Challenge Bonds

Overview

This article establishes the challenge program bonding authority.

- 1 Challenge program bond account. Establishes an account for bonds authorized in the bill.
- 2 [462A.40] Challenge program bonds; authorization and standing appropriation. Authorizes the Minnesota Housing Finance Agency (MHFA) to issue \$30 million in bonds for the economic development and housing challenge program, and for land acquisition by community land trusts. Appropriates funds to cover debt service on the bonds.

Subd. 1. Definitions. Defines terms.

Subd. 2. Authority. Authorizes MHFA to issue \$30 million in bonds to be provided as grants or loans for:

- Projects implemented under the economic development and housing challenge program; or
- Neighborhood land trusts to undertake land acquisition.

Subd. 3. No full faith and credit. Establishes that repayment of the bonds is not backed by the state.

Subd. 4. Appropriations; payment to the agency or trustee. Requires MHFA to certify the necessary debt service on the bonds to the Department of Management and Budget. Transfers up to \$2.4 million annually from the general fund for debt service payments. Requires annual legislative reporting on the amount of debt service and transfer.

Establishes a standing appropriation of \$2.4 million minus the debt service amount, for the challenge program. Taken with the changes in article 1, this has the effect of keeping funding for the challenge program at the level provided in base appropriations under current law, unless the agency issues challenge bonds. In this case, funding provided to the challenge program is reduced by the amount needed for debt service on the bonds.