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Overview

This is the annual bill sponsored by the Public Finance Institute, a trade association of businesses and professionals providing services in connection with state and local government bonding. It makes a variety of changes in the laws that affect the investment of local government money and the authority of local units of government to issue debt securities.

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- 1 Authority to invest in state and local securities.** Modifies the law regulating the authority to invest local government funds in municipal securities to include:
 - Revenue obligations of local governments without taxing authority, if the obligations are rated AA or better. Under current law, the issuing governmental unit must have taxing power.
 - Any short-term school district obligation (13-months or less) if it is either (1) rated in the highest rating category or (2) covered by the state credit enhancement program.
- 2 Guaranteed investment contracts (GICs).** Authorizes local governments to invest in short-term GICs (18-months or less), if the issuer's or guarantor's short-term debt is rated in the highest rating category. This will allow purchase of short-term GICs issued by companies whose long-term debt is rated below the top two rating categories.
- 3 Special assessments for energy improvements.** Eliminates a reference under the energy improvement financing program (EIFP), enacted by the 2010 legislature, that the properties must be "benefited" and allows EIFP special assessments to be repaid in 20 equal annual

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installments.

- 4 County capital notes.** Modifies the definition of “capital equipment” for which county capital notes may be issued to include:
- Computer hardware and software without regard to its useful life
 - Development and training services bundled with computer hardware and software
 - Fiber optic cable or means of transmitting voice or data among government facilities
- 5 County capital improvement program (CIP) bonds.** Expands the permitted facilities and expenditures that may be financed with county CIP bonds to include:
- Public works facilities
 - Fairgrounds buildings
 - Records and data storage facilities
 - Expenditures incurred before adoption of the plan, if the expenditures are included in the plan
- Under present law, CIP bonds may be issued without referendum approval, but issuance is subject to a reverse referendum.
- 6 County CIP bonds; election requirement.** Makes three changes in the statute related to the reverse referendum authority for county CIP bonds. The section:
- Ties the 5-percent petition requirement to the number of voters in the last county general election. Current law ties this to the most recent general election, regardless of whether county officials were on the ballot.
 - Eliminates the requirement that the commissioner of revenue prepare the ballot question.
 - Prohibits the county from proposing to issue CIP bonds for a one-year period, if a reverse referendum petition is filed and the county chooses not to issue the bonds, rather than holding an election to approve them. If the issue is submitted and the voters do not approve, the issue can be resubmitted to the voters after 180 days.
- 7 Home rule charter city capital notes.** Makes changes to the capital note authority for home rule charter cities similar to those under section 4 for county capital notes.
- 8 Statutory city capital notes.** Makes changes to the capital note authority for statutory cities similar to those under section 4 for county capital notes.
- 9 Metropolitan Airports Commission (MAC), investment powers.** Eliminates restrictions on MAC’s investment powers to be consistent with the authority for other local units of

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government.

- 10** **City CIP bonds.** Authorizes use of CIP bonds for expenditures incurred before adoption of the capital improvement plan, if the expenditures are included in the plan. This parallels the similar change in section 5 for county CIP bonds.
- 11** **City CIP bonds; election requirement.** Makes changes to the city CIP reverse referendum provisions that parallel those made to the county CIP program by section 6.
- 12** **Street reconstruction bonds.** Makes changes in the reverse referendum provisions governing street reconstruction bonds for questions that are subject to referendum, but that are not submitted to the voters or that are defeated to parallel the similar provisions for county and city CIP bonds in sections 6 and 11, and also provides that expenditures incurred before adoption of the capital improvement plan can be financed with the bonds, if the expenditures are included in the plan.
- 13** **Repealer.** Repeals the requirement that a city may establish a special service district and housing improvement area only if the legislature enacts a special law authorizing it to do so. This will make permanent the general law authority to establish these districts and areas, which is scheduled to expire on June 30, 2013.