

File Number: H.F. 1236
Version: As introduced

Date: March 3, 2017

Authors: Davids

Subject: Public Finance Bill

Analyst: Joel Michael, joel.michael@house.mn

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Overview

This bill makes changes in the procedures and authority to issue local government debt obligations to finance capital facilities, based on recommendation made by the Public Finance Institute, a trade association of the professionals who advise local governments on these issues. The principal substantive changes:

- Allow use of capital notes or certificate indebtedness with 20-year terms to finance replacing Freon (typically in indoor ice rinks). These instruments can be issued subject to a reverse referendum rather than automatically requiring voter approval. The maximum term under present law is 10 years.
- Permit approval of street reconstruction capital improvement bonds with a majority vote of the city council, rather than unanimous approval as now required.
- Increase the maximum amount of general obligation bonds that a Housing and Redevelopment Authority (HRA) can issue from \$3 million to \$5 million.

Section

- 1 Town certificates of indebtedness for Freon replacement.** Allows towns to issue 20-year certificates of indebtedness for projects to eliminate R-22 (Freon-based refrigerant).
- 2 Hennepin County capital notes for Freon replacement.** Allows Hennepin County to issue 20-year capital notes for projects to eliminate R-22 (Freon-based refrigerant).

Section

- 3 Home rule charter city capital notes for Freon replacement.** Allows home rule charter cities to issue 20-year capital notes for projects to eliminate R-22 (Freon-based refrigerant).
- 4 Statutory city capital notes for Freon replacement.** Allows statutory cities to issue 20-year capital notes for projects to eliminate R-22 (Freon-based refrigerant).
- 5 Maximum limit on HRA GO bonds.** Increases the maximum dollar limit on HRA general obligation bonds from \$3 million to \$5 million.
- 6 Publication requirement; districts created by EDAs.** Allows an economic development authority (EDA) to publish hearing notices for creating economic development districts in any general circulation newspaper, not just “daily” newspapers.
- 7 Street reconstruction bonds.** Eliminates the requirement that street reconstruction bonds be approved by unanimous vote of the governing body in favor of a simple majority approval. These bonds are used to rebuild and replace streets and are exempt from the referendum approval requirement that otherwise would apply.
- 8 Waiver of public sale requirement.** Modifies the required conditions to qualify for an exemption from public sale (i.e., public or competitive bidding) of bonds so that the municipality is required to retain an independent “municipal” advisor, rather than a “financial” advisor. This change is consistent with the terminology used by the Securities and Exchange Commission. A municipal advisor is a person that provides a variety of types of financial advice to municipalities, including that provided by traditional fiscal consultant on how to structure bond issues (e.g., entities like Springsted and Ehlers).