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State of Minnesota  
HOUSE OF REPRESENTATIVES  
NINETIETH SESSION

H. F. No. 2968

02/22/2018 Authored by Albright and Bahr, C.,  
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act  
1.2 relating to local government; borrowing authority; repealing the authority to issue  
1.3 bonds payable with property taxes for certain employee benefits; amending  
1.4 Minnesota Statutes 2016, sections 475.51, subdivision 4; 475.52, subdivision 6;  
1.5 475.58, subdivision 1.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2016, section 475.51, subdivision 4, is amended to read:

1.8 Subd. 4. **Net debt.** "Net debt" means the amount remaining after deducting from its  
1.9 gross debt the amount of current revenues which are applicable within the current fiscal  
1.10 year to the payment of any debt and the aggregate of the principal of the following:

1.11 (1) Obligations issued for improvements which are payable wholly or partly from the  
1.12 proceeds of special assessments levied upon property specially benefited thereby, including  
1.13 those which are general obligations of the municipality issuing them, if the municipality is  
1.14 entitled to reimbursement in whole or in part from the proceeds of the special assessments.

1.15 (2) Warrants or orders having no definite or fixed maturity.

1.16 (3) Obligations payable wholly from the income from revenue producing conveniences.

1.17 (4) Obligations issued to create or maintain a permanent improvement revolving fund.

1.18 (5) Obligations issued for the acquisition, and betterment of public waterworks systems,  
1.19 and public lighting, heating or power systems, and of any combination thereof or for any  
1.20 other public convenience from which a revenue is or may be derived.

1.21 (6) Debt service loans and capital loans made to a school district under the provisions  
1.22 of sections 126C.68 and 126C.69.

2.1 (7) Amount of all money and the face value of all securities held as a debt service fund  
2.2 for the extinguishment of obligations other than those deductible under this subdivision.

2.3 (8) Obligations to repay loans made under section 216C.37.

2.4 (9) Obligations to repay loans made from money received from litigation or settlement  
2.5 of alleged violations of federal petroleum pricing regulations.

2.6 ~~(10) Obligations issued to pay pension fund or other postemployment benefit liabilities~~  
2.7 ~~under section 475.52, subdivision 6, or any charter authority.~~

2.8 ~~(11)~~ (10) Obligations issued to pay judgments against the municipality under section  
2.9 475.52, subdivision 6, or any charter authority.

2.10 ~~(12)~~ (11) All other obligations which under the provisions of law authorizing their  
2.11 issuance are not to be included in computing the net debt of the municipality.

2.12 **EFFECTIVE DATE.** This section is effective for obligations issued after June 30,  
2.13 2018.

2.14 Sec. 2. Minnesota Statutes 2016, section 475.52, subdivision 6, is amended to read:

2.15 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying judgments  
2.16 against it; for refunding outstanding bonds; or for funding floating indebtedness; ~~for funding~~  
2.17 ~~actuarial liabilities to pay postemployment benefits to employees or officers after their~~  
2.18 ~~termination of service; or for funding all or part of the municipality's current and future~~  
2.19 ~~unfunded liability for a pension or retirement fund or plan referred to in section 356.20,~~  
2.20 ~~subdivision 2, as those liabilities are most recently computed under sections 356.215 and~~  
2.21 ~~356.216. The board of trustees or directors of the Bloomington Fire Department Relief~~  
2.22 ~~Association must consent and must be a party to any contract made under this section with~~  
2.23 ~~respect to the fund held by it for the benefit of and in trust for its members. For purposes~~  
2.24 ~~of this section, the term "postemployment benefits" means benefits giving rise to a liability~~  
2.25 ~~under Statement No. 45 of the Governmental Accounting Standards Board.~~

2.26 **EFFECTIVE DATE.** This section is effective for obligations issued after June 30,  
2.27 2018.

2.28 Sec. 3. Minnesota Statutes 2016, section 475.58, subdivision 1, is amended to read:

2.29 Subdivision 1. **Approval by electors; exceptions.** Obligations authorized by law or  
2.30 charter may be issued by any municipality upon obtaining the approval of a majority of the

3.1 electors voting on the question of issuing the obligations, but an election shall not be required  
3.2 to authorize obligations issued:

3.3 (1) to pay any unpaid judgment against the municipality;

3.4 (2) for refunding obligations;

3.5 (3) for an improvement or improvement program, which obligation is payable wholly  
3.6 or partly from the proceeds of special assessments levied upon property specially benefited  
3.7 by the improvement or by an improvement within the improvement program, or from tax  
3.8 increments, as defined in section 469.174, subdivision 25, including obligations which are  
3.9 the general obligations of the municipality, if the municipality is entitled to reimbursement  
3.10 in whole or in part from the proceeds of such special assessments or tax increments and not  
3.11 less than 20 percent of the cost of the improvement or the improvement program is to be  
3.12 assessed against benefited property or is to be paid from the proceeds of federal grant funds  
3.13 or a combination thereof, or is estimated to be received from tax increments;

3.14 (4) payable wholly from the income of revenue producing conveniences;

3.15 (5) under the provisions of a home rule charter which permits the issuance of obligations  
3.16 of the municipality without election;

3.17 (6) under the provisions of a law which permits the issuance of obligations of a  
3.18 municipality without an election;

3.19 ~~(7) to fund pension or retirement fund liabilities of a municipality pursuant to section~~  
3.20 ~~475.52, subdivision 6;~~

3.21 ~~(8)~~ (7) under a capital improvement plan under section 373.40;

3.22 ~~(9)~~ (8) under sections 469.1813 to 469.1815 (property tax abatement authority bonds),  
3.23 if the proceeds of the bonds are not used for a purpose prohibited under section 469.176,  
3.24 subdivision 4g, paragraph (b); and

3.25 ~~(10) to fund postemployment benefit liabilities pursuant to section 475.52, subdivision~~  
3.26 ~~6, of a municipality, other than a school district, if the liabilities are limited to:~~

3.27 ~~(i) satisfying the requirements of section 471.61, subdivision 2b; and~~

3.28 ~~(ii) other postemployment benefits, which the municipality no longer provides to~~  
3.29 ~~employees hired after a date before the obligations are issued; and~~

3.30 ~~(11)~~ (9) under section 475.755.

4.1 **EFFECTIVE DATE.** This section is effective for obligations issued after June 30,  
4.2 2018.