

CHAPTER 475A

MUNICIPAL DEBT SERVICE AID

475A.04 Debt service deficiency loans.
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475A.04 DEBT SERVICE DEFICIENCY LOANS.

Subdivision 1. **Procedure.** In the event that funds sufficient to pay all of the principal and interest due on any guaranteed bond are not in the hands of the municipal treasurer or the paying agent at least 15 days before the due date, the treasurer or agent shall report the amount of the deficiency to the paying agent and the auditor who shall grant a loan to the issuer in this amount and shall certify to the issuer, the paying agent, and the auditor and treasurer of each county in which property subject to taxation by the issuer is situated, the amount of the loan and interest to accrue thereon to the due date of the loan, and the commissioner of finance shall issue a warrant for the principal amount and shall remit it to the paying agent on or before the due date. If the municipal treasurer fails to deposit funds with the paying agent sufficient to pay all principal and interest due on any guaranteed bond on any date, without having previously given the notice herein required, the paying agent may report the amount of the deficiency to the commissioner of finance, who shall forthwith grant a loan to the issuer for this amount plus interest to accrue thereon for one month at the rate represented by the coupons then due, and the loan shall be certified and remitted as provided above. The paying agent may advance its own funds for the payment of any guaranteed bonds and interest due for which it has not received sufficient funds from the municipality, and may contract with the municipality to make such advances, and shall be entitled to reimbursement therefor from the proceeds of the loan, with interest at the rate represented by the coupons due. The issuing municipality shall give a receipt to the commissioner of finance for the amount of the loan and interest.

Subd. 2. **Due date; interest; prepayment.** Each loan shall become due on December 31 in the year following the year when a tax is levied for its payment as provided in subdivision 3, and shall bear interest from the date of its disbursement until paid, at a rate determined by the commissioner of finance, not less than the average annual rate payable on state municipal aid bonds most recently issued before such disbursement, and in no event less than 3-1/2 percent per annum. Any loan may be prepaid at any time with interest to the date of prepayment, by remittance to the commissioner of finance, who shall deposit the prepayment to the credit of the municipal bond guarantee fund and shall issue a receipt to the municipality with a copy to the treasurer of each county in which taxable property within the municipality is situated. Interest on loans not prepaid shall be due at the same time as principal.

Subd. 3. **Levy.** Before October 1 in each year the state auditor shall certify to the county auditor and treasurer of each county containing taxable property situated within any municipality having an outstanding loan, and to the municipality, the amount, if any, necessary to be levied to produce the total amount of principal and interest to become due in the next ensuing year on such loan plus the amount of any guaranty fee unpaid. After receipt of the certification each county auditor, upon ascertaining the current year's net tax capacity of all taxable property within the municipality which is situated within that county, and upon ascertaining from the county auditors of other counties the net tax capacity of any such property situated within their counties, shall extend upon the tax rolls an ad valorem tax upon all such property within that county, in an amount equal to that proportion of the total amount certified by the secretary which the net tax capacity of such property bears to the net tax capacity of all taxable property within the municipality.

Subd. 4. **First lien.** Each loan shall be a first lien and charge on all collections of taxes levied on property by the municipality to which the loan is granted, which are due and payable on and after October 31 in the year in which the loan is due. Unless a receipt for the prepayment thereof has theretofore been filed with the treasurer of each county in which property taxable by the municipality to which the loan was granted is situated, each such treasurer shall deduct from the first such taxes to be distributed to the municipality the full amount of the tax extended pursuant to subdivision 3, and shall remit the same to the commissioner of finance, who shall deposit the remittance to the credit of the municipal bond guaranty fund and shall issue a receipt to the municipality with a copy to the county treasurer.

History: 2003 c 112 art 2 s 44

475A.05 MUNICIPAL BOND GUARANTY FUND.

[For text of subs 1 and 1a, see M.S.2002]

Subd. 2. **Transfer of excess; appropriation.** All money deposited to the credit of the municipal bond guaranty fund shall be available for the making of loans under section 475A.04, except that on November 1 in each year the commissioner of finance shall certify the balance then on hand in the fund which the commissioner believes will not be required for loans to be made in the following year, and there shall then be transferred and credited to the state municipal aid bond account in the state bond fund the entire balance or so much thereof as, with the balance then in the bond account, will equal the total amount of principal and interest due and to become due on state municipal aid bonds to and including July 1 in the second ensuing year. Amounts so transferred and credited are appropriated for the purpose of reducing the amount of tax otherwise required to be levied for the state bond fund by article XI, section 7 of the Constitution.

History: 2003 c 112 art 2 s 50

475A.06 MINNESOTA STATE MUNICIPAL AID BONDS.

[For text of subd 1, see M.S.2002]

Subd. 2. **Formalities.** The bonds shall be issued and sold upon sealed bids and upon such notice, at such price, at such times, in such form and denominations, bearing interest at such rate or rates, maturing in such amounts and on such dates, either without option of prepayment or subject to prepayment upon such notice and at such times and prices, payable at such bank or banks within or outside the state, with such provisions for registration, conversion, and exchange and for the issuance of notes in anticipation of the sale or delivery of definitive bonds, and in accordance with such further rules, as the commissioner of finance shall determine, subject to the approval of the attorney general, but not subject to chapter 14, including section 14.386. The bonds shall be executed by the commissioner of finance under official seal. The signature of the commissioner on the bonds and any appurtenant interest coupons and the seal may be printed, lithographed, engraved, or stamped thereon, except that each bond shall be authenticated by the manual signature on its face of the commissioner or of an officer of a bank designated by them as authenticating agent. The commissioner of finance shall ascertain and certify to the purchasers of the bonds the performance and existence of all acts, conditions, and things necessary to make them valid and binding general obligations of the state of Minnesota, subject to the approval of the attorney general.

[For text of subd 3, see M.S.2002]

Subd. 4. **Separate account.** The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state municipal aid bond account, to record receipts and disbursements of money transferred to the fund to pay Minnesota state municipal aid bonds and income from the investment of such money, which income shall be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds

invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.

Subd. 5. Transfer to reduce constitutional levy; appropriations. In addition to the money required to be transferred to the state municipal aid bond account under section 475A.05, subdivision 2 and section 475A.06, subdivision 1, and in order to reduce the amount of taxes otherwise required by the Constitution to be levied for the state bond fund, there shall also be transferred from the general fund to the state municipal aid bond account, on November 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand therein, to pay all Minnesota state municipal aid bonds and interest thereon due and to become due to and including July 1 in the second ensuing year. All money to be credited and all income from the investment thereof is annually appropriated for the payment of such bonds and interest thereon, and shall be available in the state municipal aid bond account prior to the levy of the tax in any year required by the Constitution, Article XI, Section 7. The legislature may also appropriate to the state municipal aid bond account any other money in the state treasury not otherwise appropriated, for the security of Minnesota state municipal aid bonds in the event that sufficient money should not be available in the account from the sources herein appropriated, prior to the levy of such tax in any year. The commissioner of finance is directed to make the appropriate entries in the accounts of the respective funds.

[For text of subds 6 and 7, see M.S.2002].

History: 2003 c 112 art 2 s 45; 2003 c 112 art 2 s 50