

469.162 SOURCE OF PAYMENT FOR BONDS.

Subdivision 1. **Restrictions on payment.** Revenue bonds issued under sections 469.152 to 469.165 shall not be payable from nor charged upon any funds other than the revenue pledged to their payment, except as provided in this section, nor shall the municipality or redevelopment agency issuing the same be subject to any liability on them. No holder of the bonds shall ever have the right to compel any exercise of the taxing power of the municipality or redevelopment agency to pay the bonds or the interest thereon, except as provided in subdivision 2, nor to enforce payment of them against any property of the municipality or redevelopment agency except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purpose of sections 469.152 to 469.165.

Subd. 2. **Tax increments; pre-1979 projects.** (a) Any municipality or redevelopment agency may request the county auditor of the county in which a project is situated to certify the original net tax capacity of the real property included therein and the tax increments realized each year after the commencement of the project, as defined in section 469.042, and shall be entitled to receive, use, and pledge the tax increments for the further security of the revenue bonds issued to finance the project, in either of the following ways:

(1) to pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease; or

(2) to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds.

(b) Tax increments with respect to any industrial development project shall be segregated and specially accounted for by the county treasurer until all bonds issued to finance the project have been fully paid; but the county treasurer shall remit the same to the municipality or redevelopment agency only in the amount certified to the treasurer to be required for any of the purposes stated in paragraph (a). The amount so needed shall be certified annually to the county auditor and treasurer by the municipality or redevelopment agency on or before October 1. Any tax increment remaining in any year after the remittance shall, when collected, be distributed among all of the taxing districts levying taxes on the project area, in proportion to the amounts levied by them. This subdivision shall not apply to a project, certification of which is requested subsequent to August 1, 1979.

Subd. 3. **Restrictions on security.** Bonds issued under sections 469.152 to 469.165 shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the municipality or redevelopment agency, except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purposes of sections 469.152 to 469.165.

Each bond issued under sections 469.152 to 469.165 shall recite in substance that the bond, including interest thereon, is payable solely from the revenue pledged to its payment, but may contain a reference to the lease insurance or bond reserve for which the tax increment is pledged and appropriated. No such bond shall constitute a debt of the municipality or redevelopment agency within the meaning of any constitutional or statutory limitation. However, nothing herein shall impair the rights of holders of bonds issued hereunder to enforce covenants made for the security thereof as provided in section 469.163.

History: *1987 c 291 s 163; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20*