

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 4284

(SENATE AUTHORS: NELSON and Rest)

DATE	D-PG	OFFICIAL STATUS
03/24/2022	5613	Introduction and first reading Referred to Local Government Policy
03/28/2022	5661	Author added Rest
03/29/2022	5907	Withdrawn and re-referred to Taxes

1.1 A bill for an act

1.2 relating to public finance; modifying local government debt financing; amending

1.3 Minnesota Statutes 2020, sections 123B.61; 366.095, subdivision 1; 373.01,

1.4 subdivision 3; 383B.117, subdivision 2; 410.32; 412.301.

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

1.6 Section 1. Minnesota Statutes 2020, section 123B.61, is amended to read:

1.7 **123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

1.8 The board of a district may issue general obligation certificates of indebtedness or capital

1.9 notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone

1.10 systems, cable equipment, photocopy and office equipment, technological equipment for

1.11 instruction, and other capital equipment having an expected useful life at least as long as

1.12 the terms of the certificates or notes; (b) purchase computer hardware and software, without

1.13 regard to its expected useful life, whether bundled with machinery or equipment or

1.14 unbundled, together with application development services and training related to the use

1.15 of the computer; and (c) prepay special assessments. The certificates or notes must be

1.16 payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner

1.17 determined by the board, ~~except that certificates or notes issued to prepay special assessments~~

1.18 ~~must be payable in not more than 20 years.~~ The certificates or notes may be issued by

1.19 resolution and without the requirement for an election. The certificates or notes are general

1.20 obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment

1.21 of the principal and interest on the certificates or notes, in accordance with section 475.61,

1.22 as in the case of bonds. The sum of the tax levies under this section and section 123B.62

1.23 for each year must not exceed the lesser of the amount of the district's total operating capital

2.1 revenue or the sum of the district's levy in the general and community service funds excluding
 2.2 the adjustments under this section for the year preceding the year the initial debt service
 2.3 levies are certified. The district's general fund levy for each year must be reduced by the
 2.4 sum of (1) the amount of the tax levies for debt service certified for each year for payment
 2.5 of the principal and interest on the certificates or notes issued under this section as required
 2.6 by section 475.61, (2) the amount of the tax levies for debt service certified for each year
 2.7 for payment of the principal and interest on bonds issued under section 123B.62, and (3)
 2.8 any excess amount in the debt redemption fund used to retire bonds, certificates, or notes
 2.9 issued under this section or section 123B.62 after April 1, 1997, other than amounts used
 2.10 to pay capitalized interest. If the district's general fund levy is less than the amount of the
 2.11 reduction, the balance shall be deducted first from the district's community service fund
 2.12 levy, and next from the district's general fund or community service fund levies for the
 2.13 following year. A district using an excess amount in the debt redemption fund to retire the
 2.14 certificates or notes shall report the amount used for this purpose to the commissioner by
 2.15 July 15 of the following fiscal year. A district having an outstanding capital loan under
 2.16 section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an
 2.17 excess amount in the debt redemption fund to retire the certificates or notes.

2.18 Sec. 2. Minnesota Statutes 2020, section 366.095, subdivision 1, is amended to read:

2.19 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of
 2.20 indebtedness within the debt limits for a town purpose otherwise authorized by law. The
 2.21 certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and
 2.22 in the manner as determined by the board ~~may determine, provided that notes issued for~~
 2.23 ~~projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must~~
 2.24 ~~be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds
 2.25 0.25 percent of the estimated market value of the town, they shall not be issued for at least
 2.26 ten days after publication in a newspaper of general circulation in the town of the board's
 2.27 resolution determining to issue them. If within that time, a petition asking for an election
 2.28 on the proposition signed by voters equal to ten percent of the number of voters at the last
 2.29 regular town election is filed with the clerk, the certificates shall not be issued until their
 2.30 issuance has been approved by a majority of the votes cast on the question at a regular or
 2.31 special election. A tax levy shall be made to pay the principal and interest on the certificates
 2.32 as in the case of bonds.

3.1 Sec. 3. Minnesota Statutes 2020, section 373.01, subdivision 3, is amended to read:

3.2 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum,
3.3 issue capital notes subject to the county debt limit to purchase capital equipment useful for
3.4 county purposes that has an expected useful life at least equal to the term of the notes. The
3.5 notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in
3.6 a the manner determined by the board determines. A tax levy shall be made for payment of
3.7 the principal and interest on the notes, in accordance with section 475.61, as in the case of
3.8 bonds.

3.9 (b) For purposes of this subdivision, "capital equipment" means:

3.10 (1) public safety, ambulance, road construction or maintenance, ~~and~~ medical equipment,
3.11 and other capital equipment; and

3.12 (2) computer hardware and software, whether bundled with machinery or equipment or
3.13 unbundled, together with application development services and training related to the use
3.14 of the computer hardware or software.

3.15 Sec. 4. Minnesota Statutes 2020, section 383B.117, subdivision 2, is amended to read:

3.16 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and
3.17 without public referendum, issue capital notes within existing debt limits for the purpose
3.18 of purchasing ambulance and other medical equipment, road construction or maintenance
3.19 equipment, public safety equipment and other capital equipment having an expected useful
3.20 life at least equal to the term of the notes issued. The notes shall be payable in not more
3.21 than ~~ten~~ 20 years and shall be issued on the terms and in a the manner as determined by the
3.22 board determines, provided that notes issued for projects that eliminate R-22, as defined in
3.23 section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. The
3.24 total principal amount of the notes issued for any fiscal year shall not exceed one percent
3.25 of the total annual budget for that year and shall be issued solely for the purchases authorized
3.26 in this subdivision. A tax levy shall be made for the payment of the principal and interest
3.27 on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes
3.28 computer hardware and software, whether bundled with machinery or equipment or
3.29 unbundled. For purposes of this subdivision, the term "medical equipment" includes computer
3.30 hardware and software and other intellectual property for use in medical diagnosis, medical
3.31 procedures, research, record keeping, billing, and other hospital applications, together with
3.32 application development services and training related to the use of the computer hardware
3.33 and software and other intellectual property, all without regard to their useful life. For
3.34 purposes of determining the amount of capital notes which the county may issue in any

4.1 year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined
4.2 and the notes issuable under this subdivision shall be in addition to obligations issuable
4.3 under section 373.01, subdivision 3.

4.4 Sec. 5. Minnesota Statutes 2020, section 410.32, is amended to read:

4.5 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

4.6 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter
4.7 city may, by resolution and without public referendum, issue capital notes subject to the
4.8 city debt limit to purchase capital equipment.

4.9 (b) For purposes of this section, "capital equipment" means:

4.10 (1) public safety equipment, ambulance and other medical equipment, road construction
4.11 and maintenance equipment, and other capital equipment; and

4.12 (2) computer hardware and software, whether bundled with machinery or equipment or
4.13 unbundled, together with application development services and training related to the use
4.14 of the computer hardware and software.

4.15 (c) The equipment or software must have an expected useful life at least as long as the
4.16 term of the notes.

4.17 (d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms
4.18 and in the manner determined by the city ~~determines, provided that notes issued for projects~~
4.19 ~~that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable~~
4.20 ~~in not more than 20 years~~. The total principal amount of the capital notes issued in a fiscal
4.21 year shall not exceed 0.03 percent of the estimated market value of taxable property in the
4.22 city for that year.

4.23 (e) A tax levy shall be made for the payment of the principal and interest on the notes,
4.24 in accordance with section 475.61, as in the case of bonds.

4.25 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the
4.26 governing body of the city.

4.27 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
4.28 city may also issue capital notes subject to its debt limit in the manner and subject to the
4.29 limitations applicable to statutory cities pursuant to section 412.301.

5.1 Sec. 6. Minnesota Statutes 2020, section 412.301, is amended to read:

5.2 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

5.3 (a) The council may issue certificates of indebtedness or capital notes subject to the city
5.4 debt limits to purchase capital equipment.

5.5 (b) For purposes of this section, "capital equipment" means:

5.6 (1) public safety equipment, ambulance and other medical equipment, road construction
5.7 and maintenance equipment, and other capital equipment; and

5.8 (2) computer hardware and software, whether bundled with machinery or equipment or
5.9 unbundled, together with application development services and training related to the use
5.10 of the computer hardware or software.

5.11 (c) The equipment or software must have an expected useful life at least as long as the
5.12 terms of the certificates or notes.

5.13 (d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall
5.14 be issued on ~~such~~ the terms and in ~~such~~ the manner as determined by the council ~~may~~
5.15 ~~determine, provided, however, that notes issued for projects that eliminate R-22, as defined~~
5.16 ~~in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

5.17 (e) If the amount of the certificates or notes to be issued to finance any such purchase
5.18 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall
5.19 not be issued for at least ten days after publication in the official newspaper of a council
5.20 resolution determining to issue them; and if before the end of that time, a petition asking
5.21 for an election on the proposition signed by voters equal to ten percent of the number of
5.22 voters at the last regular municipal election is filed with the clerk, such certificates or notes
5.23 shall not be issued until the proposition of their issuance has been approved by a majority
5.24 of the votes cast on the question at a regular or special election.

5.25 (f) A tax levy shall be made for the payment of the principal and interest on such
5.26 certificates or notes, in accordance with section 475.61, as in the case of bonds.