

MINNESOTA • REVENUE

PROPERTY TAX

Local Government Information System Bonds

May 9, 2003

Department of Revenue
Analysis of H.F. 1599 (Lenczewski)

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for obligations issued after April 1, 2003.

EXPLANATION OF THE BILL

Current Law: In general, local governments are required to file a certificate of approval of a special law with the Secretary of State before the first day of the next regular session of the legislature. If the local government fails to file the certificate, the special law is deemed to be disapproved unless otherwise specified by the special law.

A 1980 special law authorized the Local Government Information System (LOGIS) to issue bonds for the acquisition and betterment of data processing equipment.

Proposed Law: For purposes of issuing bonds after April 1, 2003, the local approval requirement for approving the 1980 special law is deemed to be satisfied, provided that the special law was approved by the LOGIS board of directors by a resolution adopted on July 30, 1980. The special law is deemed to be effective as of July 1, 1980.

REVENUE ANALYSIS DETAIL

- According to a source at LOGIS, although the board of directors adopted a resolution approving the 1980 special law on July 30, 1980, the Secretary of State either did not receive the resolution or failed to confirm receipt of the resolution.
- According to LOGIS, tax exempt bonds totaling \$2,210,000 have been prepared for issuance, which will be paid back by cooperating local governments in calendar years 2004 and 2005. The bonds will be used for a public safety project involving four counties. The bonds will be issued to provide money for up-front costs for the \$5 million project, but the bonds are backed by the taxing authority of the participating counties.

REVENUE ANALYSIS DETAIL (cont.)

- Although given the lack of documentation of local approval in 1980, the bonds could not be issued by LOGIS, the participating counties have authority under current law to fund the project by other means and presumably the local debt service payments would not change.
- There is no effect on the state general fund.

Number of Taxpayers Affected: None

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>

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