

# MINNESOTA • REVENUE

## PROPERTY TAX Public Finance Authority

February 25, 2005

	Yes	No
Separate Official Fiscal Note Requested	<input type="checkbox"/>	X
Fiscal Impact		
DOR Administrative Costs/Savings	<input type="checkbox"/>	X

Department of Revenue  
Analysis of S.F. 971 (Pogemiller)

<b>Fund Impact</b>			
<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
(000's)			

General Fund \$0 (Negligible) (Negligible) (Negligible)

Effective the day following final enactment.

### EXPLANATION OF THE BILL

The bill makes a number of changes to laws relating to state and local public finance.

- For financial statements required in the regulation of securities, the Commissioner of Commerce may not require, as a condition of registration, consent of independent or certified public accountants to the use of financial statements in the offering documents.
- Guaranteed investment contracts are permitted with domestic affiliates of the listed financial institutions.
- Special levies are allowed for storm sewer improvement districts.
- County and city authority to issue capital notes for the purchase of computer systems would be expanded by broadening the definition of software and by allowing application development and training services to qualify. The proposal would increase the maximum term of the note from five to ten years.
- The sunset date for establishment of new special service districts and new housing improvement areas without a special law is changed from June 30, 2005, to June 30, 2009.
- Improvements may be made by a municipality in an area that is the subject of an annexation agreement, and the municipality may levy assessments to reimburse itself for such costs. The definition of improvements is expanded beyond water, storm, and sanitary sewers.
- The maximum duration for general obligation bonds issued by a Housing and Redevelopment Authority is increased from 30 to 35 years for obligations sold to finance housing for the elderly and from 30 to 40 years for other obligations.
- The maximum duration for bonds issued for municipal industrial development is increased from 30 to 40 years.

**EXPLANATION OF THE BILL** (continued)

- The deadline to provide a notice of bond issue to the Department of Finance is changed from the last Monday in December (or within five days after issuance, whichever occurs first) to 4:30 p.m. on the last business day in December (or within five days after issuance, whichever occurs first).
- The definition of net debt for municipalities is expanded to include obligations issued to pay judgments against the municipality.
- For capital improvement bonds, the term “city” is changed to “municipality” to include certain townships. The definition of capital improvement is expanded to include town halls and libraries. The bonding limit factor is changed from 0.05367% of the county taxable market value to 0.16% of the municipal taxable market value.
- The definition of street reconstruction for issuing obligations is modified to include turn lanes and other street improvements having a substantial public safety function, realignments, other modifications to intersect with state and county roads, and the local share of state and county road projects.

**REVENUE ANALYSIS DETAIL**

- No information is available on possible additional certificates of indebtedness due to the provisions of this bill, but the amount is assumed to be relatively small.
- Additional debt obligations will require additional service of interest and principal. Where property tax levies are used to service new debt, taxes on homesteads will rise. Therefore there would be a negligible increase in property tax refunds for homeowners.

**Number of Taxpayers Affected:** All taxpayers in jurisdictions issuing new debt.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)