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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 619

February 5, 2007

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to transportation; providing for funding of transportation with
1.3 transportation certificates of assignment; proposing coding for new law in
1.4 Minnesota Statutes, chapter 161.

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

1.6 Section 1. **[161.075] USE OF TRANSPORTATION CERTIFICATES.**

1.7 **Subdivision 1. Applicability.** The commissioner must fund all state highway and
1.8 transit infrastructure projects with transportation certificates, as provided in this section.

1.9 **Subd. 2. Use and form of certificates.** Each transportation certificate issued must
1.10 bear the state project number to be funded through the certificate. The transportation
1.11 certificate must assign the equity rights of the project to a state-chartered bank determined
1.12 under subdivision 3. The certificate must reserve the user rights for the state. The
1.13 certificate must be signed by the commissioner of transportation.

1.14 **Subd. 3. Acceptance and monetization by state-chartered banks.** (a) The
1.15 transportation certificates must be assigned to and be accepted by all state-chartered banks
1.16 in an alphabetical order by name.

1.17 **(b) Each state-chartered bank, using its accepted abilities to monetize assets and**
1.18 **create money in book-entry form, shall establish an asset monetization "pass-through"**
1.19 **account and shall deposit the certificate's stated value into that account, as an asset to the**
1.20 **bank, thereby monetizing the bid value of the project free from any reserve requirements.**

1.21 **(c) Each bank, after monetizing the bid value of the project as an asset free of debt,**
1.22 **shall debit the money out of the bank's asset monetization "pass-through" account and**
1.23 **shall credit the money to the state's transportation account electronically.**

2.1 (d) The state shall then debit the money out of its transportation account and credit
2.2 the money to the contractor's bank account according to the terms of the contract with
2.3 the contractor.

2.4 Subd. 4. **Direction to auditors.** Auditors of state banks shall deem the
2.5 transportation certificates to be assets of the bank and shall not deem them or the money
2.6 created by them to be liabilities of the bank or of the state.

2.7 **Sec. 2. EFFECTIVE DATE.**

2.8 Section 1 is effective July 1, 2007, and applies to projects upon which work begins
2.9 on or after that date.