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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1005**

February 15, 2007

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

March 14, 2007

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to local government; authorizing municipalities to issue bonds to fund
1.3 actuarial liabilities to pay postemployment benefits to retired officers and
1.4 employees; amending Minnesota Statutes 2006, sections 475.52, subdivision 6;
1.5 475.58, subdivision 1.

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

1.7 Section 1. Minnesota Statutes 2006, section 475.52, subdivision 6, is amended to read:

1.8 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
1.9 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
1.10 for funding actuarial liabilities to pay postemployment benefits to employees or officers
1.11 after their termination of service; or for funding all or part of the municipality's current
1.12 and future unfunded liability for a pension or retirement fund or plan referred to in
1.13 section 356.20, subdivision 2, as those liabilities are most recently computed pursuant
1.14 to sections 356.215 and 356.216. The board of trustees or directors of a pension fund or
1.15 relief association referred to in section 69.77 or chapter 422A must consent and must
1.16 be a party to any contract made under this section with respect to the fund held by it
1.17 for the benefit of and in trust for its members. For purposes of this section, the term
1.18 "postemployment benefits" means benefits giving rise to a liability under Statement No.
1.19 45 of the Governmental Accounting Standards Board.

1.20 Sec. 2. Minnesota Statutes 2006, section 475.58, subdivision 1, is amended to read:

1.21 Subdivision 1. **Approval by electors; exceptions.** Obligations authorized by law or
1.22 charter may be issued by any municipality upon obtaining the approval of a majority of
1.23 the electors voting on the question of issuing the obligations, but an election shall not be
1.24 required to authorize obligations issued:

- 2.1 (1) to pay any unpaid judgment against the municipality;
- 2.2 (2) for refunding obligations;
- 2.3 (3) for an improvement or improvement program, which obligation is payable wholly
- 2.4 or partly from the proceeds of special assessments levied upon property specially benefited
- 2.5 by the improvement or by an improvement within the improvement program, or from tax
- 2.6 increments, as defined in section 469.174, subdivision 25, including obligations which are
- 2.7 the general obligations of the municipality, if the municipality is entitled to reimbursement
- 2.8 in whole or in part from the proceeds of such special assessments or tax increments and
- 2.9 not less than 20 percent of the cost of the improvement or the improvement program is to
- 2.10 be assessed against benefited property or is to be paid from the proceeds of federal grant
- 2.11 funds or a combination thereof, or is estimated to be received from tax increments;
- 2.12 (4) payable wholly from the income of revenue producing conveniences;
- 2.13 (5) under the provisions of a home rule charter which permits the issuance of
- 2.14 obligations of the municipality without election;
- 2.15 (6) under the provisions of a law which permits the issuance of obligations of a
- 2.16 municipality without an election;
- 2.17 (7) to fund pension or retirement fund or postemployment benefit liabilities pursuant
- 2.18 to section 475.52, subdivision 6;
- 2.19 (8) under a capital improvement plan under section 373.40; and
- 2.20 (9) under sections 469.1813 to 469.1815 (property tax abatement authority bonds), if
- 2.21 the proceeds of the bonds are not used for a purpose prohibited under section 469.176,
- 2.22 subdivision 4g, paragraph (b).

2.23 **Sec. 3. EFFECTIVE DATE.**

2.24 Sections 1 and 2 are effective the day following final enactment.