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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE No. 796

February 16, 2009

Authored by Morrow; Kelliher; Simon; Murphy, E.; Ward and others  
The bill was read for the first time and referred to the Committee on Finance

May 12, 2009

Committee Recommendation and Adoption of Report:  
To Pass as Amended and re-referred to the Committee on Ways and Means

May 12, 2009

Committee Recommendation and Adoption of Report:  
To Pass  
Read Second Time

1.1 A bill for an act  
1.2 relating to capital investment; authorizing the sale of Minnesota First bonds;  
1.3 proposing coding for new law in Minnesota Statutes, chapter 16A.

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

1.5 Section 1. **[16A.6455] MINNESOTA FIRST BONDS.**

1.6 Subdivision 1. **Program established.** The commissioner of finance may establish  
1.7 the Minnesota First bond program to encourage individuals to invest in state general  
1.8 obligation bonds. The program consists of:

1.9 (1) issuing a portion of the state general obligation bonds in denominations and  
1.10 maturities that will be attractive to individuals; and

1.11 (2) developing a program for marketing the bonds to investors.

1.12 Subd. 2. **Denominations.** The commissioner shall determine the appropriate  
1.13 denominations and maturities for the Minnesota First bonds. It is the intent of the  
1.14 legislature to make bonds available in as small denominations as is feasible given the  
1.15 costs of marketing and administering the bond issue. Minimum denominations of \$1,000  
1.16 must be made available. The minimum denomination bonds need not be made available  
1.17 for bonds of all maturities. If a zero coupon bond is sold, "denomination" means the  
1.18 compounded maturity amount of the bond.

1.19 Subd. 3. **Direct sale permitted.** The commissioner may sell any series of savings  
1.20 bonds directly to the public or to financial institutions for prompt resale to the public  
1.21 upon the terms and conditions and the restrictions the commissioner prescribes. The  
1.22 commissioner may enter into all contracts deemed necessary or desirable to accomplish  
1.23 the sale in a cost-effective manner including a private or negotiated sale, but the

2.1 commissioner may contract for investment banking and banking services only after  
2.2 receiving competitive proposals for the services.

2.3 Subd. 4. **Marketing plan.** The commissioner shall develop a plan for marketing  
2.4 Minnesota First bonds. The plan must include strategies to:

2.5 (1) inform the public about the availability of the bonds;

2.6 (2) take orders for the bonds;

2.7 (3) target the sale of the bonds to Minnesota residents; and

2.8 (4) market the bonds at the lowest cost to the state.