

## **DEBT OF POLITICAL SUBDIVISIONS - APPROVAL REQUIREMENTS**

This memorandum provides information on statutory requirements for voter or governing body approval of indebtedness that may be incurred by political subdivisions and when voter approval is required.

### **TWO-THIRDS VOTER APPROVAL REQUIREMENT**

Cities and counties may issue general obligation bonds for urban renewal projects (MIDA general obligation bonds) with approval by at least two-thirds of voters.

### **SIXTY PERCENT VOTER APPROVAL REQUIREMENT**

#### Counties

- County buildings;
- Bridges;
- Highways;
- Solid waste facilities and equipment;
- Deficiency in special assessment funds; and
- Parks and recreational facilities.

#### Cities

- Buildings, including public baths, hospitals, libraries, museums, auditoriums, armories, gymnasiums, and music halls;
- Fire protection facilities and equipment;
- Water plants and water and sewer system;
- Plant or equipment to produce, transmit, or furnish heat, light, or power;
- Acquire any public utility, and if population is 5,000 or more, acquire public transportation system;
- Parks, parkways, park buildings, public streets, cemeteries, and to improve state highways;
- Deficiency in special assessment funds;
- Street and snow removal equipment;
- Trucks and equipment for solid waste collection and disposal;
- Parking lots;
- Bridges;
- Flood control works; and
- Matching funds for capital construction at a state institution of higher education.

#### School districts

- School buildings (unless bonds can be supported by an authorized building fund levy) and teacher wages and schoolbuses; and
- Up to \$700,000 for buildings if the school district has a community or junior college.

#### Townships

- Township hall; and
- Roads and bridges.

Park district (which is a separate subdivision)

- Parks, parkways, boulevards, and pleasure drives.

#### Recreation service district

- Water and sewer and garbage disposal and trucks;
- Parks, roads, and highways;
- Deficiency in special assessment funds;
- Services funding for which special assessments may be levied; and
- Dredging.

Rural fire protection district for equipment, including ambulances.

### **FIFTY PERCENT OR MORE VOTER APPROVAL REQUIRED**

#### City

- Acquire a revenue-producing utility; and
- Acquire waterworks or sewers.

#### County

- Acquire a revenue-producing utility.

### **NO VOTER APPROVAL REQUIREMENT**

#### Cities - With two-thirds vote of governing body

- Street improvements to highway or arterial street;
- Bridge, culvert, overpass, or underpass where street intersects watercourse or railway;
- Urban renewal project (MIDA revenue bonds);
- City fire department reserve fund; and
- Levy to acquire land, repair building, and for urban renewal participation and issues of bonds for city buildings or fire stations.

#### County - With two-thirds vote of governing body

- Dedicate levies for corrections center or county parks and issue bonds for corrections center and parks and recreation facilities.

#### School board - With two-thirds vote of governing body

- Dedicate levies for the building fund to payment of general obligation bonds for school buildings. The resolution authorizing the levy must be published in the official newspaper and, if protests of the project are received which have been signed by owners of taxable property having an assessed valuation equal to 5 percent or more of the school district, all further proceedings are barred.

#### School board - By majority vote of governing body

- Qualified zone academy bonds (federal loan program for building renovations)

#### City - By majority vote of governing body

- Bank loan secured by revenues from city-operated cable television system; and

- If city population is 25,000 or more, funding for a federal highway project outside city limits for a bypass, interchange, or access road.

Municipality or political subdivision - By vote of governing body (may include any political subdivision, county, city, township, school district, park district, recreation service district, rural fire protection district, water resource district, irrigation district, water district, port authority, or other local governmental entity, depending on the circumstances)

- Special assessment deficiency, by majority vote of governing body;
- Judgment costs, sinking fund deficiency, or refunding bonds, by majority vote of governing body;
- Cost-share of federal aid project, by majority vote of governing body;
- Costs of dealing with an emergency condition in a disaster declaration county, by two-thirds vote of governing body; and
- Prepayment of special assessments against property of the municipality, by two-thirds vote of governing body.

Forms of indebtedness - Other than general obligation bonds - By majority vote of governing body

- Revenue bonds;
- Special assessment warrants and bonds;
- Tax increment bonds;
- Appropriation bonds;
- Contracted obligations extending beyond current budget year;
- First mortgage bonds;
- Special assessments warrants and bonds;
- Limited tax levy bonds;
- Sales tax revenue bonds;
- Certificates of indebtedness, against anticipated revenues from uncollected taxes, anticipated federal and state money;
- Warrants - Usually limited to cash on hand, but may be issued for up to 85 percent of unencumbered uncollected taxes for the current year and 50 percent of unencumbered uncollected taxes for the preceding years;
- Drainage bonds or irrigation bonds;
- Contractual obligations extending beyond the current budget year;
- Revenue borrowing;
- Lease financing; and
- Building authority agreements.