



Minnesota Management & Budget Statewide Operating Policy

Minnesota Management and Budget, Debt Management
Issued: February 8, 2016

Number 0104-01
Revised: July 28, 2016

Policy Prohibiting Purchase of State Bonds by State Entities

Objective: Prohibit state entities from purchasing state bonds

This policy outlines what bonds state entities should avoid purchasing to avoid noncompliance with IRS guidance and penalties (for example, IRS Notice 88-130 and IRS Notice 2008-41).

Policy

State agencies or organizations with the ability to invest state funds directly or through an agent such as a trustee are prohibited from purchasing any bonds of the following state entities:

- Minnesota Management and Budget
- Minnesota Housing Finance Agency
- Minnesota Office of Higher Education
- Minnesota State Colleges and Universities
- Minnesota Higher Education Facilities Authority
- Minnesota State Armory Building Commission
- Minnesota Rural Finance Authority
- Minnesota Public Facilities Authority
- Minnesota Agricultural and Economic Development Authority – conduit borrower
- Iron Range Resources and Rehabilitation
- Metropolitan Airports Commission
- Metropolitan Council
- University of Minnesota

State agencies or organizations are also prohibited from buying the following bonds:

- Port Authority of the City of St. Paul - \$52,900,000 Lease Revenue Refunding Bonds, Series 2013-2
- Port Authority of the City of St. Paul - \$62,860,000 Lease Revenue Refunding Bonds, Series 2013-3
- City of Bemidji, Minnesota - \$6,395,000 Lease Revenue Refunding Bonds, Series 2008

State agencies or organizations with the ability to invest state funds directly or through an agent such as a trustee shall annually certify to the Commissioner of MMB, compliance with this policy by completion of MMB Statewide Operating Form 0104-01F.

Related Forms

[MMB Statewide Operating Form 0104-01F, Certification Regarding the Purchase of State Bonds by State Entities](https://mn.gov/mmb-stat/documents/accounting/forms/0104-01f-state-bond-purchase-certification.docx) (https://mn.gov/mmb-stat/documents/accounting/forms/0104-01f-state-bond-purchase-certification.docx)

See also

[IRS Notice 88-130](https://www.irs.gov/pub/irs-tege/n-88-130.pdf) (https://www.irs.gov/pub/irs-tege/n-88-130.pdf)

[IRS Notice 2008-41](https://www.irs.gov/pub/irs-drop/n-08-41.pdf) (https://www.irs.gov/pub/irs-drop/n-08-41.pdf)