

sections 353.29, subdivision 7; and 353.30, subdivisions 3, 3a, and 3c, a person described by subdivision 1 may rescind the selection of a joint and survivor annuity and receive instead a revised retirement annuity upon furnishing to the public employees retirement association a certified copy of a marriage dissolution decree providing for a waiver of a right to the person's retirement benefits by the person's former spouse. The revised retirement annuity may not exceed the actuarial present value of the joint and survivor optional annuity form payable immediately prior to the retirement annuity revision. A revision in benefits under this section is prospective only and does not entitle the person to additional retroactive benefits for the period in which the choice of a joint and survivor annuity was in effect.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective on the day following final enactment.

Presented to the governor April 25, 1994

Signed by the governor April 28, 1994, 12:17 p.m.

CHAPTER 527—H.F.No. 3122

An act relating to public finance; changing procedures for allocating bonding authority; amending Minnesota Statutes 1992, sections 474A.02, subdivisions 8a, 13a, and 23a; 474A.03, subdivision 1; 474A.04, subdivision 1a; 474A.061, subdivision 4; 474A.091, subdivisions 3 and 5; and 474A.131, subdivision 3, and by adding a subdivision; Minnesota Statutes 1993 Supplement, sections 474A.047, subdivision 1; and 474A.061, subdivision 2a.

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

Section 1. Minnesota Statutes 1992, section 474A.02, subdivision 8a, is amended to read:

Subd. 8a. **HOUSING POOL.** "Housing pool" means the amount of the annual volume cap allocated under section 474A.061 which is available for mortgage credit certificates or the issuance of residential rental project bonds or mortgage bonds.

Sec. 2. Minnesota Statutes 1992, section 474A.02, subdivision 13a, is amended to read:

Subd. 13a. **SMALL ISSUE POOL.** "Small issue pool" means the amount of the annual volume cap allocated under section 474A.061, that is available for the issuance of enterprise zone facility bonds authorized under Public Law Number 103-66, section 13301, small issue bonds to finance manufacturing projects, and the agricultural development bond beginning farmer and agricultural business enterprise loan program authorized in sections 41C.01 to 41C.13.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 3. Minnesota Statutes 1992, section 474A.02, subdivision 23a, is amended to read:

Subd. 23a. **QUALIFIED BONDS.** "Qualified bonds" means the specific type or types of obligations that are subject to the annual volume cap. Qualified bonds include the following types of obligations as defined in federal tax law:

(a) "public facility bonds" means "exempt facility bonds" as defined in federal tax law, except for residential rental project bonds, which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities;

(b) "residential rental project bonds" which are those obligations issued to finance qualified residential rental projects;

(c) "mortgage bonds";

(d) "small issue bonds" issued to finance manufacturing projects and the acquisition or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

(e) "student loan bonds";

(f) "redevelopment bonds"; ~~and~~

(g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as set forth in section 141(b)5 of federal tax law; and

(h) "enterprise zone facility bonds" issued to finance facilities located within empowerment zones or enterprise communities, as authorized under Public Law Number 103-66, section 13301.

Sec. 4. Minnesota Statutes 1992, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **ANNUAL VOLUME CAP UNDER FEDERAL TAX LAW; POOL ALLOCATIONS.** At the beginning of each calendar year after December 31, 1991, the commissioner shall determine the aggregate dollar amount of the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

(1) \$65,000,000 to the small issue pool;

(2) \$46,000,000 to the housing pool;

(3) \$10,000,000 to the public facilities pool; and

(4) amounts to be allocated as provided in subdivision 2a.

New language is indicated by underline, deletions by ~~strikeout~~.

If the annual volume cap is greater or less than the amount of bonding authority allocated under clauses (1) to (4) and subdivision 2a, paragraph (a), clauses (1) to ~~(3)~~ (4), the allocation must be adjusted so that each adjusted allocation is the same percentage of the annual volume cap as each original allocation is of the total bonding authority originally allocated.

Sec. 5. Minnesota Statutes 1992, section 474A.04, subdivision 1a, is amended to read:

Subd. 1a. **ENTITLEMENT RESERVATIONS; CARRYFORWARD; DEDUCTION.** Except as provided in Laws 1987, chapter 268, article 16, section 41, subdivision 2, paragraph (a), any amount returned by an entitlement issuer before the last Monday in July shall be reallocated through the housing pool. Any amount returned on or after the last Monday in July shall be reallocated through the unified pool. An amount returned after the last Monday in November shall be reallocated to the Minnesota housing finance agency. Except for the Minnesota housing finance agency, any amount of bonding authority that an entitlement issuer carries forward under federal tax law that is not permanently issued or for which the governing body of the entitlement issuer has not enacted a resolution electing to use the authority for mortgage credit certificates by the end of the succeeding calendar year shall be deducted from the entitlement allocation for that entitlement issuer for the next succeeding calendar year. Any amount deducted from an entitlement issuer's allocation under this subdivision shall be divided equally for allocation through the manufacturing pool and the housing pool.

Sec. 6. Minnesota Statutes 1993 Supplement, section 474A.047, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** An issuer may only use the proceeds from residential rental bonds if the proposed project meets one of the following:

(a) The proposed project is a single room occupancy project and all the units of the project will be occupied by individuals whose incomes at the time of their initial residency in the project are 50 percent or less of the greater of the statewide or county median income adjusted for household size as determined by the federal Department of Housing and Urban Development;

(b) The proposed project is a multifamily project where at least 75 percent of the units have two or more bedrooms and at least one-third of the 75 percent have three or more bedrooms; or

(c) The proposed project is a multifamily project that meets the following requirements:

(i) the proposed project is the rehabilitation of an existing multifamily building which meets the requirements for minimum rehabilitation expenditures in ~~section~~ sections 42(e)(2) and 42(e)(3)(A) of the Internal Revenue Code;

New language is indicated by underline, deletions by ~~strikeout~~.

(ii) the proposed project involves participation by the Minnesota housing finance agency or a local unit of government in the financing of the acquisition or rehabilitation of the project; For purposes of this subdivision, "participation" means an activity other than the issuance of the bonds; and

(iii) the proposed project must be occupied by individuals or families whose incomes at the time of their initial residency in the project meet the requirements of section 42(g) of the Internal Revenue Code.

The maximum rent for a proposed single room occupancy unit under paragraph (a) is 30 percent of the amount equal to 30 percent of the greater of the statewide or county median income for a one-member household as determined by the federal Department of Housing and Urban Development. The maximum rent for at least 75 percent of the units of a multifamily project under paragraph (b) is 30 percent of the amount equal to 50 percent of the greater of the statewide or county median income as determined by the federal Department of Housing and Urban Development based on a household size with 1.5 persons per bedroom.

Sec. 7. Minnesota Statutes 1993 Supplement, section 474A.061, subdivision 2a, is amended to read:

Subd. 2a. **HOUSING POOL ALLOCATION.** (a) On the first business day that falls on a Monday of the calendar year, the first Monday in February, the first Monday in March, and on the first Monday in April, the commissioner shall allocate available bonding authority in the housing pool to applications received by the Monday of the previous week for residential rental projects that meet the eligibility criteria under section 474A.047. After April 1, and through April 15, the Minnesota housing finance agency may accept applications from cities for single-family housing programs which meet program requirements as follows:

(1) the housing program must meet a locally identified housing need and be economically viable;

(2) the adjusted income of home buyers may not exceed the greater of the agency's income limits or 80 percent of the area median income as published by the Department of Housing and Urban Development;

(3) house price limits may not exceed:

(i) the greater of agency house price limits or the median purchase federal price in the city for which the bonds are to be sold limits for housing up to a maximum of \$95,000; or

(ii) for a new construction affordability initiative, the greater of 115 percent of agency house price limits or 90 percent of the median purchase price in the city for which the bonds are to be sold up to a maximum of \$95,000.

Data establishing the median purchase price in the city must be included in the application by a city requesting house price limits higher than the housing finance agency's house price limits;

New language is indicated by underline; deletions by ~~strikeout~~.

(4) the housing program meets the requirements of section 474A.048; and

(5) an application deposit equal to one percent of the requested allocation must be submitted with the city's signed allocation agreement. The agency shall submit the city's application and application deposit to the commissioner when requesting an allocation from the housing pool.

The Minnesota housing finance agency may accept applications from July 1 through July 15 from cities for single-family housing programs which meet program requirements specified under clauses (1) to (5) if bonding authority is available in the housing pool. The agency and a representative for each applicant shall negotiate the terms of an agreement regarding the allocation of available authority among the applicants. The agreement must allot available bonding authority among the applicants. For purposes of paragraphs (a) to (d), "city" means county and has the meaning given it in section 462C.02, subdivision 6, and "agency" means the Minnesota housing finance agency.

(b) Upon reaching agreement with participating cities, the agency shall forward the agreement and application deposit checks to the commissioner. The agreement must specify the amounts allotted to each applicant. The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the first Monday in April and through the last Monday in July, but may request an allocation no later than the last Monday in July. The commissioner shall return any application deposit to a city that paid an application deposit under paragraph (a), clause (5), but was not part of the agreement forwarded to the commissioner under this paragraph.

(c) A city may choose to issue bonds on its own behalf or through a joint powers agreement or may use bonding authority for mortgage credit certificates and may request an allocation from the commissioner. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the agreement forwarded by the Minnesota housing finance agency to the commissioner. No city may request or receive an allocation from the commissioner until the agreement under paragraph (b) has been forwarded to the commissioner. On and after the first Monday in April and through the last Monday in July, no city may receive an allocation from the housing pool which has not first applied to the Minnesota housing finance agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.

(d) If a city issues mortgage bonds from an allocation received under paragraph (c), the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner in writing of the reason that recycling was not possible and the reason the

New language is indicated by underline, deletions by ~~strikeout~~.

issuer elected not to have the Minnesota housing finance agency issue the bonds. "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

(e) The total amount of allocation for mortgage bonds or mortgage credit certificates for one city is limited to the lesser of (i) \$4,000,000 or (ii) 20 percent of the total amount available for allocation for mortgage bonds from the housing pool on the first Tuesday after the first Monday in April.

(f) No city in an entitlement county may apply for or be allocated authority to issue bonds or use mortgage credit certificates from the housing pool.

(g) A city that does not use at least 50 percent of their allotment by April 15 and at least \$200,000 of their allotment in the calendar year in which the allotment is made available under paragraph (b), may not apply to the housing pool for a single-family mortgage bond or mortgage credit certificate program allocation or receive an allotment under the housing pool agreement in the succeeding calendar year.

Sec. 8. Minnesota Statutes 1992, section 474A.061, subdivision 4, is amended to read:

Subd. 4. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 90 days of allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 90-day period since allocation has expired prior to the last Monday in July, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 90-day period since allocation has expired on or after the last Monday in July, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota housing finance agency.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this section within 90 days of allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 90 days of receiving allocation.

New language is indicated by underline, deletions by ~~strikeout~~.

(c) No refund shall be available for allocations returned 90 or more days after receiving the allocation. This subdivision does not apply to the Minnesota housing finance agency or the Minnesota rural finance authority.

(d) Notwithstanding paragraph (a), the commissioner shall extend the 90-day allocation period for an additional 30 days if the issuer applies for an extension and submits an amount equal to one-quarter of one percent of the allocation with the application for an allocation, provided that the 30 days does not extend the allocation period beyond the last Monday in November.

Sec. 9. Minnesota Statutes 1992, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **ALLOCATION PROCEDURE.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in August through and on the last Monday in November. Applications for allocations must be received by the department by the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) On or before September 1, allocations shall be awarded from the unified pool in the following order of priority:

- (1) applications for enterprise zone facility bonds;
- (2) applications for small issue bonds;
- (2) (3) applications for residential rental project bonds;
- (3) (4) applications for public facility projects funded by public facility bonds;
- (4) (5) applications for redevelopment bonds;
- (5) (6) applications for mortgage bonds; and
- (6) (7) applications for governmental bonds.

Allocations for residential rental projects may only be made during the first allocation in August. The amount of allocation provided to an issuer for a specific manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045. Proposed manufacturing projects that receive 50 points or more are eligible for all of the proposed allocation. Proposed manufacturing projects that receive less than 50 points under section 474A.045 are only eligible to receive a proportionally reduced share of the proposed authority, based upon the number of points received. If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bond-

New language is indicated by underline, deletions by ~~strikeout~~.

ing authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first.

(c)(1) On the first Monday in August, \$5,000,000 of bonding authority is reserved within the unified pool for agricultural development bond loan projects of the Minnesota rural finance authority and \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds. On the first Monday in September, \$2,500,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the public facilities pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the public facilities pool for that year, whichever is less, is reserved within the unified pool for public facility bonds. If sufficient bonding authority is not available to reserve the required amounts for manufacturing projects and agricultural development bond loan projects, the remaining available bonding authority must be distributed between the two reservations on a pro rata basis, based upon the amounts each would have received if sufficient authority was available.

(2) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

(i) \$10,000,000 for any one city; or

(ii) \$20,000,000 for any number of cities in any one county.

An allocation for mortgage bonds may be used for mortgage credit certificates.

After September 1, allocations shall be awarded from the unified pool only for the following types of qualified bonds: small issue bonds, public facility bonds to finance publicly owned facility projects, and residential rental project enterprise zone facility bonds.

(d) If there is insufficient bonding authority to fund all projects within any qualified bond category, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers. If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 10. Minnesota Statutes 1992, section 474A.091, subdivision 5, is amended to read:

Subd. 5. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not

New language is indicated by underline, deletions by ~~strikeout~~.

issue obligations equal to all or a portion of the allocation received under this section within 90 days of the allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 90-day period since allocation has expired prior to the last Monday in November, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department on or after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota housing finance agency.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this section within 90 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 90 days of receiving the allocation.

(c) No refund of the application deposit shall be available for allocations returned on or after the last Monday in November. This subdivision does not apply to the Minnesota housing finance agency, or the Minnesota rural finance authority.

(d) Notwithstanding paragraph (a), the commissioner shall extend the 90-day allocation period for an additional 30 days if the issuer applies for an extension and submits an amount equal to one-quarter of one percent of the allocation with the application for an allocation, provided that the 30 days does not extend the allocation period beyond the last Monday in November.

Sec. 11. Minnesota Statutes 1992, section 474A.131, is amended by adding a subdivision to read:

Subd. 1a. CERTIFICATE OF NOTICE. If an allocation received under this chapter is used for mortgage credit certificates, a certificate notice must be submitted to the department on forms provided by the department stating the date of the filing of the election not to issue bonds as provided under section 25, paragraph (c), of the Internal Revenue Code and the amount of allocation authority to be used under the program.

A mortgage credit certificate program for which a certificate notice is not provided to the department within five days of the date of the filing of the election not to issue bonds is considered not to have received an allocation under this law or under federal tax law. Within 30 days after receipt of a certificate notice the department shall refund a portion of the application deposit equal to

New language is indicated by underline, deletions by ~~strikeout~~.

one percent of the amount of the bonding authority to be used for the mortgage credit certificate program.

Sec. 12. Minnesota Statutes 1992, section 474A.131, subdivision 3, is amended to read:

Subd. 3. **IRREVOCABLE ALLOCATION.** The department may not revoke an allocation received under this chapter after receiving a notice of issue or certificate notice from the issuer.

Sec. 13. **EFFECTIVE DATE.**

Sections 2, 3, 6, and 9, are effective the day following final enactment.

Presented to the governor April 26, 1994

Signed by the governor April 28, 1994, 2:25 p.m.

CHAPTER 528—H.F.No. 2405

An act relating to retirement; making various administrative and minor substantive changes in the laws governing the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, and police and firefighters retirement; amending Minnesota Statutes 1992, sections 352.01, subdivisions 11 and 13; 352.029, subdivision 1, and by adding subdivisions; 352.04, subdivisions 2 and 3; 352.119, by adding a subdivision; 352B.265; 352D.04, subdivision 2; 353.03, subdivisions 1 and 3a; 354.05, subdivisions 2, 21, 22, 35, and by adding subdivisions; 354.06, subdivisions 2a and 4; 354.071, subdivision 5; 354.091; 354.10, subdivisions 1 and 2; 354.41, subdivision 4, and by adding subdivisions; 354.42, subdivisions 3 and 5; 354.44, subdivisions 1a, 4, and 5a; 354.47; 354.48, subdivision 2; 354.49, subdivision 1; 354.52, subdivisions 2, 2a, 4, and by adding subdivisions; 354.66, subdivisions 2, 3, and by adding a subdivision; and 356.30, subdivision 1; Minnesota Statutes 1993 Supplement, sections 3A.02, subdivision 5; 352.22, subdivision 2; 352.93, subdivision 2a; 352.96, subdivision 4; 352B.08, subdivision 2a; 353.01, subdivisions 10, 12a, 16, and 28; 353.017, subdivisions 1, 3, and by adding subdivisions; 353.27, subdivision 7; 353.37, subdivisions 1, 2, and 4; 353.65, subdivision 3a; 353A.08, subdivision 3; 354.05, subdivision 8; and 354.46, subdivisions 1 and 5; proposing coding for new law in Minnesota Statutes, chapters 354; 356; and 423A; repealing Minnesota Statutes 1992, sections 352.15, subdivision 2; 352D.09, subdivision 6; 354.05, subdivisions 15 and 29; 354.43, subdivision 3; 354.57; 354.65; and 356.18.

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

New language is indicated by underline, deletions by ~~strikeout~~.