

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 2893

(SENATE AUTHORS: WESTROM)

DATE	D-PG	OFFICIAL STATUS
03/01/2018	6246	Introduction and first reading Referred to Agriculture, Rural Development, and Housing Policy
03/14/2018	6474a	Comm report: To pass as amended and re-refer to Agriculture, Rural Development, and Housing Finance
04/19/2018	7334a	Comm report: To pass as amended and re-refer to Finance Rule 21, referred to Rules and Administration
04/23/2018	7887	Comm report: Adopt previous comm report See SF3536, Sec. 16-17, 19

1.1 A bill for an act

1.2 relating to state government; providing for financing of agriculture, rural

1.3 development, and housing; modifying agriculture, rural development, and housing

1.4 provisions; requiring reports; appropriating money; amending Minnesota Statutes

1.5 2016, sections 17.494; 17.4982, by adding subdivisions; 18.83, subdivision 7;

1.6 18C.425, subdivision 6; 18C.80, subdivision 2; 21.89, subdivision 2; 41A.16,

1.7 subdivisions 1, 2; 41A.17, subdivisions 1, 2; 103H.275, subdivision 1; 327.31, by

1.8 adding a subdivision; 327C.095, subdivisions 4, 6, 12, 13, by adding a subdivision;

1.9 462A.33, subdivisions 1, 2; 462A.37, subdivisions 1, 2; 474A.02, by adding

1.10 subdivisions; 474A.03, subdivision 1; 474A.04, subdivision 1a; 474A.047,

1.11 subdivision 2; 474A.061, subdivisions 1, 2a, 2b, 2c, 4, by adding subdivisions;

1.12 474A.062; 474A.091, subdivisions 1, 2, 3, 5, 6, by adding a subdivision; 474A.131,

1.13 subdivisions 1, 1b, 2; 474A.14; Minnesota Statutes 2017 Supplement, sections

1.14 18C.70, subdivision 5; 18C.71, subdivision 4; 462A.2035, subdivisions 1, 1b;

1.15 Laws 2017, chapter 88, article 1, section 2, subdivision 2; proposing coding for

1.16 new law in Minnesota Statutes, chapters 17; 327.

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

1.18 **ARTICLE 1**

1.19 **AGRICULTURE AND RURAL DEVELOPMENT APPROPRIATIONS**

1.20 Section 1. **APPROPRIATIONS.**

1.21 The sums shown in the columns marked "Appropriations" are added to the appropriations

1.22 in Laws 2017, chapter 88, or appropriated to the agencies and for the purposes specified in

1.23 this article. The appropriations are from the general fund, or another named fund, and are

1.24 available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used

1.25 in this article mean that the addition to the appropriations listed under them are available

1.26 for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is

1.27 fiscal year 2018. "The second year" is fiscal year 2019. Appropriations for fiscal year 2018

1.28 are effective the day following final enactment.

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APPROPRIATIONS

Available for the Year

Ending June 30

2018

2019

Sec. 2. **DEPARTMENT OF AGRICULTURE.** \$ \$

(a) \$200,000 the second year is for additional statewide mental health counseling support to farm families and business operators. This amount is added to the appropriation in Laws 2017, chapter 88, article 1, section 2, subdivision 5, paragraph (h), and to the department's base budget.

(b) \$200,000 the second year is a reduction to the administration and financial assistance division.

Sec. 3. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Protection Services** 17,821,000 17,825,000

Appropriations by Fund

	2018	2019
General	17,428,000	17,428,000
Remediation	393,000	397,000

(a) \$25,000 the first year and \$25,000 the second year are to develop and maintain cottage food license exemption outreach and training materials.

(b) \$75,000 the first year and \$75,000 the second year are to coordinate the correctional facility vocational training program and to assist entities that have explored the feasibility of establishing a USDA-certified or state "equal to" food processing facility within 30 miles of the Northeast Regional Corrections Center.

3.1 (c) \$125,000 the first year and \$125,000 the
3.2 second year are for additional funding for the
3.3 noxious weed and invasive plant program.

3.4 These are onetime appropriations.

3.5 (d) \$250,000 the first year and \$250,000 the
3.6 second year are for transfer to the pollinator
3.7 habitat and research account in the agricultural
3.8 fund. These are onetime transfers.

3.9 (e) \$393,000 the first year and \$397,000 the
3.10 second year are from the remediation fund for
3.11 administrative funding for the voluntary
3.12 cleanup program.

3.13 (f) \$200,000 the first year and \$200,000 the
3.14 second year are for the industrial hemp pilot
3.15 program under Minnesota Statutes, section
3.16 18K.09. These are onetime appropriations.

3.17 (g) \$175,000 the first year and \$175,000 the
3.18 second year are for compensation for
3.19 destroyed or crippled livestock under
3.20 Minnesota Statutes, section 3.737. This
3.21 appropriation may be spent to compensate for
3.22 livestock that were destroyed or crippled
3.23 during fiscal year 2017. If the amount in the
3.24 first year is insufficient, the amount in the
3.25 second year is available in the first year. The
3.26 commissioner may use up to \$5,000 of this
3.27 appropriation the second year to reimburse
3.28 expenses incurred by university extension
3.29 agents to provide fair market values of
3.30 destroyed or crippled livestock.

3.31 (h) \$155,000 the first year and \$155,000 the
3.32 second year are for compensation for crop
3.33 damage under Minnesota Statutes, section
3.34 3.7371. If the amount in the first year is

4.1 insufficient, the amount in the second year is
4.2 available in the first year. The commissioner
4.3 may use up to \$30,000 of the appropriation
4.4 each year to reimburse expenses incurred by
4.5 the commissioner or the commissioner's
4.6 approved agent to investigate and resolve
4.7 claims.

4.8 If the commissioner determines that claims
4.9 made under Minnesota Statutes, section 3.737
4.10 or 3.7371, are unusually high, amounts
4.11 appropriated for either program may be
4.12 transferred to the appropriation for the other
4.13 program.

4.14 (i) \$250,000 the first year and \$250,000 the
4.15 second year are to expand current capabilities
4.16 for rapid detection, identification, containment,
4.17 control, and management of high priority plant
4.18 pests and pathogens. These are onetime
4.19 appropriations.

4.20 (j) \$300,000 the first year and \$300,000 the
4.21 second year are for transfer to the noxious
4.22 weed and invasive plant species assistance
4.23 account in the agricultural fund to award
4.24 grants to local units of government under
4.25 Minnesota Statutes, section 18.90, with
4.26 preference given to local units of government
4.27 responding to Palmer amaranth or other weeds
4.28 on the eradicate list. These are onetime
4.29 transfers.

4.30 (k) \$120,000 the first year and \$120,000 the
4.31 second year are for wolf-livestock conflict
4.32 prevention grants under article 2, section 89.
4.33 The commissioner must submit a report to the
4.34 chairs and ranking minority members of the
4.35 legislative committees with jurisdiction over

5.1 agriculture policy and finance by January 15,
 5.2 2020, on the outcomes of the wolf-livestock
 5.3 conflict prevention grants and whether
 5.4 livestock compensation claims were reduced
 5.5 in the areas that grants were awarded. These
 5.6 are onetime appropriations.

5.7 ARTICLE 2

5.8 AGRICULTURE STATUTORY CHANGES

5.9 Section 1. Minnesota Statutes 2016, section 17.494, is amended to read:

5.10 17.494 AQUACULTURE PERMITS; RULES.

5.11 (a) The commissioner shall act as permit or license coordinator for aquatic farmers and
 5.12 shall assist aquatic farmers to obtain licenses or permits.

5.13 ~~By July 1, 1992,~~ (b) A state agency issuing multiple permits or licenses for aquaculture
 5.14 shall consolidate the permits or licenses required for every aquatic farm location. The
 5.15 Department of Natural Resources transportation permits are exempt from this requirement.
 5.16 State agencies shall adopt rules or issue commissioner's orders that establish permit and
 5.17 license requirements, approval timelines, and compliance standards. Saltwater aquatic farms,
 5.18 as defined in section 17.4982, and processing facilities for saltwater aquatic life, as defined
 5.19 in section 17.4982, must be classified as agricultural operations for purposes of any
 5.20 construction, discharge, or other permit issued by the Pollution Control Agency.

5.21 Nothing in this section modifies any state agency's regulatory authority over aquaculture
 5.22 production.

5.23 Sec. 2. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
 5.24 read:

5.25 Subd. 20a. Saltwater aquaculture. "Saltwater aquaculture" means the commercial
 5.26 propagation and rearing of saltwater aquatic life including, but not limited to, crustaceans,
 5.27 primarily for consumption as human food.

5.28 Sec. 3. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
 5.29 read:

5.30 Subd. 20b. Saltwater aquatic farm. "Saltwater aquatic farm" means a facility used for
 5.31 saltwater aquaculture including but not limited to artificial ponds, vats, tanks, raceways,

6.1 and other facilities that an aquatic farmer owns or has exclusive control of for the sole
6.2 purpose of producing saltwater aquatic life.

6.3 Sec. 4. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to
6.4 read:

6.5 Subd. 20c. **Saltwater aquatic life.** "Saltwater aquatic life" means aquatic species that
6.6 are saltwater obligates or perform optimally when raised in salinities closer to that of natural
6.7 seawater and need saltwater to survive.

6.8 Sec. 5. **[17.499] TRANSPORTATION OR IMPORTATION OF SALTWATER**
6.9 **AQUATIC LIFE; QUARANTINE REQUIREMENT.**

6.10 Subdivision 1. **Purpose.** The legislature finds that it is in the public interest to increase
6.11 private saltwater aquaculture production and processing in this state under the coordination
6.12 of the commissioner of agriculture. Additional private production will reduce dependence
6.13 on foreign suppliers and benefit the rural economy by creating new jobs and economic
6.14 activity.

6.15 Subd. 2. **Transportation permit.** (a) Notwithstanding the requirements in section
6.16 17.4985, saltwater aquatic life transportation and importation requirements are governed
6.17 by this section. A transportation permit is required prior to any importation or intrastate
6.18 transportation of saltwater aquatic life not exempted under subdivision 3. A transportation
6.19 permit may be used for multiple shipments within the 30-day term of the permit if the source
6.20 and the destination remain the same. Transportation permits must be obtained from the
6.21 commissioner prior to shipment of saltwater aquatic life.

6.22 (b) An application for a transportation permit must be made in the form required by the
6.23 commissioner. The commissioner may reject an incomplete application.

6.24 (c) An application for a transportation permit must be accompanied by satisfactory
6.25 evidence, as determined by the commissioner, that the shipment is free of any nonindigenous
6.26 species of animal other than the saltwater aquatic species and either:

6.27 (1) the facility from which the saltwater aquatic life originated has provided
6.28 documentation of 36 or more consecutive months of negative testing by an approved
6.29 laboratory as free of any disease listed by OIE - the World Organisation for Animal Health
6.30 for that species following the testing guidelines outlined in the OIE Aquatic Animal Health
6.31 Code for crustaceans or the AFS Fish Health Blue Book for other species, as appropriate;
6.32 or

7.1 (2) the saltwater aquatic life to be imported or transported includes documentation of
7.2 negative testing for that specific lot by an approved laboratory as free of any disease listed
7.3 by OIE - the World Organisation for Animal Health for crustaceans or in the AFS Fish
7.4 Health Blue Book for other species, as appropriate.

7.5 If a shipment authorized by the commissioner under clause (1) includes saltwater aquatic
7.6 life that originated in a foreign country, the shipment must be quarantined at the receiving
7.7 facility according to a quarantine plan approved by the commissioner. A shipment authorized
7.8 by the commissioner under clause (2) must be quarantined at the receiving facility according
7.9 to a quarantine plan approved by the commissioner.

7.10 (d) For purposes of this subdivision, "approved laboratory" means a laboratory approved
7.11 by the commissioner or the United States Department of Agriculture, Animal and Plant
7.12 Health Inspection Services.

7.13 (e) No later than 14 calendar days after a completed transportation permit application
7.14 is received, the commissioner must approve or deny the transportation permit application.

7.15 (f) A copy of the transportation permit must accompany a shipment of saltwater aquatic
7.16 life while in transit and must be available for inspection by the commissioner.

7.17 (g) A vehicle used by a licensee for transporting aquatic life must be identified with the
7.18 license number and the licensee's name and town of residence as it appears on the license.
7.19 A vehicle used by a licensee must have identification displayed so that it is readily visible
7.20 from either side of the vehicle in letters and numbers not less than 2-1/2 inches high and
7.21 three-eighths inch wide. Identification may be permanently affixed to vehicles or displayed
7.22 on removable plates or placards placed on opposite doors of the vehicle or on the tanks
7.23 carried on the vehicle.

7.24 (h) An application to license a vehicle for brood stock or larvae transport or for use as
7.25 a saltwater aquatic life vendor that is received by the commissioner is a temporary license
7.26 until approved or denied by the commissioner.

7.27 Subd. 3. **Exemptions.** (a) A transportation permit is not required to transport or import
7.28 saltwater aquatic life:

7.29 (1) previously processed for use as food or other purposes unrelated to propagation;

7.30 (2) transported directly to an outlet for processing as food or for other food purposes if
7.31 accompanied by shipping documents;

7.32 (3) that is being exported if accompanied by shipping documents;

8.1 (4) that is being transported through the state if accompanied by shipping documents;
 8.2 or

8.3 (5) transported intrastate within or between facilities licensed for saltwater aquaculture
 8.4 by the commissioner if accompanied by shipping documents.

8.5 (b) Shipping documents required under paragraph (a) must include the place of origin,
 8.6 owner or consignee, destination, number, species, and satisfactory evidence, as determined
 8.7 by the commissioner, of the disease-free certification required under subdivision 2, paragraph
 8.8 (c), clauses (1) and (2).

8.9 Sec. 6. Minnesota Statutes 2016, section 18.83, subdivision 7, is amended to read:

8.10 Subd. 7. **Expenses; reimbursements.** A claim for the expense of controlling or
 8.11 eradicating noxious weeds, which may include the costs of serving notices, is a legal charge
 8.12 against the county in which the land is located. The officers having the work done must file
 8.13 with the county auditor a verified and itemized statement of cost for all services rendered
 8.14 on each separate tract or lot of land. The county auditor shall immediately issue proper
 8.15 warrants to the persons named on the statement as having rendered services. To reimburse
 8.16 the county for its expenditure in this regard, the county auditor shall certify the total amount
 8.17 due and, unless an appeal is made in accordance with section 18.84, enter it on the tax roll
 8.18 as a tax upon the land and it must be collected as other real estate taxes are collected.

8.19 If ~~public~~ publicly owned or managed land is involved, the amount due must be paid
 8.20 from ~~funds provided~~ money appropriated for maintenance of the land or from the general
 8.21 revenue or operating fund of the agency responsible for the land. ~~Each claim for control or~~
 8.22 ~~eradication of noxious weeds on public lands must first be approved by the commissioner~~
 8.23 ~~of agriculture.~~

8.24 Sec. 7. Minnesota Statutes 2016, section 18C.425, subdivision 6, is amended to read:

8.25 Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the
 8.26 state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall
 8.27 pay the inspection fee to the commissioner.

8.28 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person
 8.29 not required to be so licensed shall pay the inspection fee to the commissioner, except as
 8.30 exempted under section 18C.421, subdivision 1, paragraph (b).

8.31 (c) The person responsible for payment of the inspection fees for fertilizers, soil
 8.32 amendments, or plant amendments sold and used in this state must pay an inspection fee of

9.1 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer,
 9.2 soil amendment, and plant amendment sold or distributed in this state, with a minimum of
 9.3 \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit
 9.4 all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and
 9.5 education account in section 18C.80. Products sold or distributed to manufacturers or
 9.6 exchanged between them are exempt from the inspection fee imposed by this subdivision
 9.7 if the products are used exclusively for manufacturing purposes.

9.8 (d) A registrant or licensee must retain invoices showing proof of fertilizer, plant
 9.9 amendment, or soil amendment distribution amounts and inspection fees paid for a period
 9.10 of three years.

9.11 Sec. 8. Minnesota Statutes 2017 Supplement, section 18C.70, subdivision 5, is amended
 9.12 to read:

9.13 Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

9.14 Sec. 9. Minnesota Statutes 2017 Supplement, section 18C.71, subdivision 4, is amended
 9.15 to read:

9.16 Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

9.17 Sec. 10. Minnesota Statutes 2016, section 18C.80, subdivision 2, is amended to read:

9.18 Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

9.19 Sec. 11. Minnesota Statutes 2016, section 21.89, subdivision 2, is amended to read:

9.20 Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit to
 9.21 the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold
 9.22 for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92.
 9.23 The categories of permits are as follows:

9.24 (1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar
 9.25 year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph
 9.26 (b);

9.27 (2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use
 9.28 in home gardens or household plantings, ~~and initial labelers who sell native grasses and~~
 9.29 ~~wildflower seed in commercial or agricultural quantities,~~ an annual permit issued for a fee

10.1 established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from
10.2 the previous year; and

10.3 (3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar
10.4 year, a permanent permit issued for a fee established in section 21.891, subdivision 2,
10.5 paragraph (d).

10.6 In addition, the person shall furnish to the commissioner an itemized statement of all
10.7 seeds sold in Minnesota for the periods established by the commissioner. This statement
10.8 shall be delivered, along with the payment of the fee, based upon the amount and type of
10.9 seed sold, to the commissioner no later than 30 days after the end of each reporting period.
10.10 Any person holding a permit shall show as part of the analysis labels or invoices on all
10.11 agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the
10.12 commissioner requires. The commissioner may revoke any permit in the event of failure to
10.13 comply with applicable laws and rules.

10.14 Sec. 12. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

10.15 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
10.16 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
10.17 less from the state border, raw materials may be sourced from within a 100-mile radius.
10.18 Raw materials must be from agricultural or forestry sources or from solid waste. The facility
10.19 must be located in Minnesota, must begin production at a specific location by June 30, 2025,
10.20 and must not begin operating above ~~23,750~~ 1,500 MMbtu of quarterly advanced biofuel
10.21 production before July 1, 2015. Eligible facilities include existing companies and facilities
10.22 that are adding advanced biofuel production capacity, or retrofitting existing capacity, as
10.23 well as new companies and facilities. Production of conventional corn ethanol and
10.24 conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at
10.25 least ~~23,750~~ 1,500 MMbtu of advanced biofuel quarterly.

10.26 (b) No payments shall be made for advanced biofuel production that occurs after June
10.27 30, 2035, for those eligible biofuel producers under paragraph (a).

10.28 (c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility
10.29 for payments under this section to an advanced biofuel facility at a different location.

10.30 (d) A producer that ceases production for any reason is ineligible to receive payments
10.31 under this section until the producer resumes production.

11.1 (e) Renewable chemical production for which payment has been received under section
 11.2 41A.17, and biomass thermal production for which payment has been received under section
 11.3 41A.18, are not eligible for payment under this section.

11.4 (f) Biobutanol is eligible under this section.

11.5 Sec. 13. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

11.6 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to
 11.7 eligible producers of advanced biofuel. The amount of the payment for each eligible
 11.8 producer's annual production is \$2.1053 per MMbtu for advanced biofuel production from
 11.9 cellulosic biomass, and \$1.053 per MMbtu for advanced biofuel production from sugar ~~or~~₂
 11.10 starch, oil, or animal fat at a specific location for ten years after the start of production.

11.11 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
 11.12 not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments
 11.13 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
 11.14 necessary for 17,100,000 MMbtu of biofuel production. The commissioner shall award
 11.15 payments on a first-come, first-served basis within the limits of available funding.

11.16 (c) For purposes of this section, an entity that holds a controlling interest in more than
 11.17 one advanced biofuel facility is considered a single eligible producer.

11.18 Sec. 14. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

11.19 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program must
 11.20 source at least 80 percent of the biobased content used to produce a renewable chemical
 11.21 from the state of Minnesota. If a facility is sited 50 miles or less from the state border, the
 11.22 facility must source at least 80 percent of the biobased content ~~must be sourced~~ used to
 11.23 produce a renewable chemical from within a 100-mile radius of the facility. Biobased content
 11.24 must be from agricultural or forestry sources or from solid waste. The facility must be
 11.25 located in Minnesota, must begin production at a specific location by June 30, 2025, and
 11.26 must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly before January
 11.27 1, ~~2015~~ 2013. Eligible facilities include existing companies and facilities that are adding
 11.28 production capacity, or retrofitting existing capacity, as well as new companies and facilities.
 11.29 Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000 pounds of
 11.30 renewable chemicals quarterly. Renewable chemicals produced through processes that are
 11.31 fully commercial before January 1, 2000, are not eligible.

12.1 (b) No payments shall be made for renewable chemical production that occurs after June
12.2 30, 2035, for those eligible renewable chemical producers under paragraph (a).

12.3 (c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility
12.4 for payments under this section to a renewable chemical facility at a different location.

12.5 (d) A producer that ceases production for any reason is ineligible to receive payments
12.6 under this section until the producer resumes production.

12.7 (e) Advanced biofuel production for which payment has been received under section
12.8 41A.16, and biomass thermal production for which payment has been received under section
12.9 41A.18, are not eligible for payment under this section.

12.10 Sec. 15. Minnesota Statutes 2016, section 41A.17, subdivision 2, is amended to read:

12.11 Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments
12.12 to eligible producers of renewable chemicals located in the state. The amount of the payment
12.13 for each producer's annual production is \$0.03 per pound of sugar-derived renewable
12.14 chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived
12.15 renewable chemical produced at a specific location for ten years after the start of production.

12.16 (b) An eligible facility producing renewable chemicals using agricultural cellulosic
12.17 biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural
12.18 biomass that is derived from perennial crop or cover crop biomass.

12.19 (c) Total payments under this section to an eligible renewable chemical producer in a
12.20 fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
12.21 chemical production. Total payments under this section to all eligible renewable chemical
12.22 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
12.23 renewable chemical production. The commissioner shall award payments on a first-come,
12.24 first-served basis within the limits of available funding:

12.25 (1) first for production that begins on or after January 1, 2015; and

12.26 (2) after awarding payments for all eligible capacity under clause (1), for production
12.27 that began on or after January 1, 2013, and before January 1, 2015.

12.28 (d) For purposes of this section, an entity that holds a controlling interest in more than
12.29 one renewable chemical production facility is considered a single eligible producer.

13.1 Sec. 16. Minnesota Statutes 2016, section 103H.275, subdivision 1, is amended to read:

13.2 Subdivision 1. **Areas where groundwater pollution is detected.** (a) If groundwater
 13.3 pollution is detected, a state agency or political subdivision that regulates an activity causing
 13.4 or potentially causing a contribution to the pollution identified shall promote implementation
 13.5 of best management practices to prevent or minimize the source of pollution to the extent
 13.6 practicable.

13.7 (b) The Pollution Control Agency, or for agricultural chemicals and practices, the
 13.8 commissioner of agriculture may adopt water source protection requirements under
 13.9 subdivision 2 that are consistent with the goal of section 103H.001 and are commensurate
 13.10 with the groundwater pollution if the implementation of best management practices has
 13.11 proven to be ineffective.

13.12 (c) The water resources protection requirements must be:

13.13 (1) designed to prevent and minimize the pollution to the extent practicable;

13.14 (2) designed to prevent the pollution from exceeding the health risk limits; and

13.15 (3) submitted to the house of representatives and senate committees with jurisdiction
 13.16 over the environment, natural resources, and agriculture.

13.17 (d) The commissioner of agriculture shall not adopt water resource protection
 13.18 requirements under subdivision 2 for nitrogen fertilizer unless the water resource protection
 13.19 requirements are specifically approved by law.

13.20 ARTICLE 3

13.21 HOUSING STATUTORY CHANGES

13.22 Section 1. Minnesota Statutes 2016, section 327.31, is amended by adding a subdivision
 13.23 to read:

13.24 Subd. 23. **Modular home.** "Modular home" means a building or structural unit of closed
 13.25 construction that has been substantially manufactured or constructed, in whole or in part,
 13.26 at an off-site location, with the final assembly occurring on site alone or with other units
 13.27 and attached to a foundation designed to the State Building Code and occupied as a
 13.28 single-family dwelling. Modular home construction must comply with applicable standards
 13.29 adopted in Minnesota Rules, chapter 1360 or 1361.

14.1 Sec. 2. [327.335] PLACEMENT OF MODULAR HOMES.

14.2 A modular home may be placed in a manufactured home park as defined in section
 14.3 327.14, subdivision 3. A modular home placed in a manufactured home park is a
 14.4 manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and
 14.5 duties, under those chapters apply. A modular home may not be placed in a manufactured
 14.6 home park without prior written approval of the park owner. Nothing in this section shall
 14.7 be construed to inhibit the application of zoning, subdivision, architectural, or esthetic
 14.8 requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes
 14.9 and manufactured home parks. A modular home placed in a manufactured home park under
 14.10 this section shall be assessed and taxed as a manufactured home.

14.11 Sec. 3. Minnesota Statutes 2016, section 327C.095, subdivision 4, is amended to read:

14.12 Subd. 4. **Public hearing; relocation compensation; neutral third party.** Within 60
 14.13 days after receiving notice of a closure statement, the governing body of the affected
 14.14 municipality shall hold a public hearing to review the closure statement and any impact that
 14.15 the park closing may have on the displaced residents and the park owner. At the time of,
 14.16 and in the notice for, the public hearing, displaced residents must be informed that they may
 14.17 be eligible for payments from the Minnesota manufactured home relocation trust fund under
 14.18 section 462A.35 as compensation for reasonable relocation costs under subdivision 13,
 14.19 paragraphs (a) and (e).

14.20 The governing body of the municipality may also require that other parties, including
 14.21 the municipality, but excluding the park owner or its purchaser, involved in the park closing
 14.22 provide additional compensation to residents to mitigate the adverse financial impact of the
 14.23 park closing upon the residents.

14.24 At the public hearing, the municipality shall appoint a qualified neutral third party, to
 14.25 be agreed upon by both the manufactured home park owner and manufactured home owners,
 14.26 whose hourly cost must be reasonable and paid from the Minnesota manufactured home
 14.27 relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with
 14.28 decision-making authority to resolve any questions or disputes regarding any contributions
 14.29 or disbursements to and from the Minnesota manufactured home relocation trust fund by
 14.30 either the manufactured home park owner or the manufactured home owners. If the parties
 14.31 cannot agree on a neutral third party, the municipality will ~~make a determination~~ determine
 14.32 who shall act as the neutral third party.

14.33 The qualified neutral third party shall be familiar with manufactured housing and the
 14.34 requirements of this section. The neutral third party shall keep an overall receipts and cost

15.1 summary together with a detailed accounting, for each manufactured lot, of the payments
15.2 received by the manufactured home park owner, and expenses approved and payments
15.3 disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well
15.4 as a record of all services and hours it provided and at what hourly rate it charged to the
15.5 Minnesota manufactured home trust fund. This detailed accounting shall be provided to the
15.6 manufactured home park owner, the municipality, and the Minnesota Housing Finance
15.7 Agency to be included in its yearly October 15 report as required in subdivision 13, paragraph
15.8 (h), not later than 30 days after the expiration of the nine-month notice provided in the
15.9 closure statement.

15.10 Sec. 4. Minnesota Statutes 2016, section 327C.095, subdivision 6, is amended to read:

15.11 Subd. 6. **Intent to convert use of park at time of purchase.** Before the execution of
15.12 an agreement to purchase a manufactured home park, the purchaser must notify the park
15.13 owner, in writing, if the purchaser intends to close the manufactured home park or convert
15.14 it to another use within one year of the execution of the agreement. The park owner shall
15.15 provide a resident of each manufactured home with a 45-day written notice of the purchaser's
15.16 intent to close the park or convert it to another use. The notice must state that the park owner
15.17 will provide information on the cash price and the terms and conditions of the purchaser's
15.18 offer to residents requesting the information. The notice must be sent by first class mail to
15.19 a resident of each manufactured home in the park. The notice period begins on the postmark
15.20 date affixed to the notice and ends 45 days after it begins. During the notice period required
15.21 in this subdivision, the owners of at least 51 percent of the manufactured homes in the park
15.22 or a nonprofit organization which has the written permission of the owners of at least 51
15.23 percent of the manufactured homes in the park to represent them in the acquisition of the
15.24 park shall have the right to meet the cash price and execute an agreement to purchase the
15.25 park for the purposes of keeping the park as a manufactured housing community, provided
15.26 that the owners or nonprofit organization will covenant and warrant to the park owner in
15.27 the agreement that they will continue to operate the park for not less than six years from
15.28 the date of closing. The park owner must accept the offer if it meets the cash price and the
15.29 same terms and conditions set forth in the purchaser's offer except that the seller is not
15.30 obligated to provide owner financing. For purposes of this section, cash price means the
15.31 cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1,
15.32 paragraph (d).

16.1 Sec. 5. Minnesota Statutes 2016, section 327C.095, subdivision 12, is amended to read:

16.2 Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a)

16.3 If a manufactured home owner is required to move due to the conversion of all or a portion
16.4 of a manufactured home park to another use, the closure of a park, or cessation of use of
16.5 the land as a manufactured home park, the manufactured park owner shall, upon the change
16.6 in use, pay to the commissioner of management and budget for deposit in the Minnesota
16.7 manufactured home relocation trust fund under section 462A.35, the lesser amount of the
16.8 actual costs of moving or purchasing the manufactured home approved by the neutral third
16.9 party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph
16.10 (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each
16.11 multisection manufactured home, for which a manufactured home owner has made
16.12 application for payment of relocation costs under subdivision 13, paragraph (c). The
16.13 manufactured home park owner shall make payments required under this section to the
16.14 Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice
16.15 from the neutral third party.

16.16 (b) A manufactured home park owner is not required to make the payment prescribed
16.17 under paragraph (a), nor is a manufactured home owner entitled to compensation under
16.18 subdivision 13, paragraph (a) or (e), if:

16.19 (1) the manufactured home park owner relocates the manufactured home owner to
16.20 another space in the manufactured home park or to another manufactured home park at the
16.21 park owner's expense;

16.22 (2) the manufactured home owner is vacating the premises and has informed the
16.23 manufactured home park owner or manager of this prior to the mailing date of the closure
16.24 statement under subdivision 1;

16.25 (3) a manufactured home owner has abandoned the manufactured home, or the
16.26 manufactured home owner is not current on the monthly lot rental, personal property taxes;

16.27 (4) the manufactured home owner has a pending eviction action for nonpayment of lot
16.28 rental amount under section 327C.09, which was filed against the manufactured home owner
16.29 prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery
16.30 has been ordered by the district court;

16.31 (5) the conversion of all or a portion of a manufactured home park to another use, the
16.32 closure of a park, or cessation of use of the land as a manufactured home park is the result
16.33 of a taking or exercise of the power of eminent domain by a governmental entity or public
16.34 utility; or

17.1 (6) the owner of the manufactured home is not a resident of the manufactured home
 17.2 park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home
 17.3 is a resident, but came to reside in the manufactured home park after the mailing date of
 17.4 the closure statement under subdivision 1.

17.5 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
 17.6 is less than ~~\$1,000,000~~ \$3,000,000 as of June 30 of each year, the commissioner of
 17.7 management and budget shall assess each manufactured home park owner by mail the total
 17.8 amount of \$15 for each licensed lot in their park, payable on or before ~~September~~ November
 17.9 15 of that year. The commissioner of management Failure to notify and budget shall deposit
 17.10 any payments in the Minnesota timely assess the manufactured home relocation trust fund.
 17.11 On or before July 15 of park owner by August 30 of any year shall waive the assessment
 17.12 and payment obligations of the manufactured home park owner for that year. Together with
 17.13 said assessment notice, each year; the commissioner of management and budget shall prepare
 17.14 and distribute to park owners a letter explaining whether funds are being collected for that
 17.15 year, information about the collection, an invoice for all licensed lots, and a sample form
 17.16 for the park owners to collect information on which park residents have been accounted
 17.17 for. If assessed under this paragraph, the park owner may recoup the cost of the \$15
 17.18 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park
 17.19 residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park
 17.20 owners may adjust payment for lots in their park that are vacant or otherwise not eligible
 17.21 for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b),
 17.22 and for park residents who have not paid the \$15 assessment to the park owner by October
 17.23 15, and deduct from the assessment accordingly. The commissioner of management and
 17.24 budget shall deposit any payments in the Minnesota manufactured home relocation trust
 17.25 fund.

17.26 (d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by
 17.27 the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action
 17.28 in a court of appropriate jurisdiction. The court may award a prevailing party reasonable
 17.29 attorney fees, court costs, and disbursements.

17.30 Sec. 6. Minnesota Statutes 2016, section 327C.095, subdivision 13, is amended to read:

17.31 **Subd. 13. Change in use, relocation expenses; payments by park owner.** (a) If a
 17.32 manufactured home owner is required to relocate due to the conversion of all or a portion
 17.33 of a manufactured home park to another use, the closure of a manufactured home park, or
 17.34 cessation of use of the land as a manufactured home park under subdivision 1, and the

18.1 manufactured home owner complies with the requirements of this section, the manufactured
18.2 home owner is entitled to payment from the Minnesota manufactured home relocation trust
18.3 fund equal to the manufactured home owner's actual relocation costs for relocating the
18.4 manufactured home to a new location within a ~~25~~ 50-mile radius of the park that is being
18.5 closed, up to a maximum of \$7,000 for a single-section and \$12,500 for a multisection
18.6 manufactured home. The actual relocation costs must include the reasonable cost of taking
18.7 down, moving, and setting up the manufactured home, including equipment rental, utility
18.8 connection and disconnection charges, minor repairs, modifications necessary for
18.9 transportation of the home, necessary moving permits and insurance, moving costs for any
18.10 appurtenances, which meet applicable local, state, and federal building and construction
18.11 codes.

18.12 (b) A manufactured home owner is not entitled to compensation under paragraph (a) if
18.13 the manufactured home park owner is not required to make a payment to the Minnesota
18.14 manufactured home relocation trust fund under subdivision 12, paragraph (b).

18.15 (c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota
18.16 manufactured home relocation trust fund, the manufactured home owner shall submit to the
18.17 neutral third party and the Minnesota Housing Finance Agency, with a copy to the park
18.18 owner, an application for payment, which includes:

18.19 (1) a copy of the closure statement under subdivision 1;

18.20 (2) a copy of the contract with a moving or towing contractor, which includes the
18.21 relocation costs for relocating the manufactured home;

18.22 (3) a statement with supporting materials of any additional relocation costs as outlined
18.23 in subdivision 1;

18.24 (4) a statement certifying that none of the exceptions to receipt of compensation under
18.25 subdivision 12, paragraph (b), apply to the manufactured home owner;

18.26 (5) a statement from the manufactured park owner that the lot rental is current and that
18.27 the annual \$15 ~~payments~~ payment to the Minnesota manufactured home relocation trust
18.28 fund ~~have~~ has been paid when due; and

18.29 (6) a statement from the county where the manufactured home is located certifying that
18.30 personal property taxes for the manufactured home are paid through the end of that year.

18.31 (d) The neutral third party shall promptly process all payments for completed applications
18.32 within 14 days. If the neutral third party has acted reasonably and does not approve or deny
18.33 payment within 45 days after receipt of the information set forth in paragraph (c), the

19.1 payment is deemed approved. Upon approval and request by the neutral third party, the
19.2 Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent
19.3 of the contract price payable to the mover and towing contractor for relocating the
19.4 manufactured home in the amount of the actual relocation cost, plus a check to the home
19.5 owner for additional certified costs associated with third-party vendors, that were necessary
19.6 in relocating the manufactured home. The moving or towing contractor shall receive 50
19.7 percent upon execution of the contract and 50 percent upon completion of the relocation
19.8 and approval by the manufactured home owner. The moving or towing contractor may not
19.9 apply the funds to any other purpose other than relocation of the manufactured home as
19.10 provided in the contract. A copy of the approval must be forwarded by the neutral third
19.11 party to the park owner with an invoice for payment of the amount specified in subdivision
19.12 12, paragraph (a).

19.13 (e) In lieu of collecting a relocation payment from the Minnesota manufactured home
19.14 relocation trust fund under paragraph (a), the manufactured home owner may collect an
19.15 amount from the fund after reasonable efforts to relocate the manufactured home have failed
19.16 due to the age or condition of the manufactured home, or because there are no manufactured
19.17 home parks willing or able to accept the manufactured home within a 25-mile radius. A
19.18 manufactured home owner may tender title of the manufactured home in the manufactured
19.19 home park to the manufactured home park owner, and collect an amount to be determined
19.20 by an independent appraisal. The appraiser must be agreed to by both the manufactured
19.21 home park owner and the manufactured home owner. If the appraised market value cannot
19.22 be determined, the tax market value, averaged over a period of five years, can be used as a
19.23 substitute. The maximum amount that may be reimbursed under the fund is \$8,000 for a
19.24 single-section and \$14,500 for a multisection manufactured home. The minimum amount
19.25 that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a
19.26 multisection manufactured home. The manufactured home owner shall deliver to the
19.27 manufactured home park owner the current certificate of title to the manufactured home
19.28 duly endorsed by the owner of record, and valid releases of all liens shown on the certificate
19.29 of title, and a statement from the county where the manufactured home is located evidencing
19.30 that the personal property taxes have been paid. The manufactured home owner's application
19.31 for funds under this paragraph must include a document certifying that the manufactured
19.32 home cannot be relocated, that the lot rental is current, that the annual \$15 payments to the
19.33 Minnesota manufactured home relocation trust fund have been paid when due, that the
19.34 manufactured home owner has chosen to tender title under this section, and that the park
19.35 owner agrees to make a payment to the commissioner of management and budget in the
19.36 amount established in subdivision 12, paragraph (a), less any documented costs submitted

20.1 to the neutral third party, required for demolition and removal of the home, and any debris
20.2 or refuse left on the lot, not to exceed ~~\$1,000~~ \$3,000. The manufactured home owner must
20.3 also provide a copy of the certificate of title endorsed by the owner of record, and certify
20.4 to the neutral third party, with a copy to the park owner, that none of the exceptions to
20.5 receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the
20.6 manufactured home owner, and that the home owner will vacate the home within 60 days
20.7 after receipt of payment or the date of park closure, whichever is earlier, provided that the
20.8 monthly lot rent is kept current.

20.9 (f) The Minnesota Housing Finance Agency must make a determination of the amount
20.10 of payment a manufactured home owner would have been entitled to under a local ordinance
20.11 in effect on May 26, 2007. Notwithstanding paragraph (a), the manufactured home owner's
20.12 compensation for relocation costs from the fund under section 462A.35, is the greater of
20.13 the amount provided under this subdivision, or the amount under the local ordinance in
20.14 effect on May 26, 2007, that is applicable to the manufactured home owner. Nothing in this
20.15 paragraph is intended to increase the liability of the park owner.

20.16 (g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be
20.17 liable to any person for recovery if the funds in the Minnesota manufactured home relocation
20.18 trust fund are insufficient to pay the amounts claimed. The Minnesota Housing Finance
20.19 Agency shall keep a record of the time and date of its approval of payment to a claimant.

20.20 (h) The Minnesota Housing Finance Agency shall post on its Web site and report to the
20.21 chairs of the senate Finance Committee and house of representatives Ways and Means
20.22 Committee by ~~January~~ October 15 of each year on the Minnesota manufactured home
20.23 relocation trust fund, including the aggregate account balance, the aggregate assessment
20.24 payments received, summary information regarding each closed park including the total
20.25 payments to claimants and payments received from each closed park, the amount of any
20.26 advances to the fund, the amount of any insufficiencies encountered during the previous
20.27 ~~calendar~~ fiscal year, reports of neutral third parties provided pursuant to subdivision 4, and
20.28 any itemized administrative charges or expenses deducted from the trust fund balance, all
20.29 of which should be reconciled to the previous year's trust fund balance. If sufficient funds
20.30 become available, the Minnesota Housing Finance Agency shall pay the manufactured home
20.31 owner whose unpaid claim is the earliest by time and date of approval.

21.1 Sec. 7. Minnesota Statutes 2016, section 327C.095, is amended by adding a subdivision
21.2 to read:

21.3 Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health
21.4 or, if applicable, local units of government that have entered into a delegation of authority
21.5 agreement with the Department of Health as provided in section 145A.07 shall provide, by
21.6 March 31 of each year, a list of names and addresses of the manufactured home parks
21.7 licensed in the previous year, and for each manufactured home park, the current licensed
21.8 owner, the owner's address, the number of licensed manufactured home lots, and other data
21.9 as they may request for the Department of Management and Budget to invoice each licensed
21.10 manufactured home park in the state of Minnesota.

21.11 Sec. 8. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1, is amended
21.12 to read:

21.13 Subdivision 1. **Establishment.** The agency shall establish a manufactured home park
21.14 redevelopment program for the purpose of making manufactured home park redevelopment
21.15 grants or loans to cities, counties, community action programs, nonprofit organizations, and
21.16 ~~cooperatives created under chapter 308A or 308B~~ for the purposes specified in this section.

21.17 Sec. 9. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1b, is
21.18 amended to read:

21.19 Subd. 1b. **Manufactured home park infrastructure grants.** Eligible recipients may
21.20 use manufactured home park infrastructure grants under this program for:

- 21.21 (1) acquisition of and improvements in manufactured home parks; and
21.22 (2) infrastructure, including storm shelters and community facilities.

21.23 Sec. 10. Minnesota Statutes 2016, section 462A.33, subdivision 1, is amended to read:

21.24 Subdivision 1. **Created.** The economic development and housing challenge program is
21.25 created to be administered by the agency.

21.26 (a) The program shall provide grants or loans for the purpose of construction, acquisition,
21.27 rehabilitation, demolition or removal of existing structures, construction financing, permanent
21.28 financing, interest rate reduction, refinancing, and gap financing of housing or manufactured
21.29 home parks, as defined in section 327C.01, to support economic development and
21.30 redevelopment activities or job creation or job preservation within a community or region
21.31 by meeting locally identified housing needs.

22.1 Gap financing is either:

22.2 (1) the difference between the costs of the property, including acquisition, demolition,
22.3 rehabilitation, and construction, and the market value of the property upon sale; or

22.4 (2) the difference between the cost of the property and the amount the targeted household
22.5 can afford for housing, based on industry standards and practices.

22.6 (b) Preference for grants and loans shall be given to comparable proposals that include
22.7 regulatory changes or waivers that result in identifiable cost avoidance or cost reductions,
22.8 such as increased density, flexibility in site development standards, or zoning code
22.9 requirements. Preference must also be given among comparable proposals to proposals for
22.10 projects that are accessible to transportation systems, jobs, schools, and other services.

22.11 (c) If a grant or loan is used for demolition or removal of existing structures, the cleared
22.12 land must be used for the construction of housing to be owned or rented by persons who
22.13 meet the income limits of this section or for other housing-related purposes that primarily
22.14 benefit the persons residing in the adjacent housing. In making selections for grants or loans
22.15 for projects that demolish affordable housing units, the agency must review the potential
22.16 displacement of residents and consider the extent to which displacement of residents is
22.17 minimized.

22.18 Sec. 11. Minnesota Statutes 2016, section 462A.33, subdivision 2, is amended to read:

22.19 Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city, a federally
22.20 recognized American Indian tribe or subdivision located in Minnesota, a tribal housing
22.21 corporation, a private developer, a nonprofit organization, or the owner of the housing or
22.22 the manufactured home park, including individuals. For the purpose of this section, "city"
22.23 has the meaning given it in section 462A.03, subdivision 21. To the extent practicable,
22.24 grants and loans shall be made so that an approximately equal number of housing units are
22.25 financed in the metropolitan area and in the nonmetropolitan area.

22.26 Sec. 12. Minnesota Statutes 2016, section 462A.37, subdivision 1, is amended to read:

22.27 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
22.28 the meanings given.

22.29 (b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

22.30 (c) "Community land trust" means an entity that meets the requirements of section
22.31 462A.31, subdivisions 1 and 2.

23.1 (d) "Debt service" means the amount payable in any fiscal year of principal, premium,
 23.2 if any, and interest on housing infrastructure bonds and the fees, charges, and expenses
 23.3 related to the bonds.

23.4 (e) "Foreclosed property" means residential property where foreclosure proceedings
 23.5 have been initiated or have been completed and title transferred or where title is transferred
 23.6 in lieu of foreclosure.

23.7 (f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter
 23.8 that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal
 23.9 Revenue Code, finance qualified residential rental projects within the meaning of Section
 23.10 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity
 23.11 bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose
 23.12 of financing or refinancing affordable housing authorized under this chapter.

23.13 (g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

23.14 (h) "Senior" means a person 62 years of age or older with an annual income not greater
 23.15 than 50 percent of:

23.16 (1) the metropolitan area median income for persons in the metropolitan area; or

23.17 (2) the statewide median income for persons outside the metropolitan area.

23.18 (i) "Senior housing" means housing intended and operated for occupancy by at least one
 23.19 senior per unit with at least 80 percent of the units occupied by at least one senior per unit,
 23.20 and for which there is publication of, and adherence to, policies and procedures that
 23.21 demonstrate an intent by the owner or manager to provide housing for seniors. Senior
 23.22 housing may be developed in conjunction with and as a distinct portion of mixed-income
 23.23 senior housing developments that use a variety of public or private financing sources.

23.24 ~~(h)~~ (j) "Supportive housing" means housing that is not time-limited and provides or
 23.25 coordinates with linkages to services necessary for residents to maintain housing stability
 23.26 and maximize opportunities for education and employment.

23.27 Sec. 13. Minnesota Statutes 2016, section 462A.37, subdivision 2, is amended to read:

23.28 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
 23.29 principal amount of housing infrastructure bonds in one or more series to which the payment
 23.30 made under this section may be pledged. The housing infrastructure bonds authorized in
 23.31 this subdivision may be issued to fund loans or grants for the purposes of clause (4), on

24.1 terms and conditions the agency deems appropriate, made for one or more of the following
 24.2 purposes:

24.3 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive
 24.4 housing for individuals and families who are without a permanent residence;

24.5 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
 24.6 housing to be used for affordable rental housing and the costs of new construction of rental
 24.7 housing on abandoned or foreclosed property where the existing structures will be demolished
 24.8 or removed;

24.9 (3) to finance that portion of the costs of acquisition of property that is attributable to
 24.10 the land to be leased by community land trusts to low- and moderate-income homebuyers;
 24.11 ~~and~~

24.12 (4) to finance that portion of the acquisition, improvement, and infrastructure of
 24.13 manufactured home parks under section 462A.2035, subdivision 1b, that is attributable to
 24.14 land to be leased to low- and moderate-income manufactured home owners;

24.15 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
 24.16 of senior housing; and

24.17 (6) to finance the costs of acquisition and rehabilitation of federally assisted rental
 24.18 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
 24.19 of federally assisted rental housing, including providing funds to refund, in whole or in part,
 24.20 outstanding bonds previously issued by the agency or another government unit to finance
 24.21 or refinance such costs.

24.22 (b) Among comparable proposals for permanent supportive housing, preference shall
 24.23 be given to permanent supportive housing for veterans and other individuals or families
 24.24 who:

24.25 (1) either have been without a permanent residence for at least 12 months or at least four
 24.26 times in the last three years; or

24.27 (2) are at significant risk of lacking a permanent residence for 12 months or at least four
 24.28 times in the last three years.

24.29 (c) Among comparable proposals for senior housing, the agency must give priority to
 24.30 requests for projects that:

24.31 (1) demonstrate a commitment to maintaining the housing financed as affordable to
 24.32 seniors;

25.1 (2) leverage other sources of funding to finance the project, including the use of
 25.2 low-income housing tax credits;

25.3 (3) provide access to services to residents and demonstrate the ability to increase physical
 25.4 supports and support services as residents age and experience increasing levels of disability;

25.5 (4) provide a service plan containing the elements of clause (3) reviewed by the housing
 25.6 authority, economic development authority, public housing authority, or community
 25.7 development agency that has an area of operation for the jurisdiction in which the project
 25.8 is located; and

25.9 (5) include households with incomes that do not exceed 30 percent of the median
 25.10 household income for the metropolitan area.

25.11 To the extent practicable, the agency shall balance the loans made between projects in the
 25.12 metropolitan area and projects outside the metropolitan area. Of the loans made to projects
 25.13 outside the metropolitan area, the agency shall, to the extent practicable, balance the loans
 25.14 made between projects in counties or cities with a population of 20,000 or less, as established
 25.15 by the most recent decennial census, and projects in counties or cities with populations in
 25.16 excess of 20,000.

25.17 Sec. 14. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
 25.18 to read:

25.19 Subd. 30. **Preservation project.** "Preservation project" means any residential rental
 25.20 project, regardless of whether or not the project is restricted to persons of a certain age or
 25.21 older that receive federal project-based rental subsidies. In addition, to qualify as a
 25.22 preservation project, the amount of bonds requested in the application must not exceed the
 25.23 aggregate bond limitation.

25.24 Sec. 15. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
 25.25 to read:

25.26 Subd. 31. **30 percent AMI residential rental project.** "30 percent AMI residential
 25.27 rental project" means a residential rental project that does not otherwise qualify as a
 25.28 preservation project, is expected to generate low-income housing tax credits under section
 25.29 42 of the Internal Revenue Code from 100 percent of its residential units, and: (1) in which
 25.30 all the residential units of the project: (i) are reserved for tenants whose income, on average
 25.31 is 30 percent of AMI or less; (ii) are rent restricted in accordance with section 42(g)(2) of
 25.32 the Internal Revenue Code; and (iii) are subject to the rent and income restrictions for a

26.1 period of not less than 30 years; or (2)(i) is located within a home rule charter or statutory
 26.2 city located outside of the metropolitan area as defined in section 473.121, subdivision 2,
 26.3 with a population exceeding 500; a community that has a combined population of 1,500
 26.4 residents located within 15 miles of a home rule charter or statutory city located outside the
 26.5 metropolitan area as defined in section 473.121, subdivision 2, and that has a current area
 26.6 median gross income that is less than the statewide area median income for the state of
 26.7 Minnesota; (ii) all of the units of the project are rent restricted in accordance with section
 26.8 42(g)(2) of the Internal Revenue Code; and (iii) all of the units of the project are subject to
 26.9 the applicable rent and income restrictions for a period of not less than 30 years. In addition,
 26.10 to qualify as a 30 percent AMI residential rental project, the amount of bonds requested in
 26.11 the application must not exceed the aggregate bond limitation. For purposes of this
 26.12 subdivision, "on average" means the average of the applicable income limitation level for
 26.13 a project determined on a unit-by-unit basis e.g., a project with one-half of its units subject
 26.14 to income limitations of not greater than 20 percent AMI and one-half subject to income
 26.15 limitations of not greater than 40 percent AMI would be subject to an income limitation on
 26.16 average of not greater than 30 percent AMI.

26.17 Sec. 16. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
 26.18 to read:

26.19 Subd. 32. **50 percent AMI residential rental project.** "50 percent AMI residential
 26.20 rental project" means a residential rental project that does not qualify as a preservation
 26.21 project or a 30 percent AMI residential rental project, is expected to generate low-income
 26.22 housing tax credits under section 42 of the Internal Revenue Code from 100 percent of its
 26.23 residential units, and in which all the residential units of the project: (1) are reserved for
 26.24 tenants whose income on average is 50 percent of AMI or less; (2) are rent restricted in
 26.25 accordance with section 42(g)(2) of the Internal Revenue Code; and (3) are subject to the
 26.26 rent and income restrictions for a period of not less than 30 years. In addition, to qualify as
 26.27 a 50 percent AMI residential rental project, the amount of bonds requested in the application
 26.28 must not exceed the aggregate bond limitation. For purposes of this subdivision, "on average"
 26.29 means the average of the applicable income limitation level for a project determined on a
 26.30 unit-by-unit basis e.g., a project with one-half of its units subject to income limitations of
 26.31 not greater than 40 percent AMI and one-half subject to income limitations of not greater
 26.32 than 60 percent AMI would be subject to an income limitation on average of not greater
 26.33 than 50 percent AMI.

27.1 Sec. 17. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
27.2 to read:

27.3 Subd. 33. **100 percent LIHTC project.** "100 percent LIHTC project" means a residential
27.4 rental project that is expected to generate low-income housing tax credits under section 42
27.5 of the Internal Revenue Code from 100 percent of its residential units and does not otherwise
27.6 qualify as a preservation project, a 30 percent AMI residential rental project, or a 50 percent
27.7 AMI residential rental project. In addition, to qualify as a 100 percent LIHTC project, the
27.8 amount of bonds requested in the application must not exceed the aggregate bond limitation.

27.9 Sec. 18. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
27.10 to read:

27.11 Subd. 34. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential
27.12 rental project that is expected to generate low-income housing tax credits under section 42
27.13 of the Internal Revenue Code from at least 20 percent of its residential units and does not
27.14 otherwise qualify as a preservation project, a 30 percent AMI residential rental project, a
27.15 50 percent AMI residential rental project, or a 100 percent LIHTC project. In addition, to
27.16 qualify as a 20 percent LIHTC project, the amount of bonds requested in the application
27.17 must not exceed the aggregate bond limitation.

27.18 Sec. 19. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
27.19 to read:

27.20 Subd. 35. **AMI.** "AMI" means the area median income for the applicable county or
27.21 metropolitan area as published by the Department of Housing and Urban Development, as
27.22 adjusted for household size.

27.23 Sec. 20. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
27.24 to read:

27.25 Subd. 36. **Aggregate bond limitation.** "Aggregate bond limitation" means up to 55
27.26 percent of the reasonably expected aggregate basis of a residential rental project and the
27.27 land on which the project is or will be located.

27.28 Sec. 21. Minnesota Statutes 2016, section 474A.03, subdivision 1, is amended to read:

27.29 Subdivision 1. **Under federal tax law; allocations.** At the beginning of each calendar
27.30 year ~~after December 31, 2001~~, the commissioner shall determine the aggregate dollar amount

28.1 of the annual volume cap under federal tax law for the calendar year, and of this amount
 28.2 the commissioner shall make the following allocation:

28.3 (1) \$74,530,000 to the small issue pool;

28.4 (2) \$122,060,000 to the housing pool, of which 31 percent of the adjusted allocation is
 28.5 reserved until the last Monday in ~~July~~ June for single-family housing programs;

28.6 (3) \$12,750,000 to the public facilities pool; and

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

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

28.12 Sec. 22. Minnesota Statutes 2016, section 474A.04, subdivision 1a, is amended to read:

28.13 Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer
 28.14 before ~~July~~ June 15 shall be reallocated through the housing pool. Any amount returned on
 28.15 or after ~~July~~ June 15 shall be reallocated through the unified pool. An amount returned after
 28.16 the last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

28.17 Sec. 23. Minnesota Statutes 2016, section 474A.047, subdivision 2, is amended to read:

28.18 Subd. 2. **15-year agreement.** Prior to the issuance of residential rental bonds, the
 28.19 developer of the project for which the bond proceeds will be used must enter into a 15-year
 28.20 agreement with the issuer that specifies the maximum rental rates of the rent-restricted units
 28.21 in the project and the income levels of the residents of the project occupying income-restricted
 28.22 units and in which the developer will agree to maintain the project as a preservation project,
 28.23 a 30 percent AMI residential rental project, a 50 percent AMI residential rental project, a
 28.24 100 percent LIHTC project, or a 20 percent LIHTC project, as applicable and as described
 28.25 in its application. ~~Such~~ The rental rates and income levels must be within the limitations
 28.26 established under subdivision 1. The developer must annually certify to the issuer over the
 28.27 term of the agreement that the rental rates for the rent-restricted units are within the
 28.28 limitations under subdivision 1. The issuer may request individual certification of the income
 28.29 of residents of the income-restricted units. The commissioner may request from the issuer
 28.30 a copy of the annual certification prepared by the developer. The commissioner may require
 28.31 the issuer to request individual certification of all residents of the income-restricted units.

29.1 Sec. 24. Minnesota Statutes 2016, section 474A.061, subdivision 1, is amended to read:

29.2 Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a)
 29.3 For any requested allocations from the small issue pool or the public facilities pool, an issuer
 29.4 may apply for an allocation under this section by submitting to the department an application
 29.5 on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a
 29.6 statement of bond counsel that the proposed issue of obligations requires an allocation under
 29.7 this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4)
 29.8 an application deposit in the amount of one percent of the requested allocation before the
 29.9 last Monday in ~~July~~ June, or in the amount of two percent of the requested allocation on or
 29.10 after the last Monday in ~~July~~, June; and (5) a public purpose scoring worksheet for
 29.11 manufacturing project and enterprise zone facility project applications, ~~and (6) for residential~~
 29.12 ~~rental projects, a statement from the applicant or bond counsel as to whether the project~~
 29.13 ~~preserves existing federally subsidized housing for residential rental project applications~~
 29.14 ~~and whether the project is restricted to persons who are 55 years of age or older.~~ The issuer
 29.15 must pay the application deposit by a check made payable to the Department of Management
 29.16 and Budget. The Minnesota Housing Finance Agency, the Minnesota Rural Finance
 29.17 Authority, and the Minnesota Office of Higher Education may apply for and receive an
 29.18 allocation under this section without submitting an application deposit.

29.19 (b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~
 29.20 under this subdivision unless it has either permanently issued bonds equal to the amount of
 29.21 its entitlement allocation for the current year plus any amount of bonding authority carried
 29.22 forward from previous years or returned for reallocation all of its unused entitlement
 29.23 allocation. For purposes of this subdivision, an entitlement allocation includes an amount
 29.24 obtained under section 474A.04, subdivision 6.

29.25 ~~An entitlement issuer may not apply for an allocation from the housing pool unless it~~
 29.26 ~~either has permanently issued bonds equal to any amount of bonding authority carried~~
 29.27 ~~forward from a previous year or has returned for reallocation any unused bonding authority~~
 29.28 ~~carried forward from a previous year. For purposes of this subdivision, its entitlement~~
 29.29 ~~allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph~~
 29.30 ~~does not apply to an application from the Minnesota Housing Finance Agency for an~~
 29.31 ~~allocation under subdivision 2a for cities who choose to have the agency issue bonds on~~
 29.32 ~~their behalf.~~

29.33 (c) If an application is rejected under this section, the commissioner must notify the
 29.34 applicant and return the application deposit to the applicant within 30 days unless the

30.1 applicant requests in writing that the application be resubmitted. The granting of an allocation
 30.2 of bonding authority under this section must be evidenced by a certificate of allocation.

30.3 Sec. 25. Minnesota Statutes 2016, section 474A.061, is amended by adding a subdivision
 30.4 to read:

30.5 Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from
 30.6 the housing pool, an issuer may apply for an allocation under this section by submitting to
 30.7 the department an application on forms provided by the department, accompanied by: (1)
 30.8 a preliminary resolution; (2) a statement of bond counsel that the proposed issue of
 30.9 obligations requires an allocation under this chapter and the Internal Revenue Code; (3) an
 30.10 application deposit in the amount of two percent of the requested allocation; (4) a sworn
 30.11 statement from the applicant identifying the project as either a preservation project, a 30
 30.12 percent AMI residential rental project, a 50 percent AMI residential rental project, a 100
 30.13 percent LIHTC project, a 20 percent LIHTC project, or any other residential rental project;
 30.14 and (5) a certification from the applicant or the applicant's accountant stating whether the
 30.15 requested allocation exceeds the aggregate bond limitation. The issuer must pay the
 30.16 application deposit by a check made payable to the Department of Management and Budget.
 30.17 The Minnesota Housing Finance Agency may apply for and receive an allocation under this
 30.18 section without submitting an application deposit.

30.19 (b) An entitlement issuer may not apply for an allocation from the housing pool unless
 30.20 it has either permanently issued bonds equal to any amount of bonding authority carried
 30.21 forward from a previous year or returned for reallocation any unused bonding authority
 30.22 carried forward from a previous year. For purposes of this subdivision, an entitlement
 30.23 allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph
 30.24 does not apply to an application from the Minnesota Housing Finance Agency for an
 30.25 allocation under subdivision 2a for cities that choose to have the agency issue bonds on
 30.26 their behalf.

30.27 (c) If an application is rejected under this section, the commissioner must notify the
 30.28 applicant and return the application deposit to the applicant within 30 days unless the
 30.29 applicant requests in writing that the application be resubmitted. The granting of an allocation
 30.30 of bonding authority under this section must be evidenced by a certificate of allocation.

30.31 Sec. 26. Minnesota Statutes 2016, section 474A.061, subdivision 2a, is amended to read:

30.32 Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January
 30.33 and continuing on each Monday through ~~July 15~~ June 15, the commissioner shall allocate

31.1 available bonding authority from the housing pool to applications received on or before the
31.2 Monday of the preceding week for residential rental projects that meet the eligibility criteria
31.3 under section 474A.047. Allocations of available bonding authority from the housing pool
31.4 for eligible residential rental projects shall be awarded in the following order of priority:
31.5 ~~(1) projects that preserve existing federally subsidized housing; (2) projects that are not~~
31.6 ~~restricted to persons who are 55 years of age or older; and~~ preservation projects; (2) 30
31.7 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects; (4)
31.8 100 percent LIHTC projects; (5) 20 percent LIHTC projects; and (6) other residential rental
31.9 projects. Prior to May 15, no allocation shall be made to a project restricted to persons who
31.10 are 55 years of age or older. If an for which the amount of bonds requested in their respective
31.11 applications do not exceed the aggregate bond limitation. If there are two or more applications
31.12 for residential rental projects at the same priority level and there is insufficient bonding
31.13 authority to provide allocations for all the projects in any one allocation period, available
31.14 bonding authority shall be randomly awarded by lot but only for projects that can receive
31.15 the full amount of their respective requested allocations. If a residential rental project does
31.16 not receive any of its requested allocation pursuant to this paragraph, the remaining bonding
31.17 authority not allocated to the project shall be reserved by the commissioner, or by the
31.18 Minnesota Housing Financing Agency if the authority is carried forward pursuant to section
31.19 474A.131, for the project for up to 24 months thereafter, and if the project applies in the
31.20 future to the housing pool or unified pool for additional allocation of bonds, the project
31.21 shall be fully funded up to the remaining amount of its original application request for
31.22 bonding authority before any new project, applying in the same allocation period, that has
31.23 an equal priority shall receive bonding authority. An issuer that receives an allocation under
31.24 this paragraph does not issue obligations equal to all or a portion of the allocation received
31.25 within 120 days of the allocation must issue obligations equal to all or a portion of the
31.26 allocation received on or before the later of 180 days of the allocation or within 18 months
31.27 after the allocation date if the applicant submits an additional application deposit equal to
31.28 one percent of the allocation amount on or prior to 180 days after the allocation date. If an
31.29 issuer that receives an allocation under this paragraph does not issue obligations equal to
31.30 all or a portion of the allocation received within the time period provided in this paragraph
31.31 or returns the allocation to the commissioner, the amount of the allocation is canceled and
31.32 returned for reallocation through the housing pool or to the unified pool after July 15. 1. If
31.33 an issuer that receives an allocation under this paragraph issues obligations within the time
31.34 period provided in this paragraph, the commissioner shall refund 50 percent of any application
31.35 deposit previously paid within 30 days of the issuance of the obligations and the remaining
31.36 50 percent of the application deposit: (i) within 30 days after the date on which IRS Form

32.1 8609(s) are issued with respect to projects generating low-income housing tax credits; or
 32.2 (ii) within 90 days after the issuer provides a certification and any other reasonable
 32.3 documentation requested by the commissioner evidencing that construction of the project
 32.4 has been completed.

32.5 (b) After January 1, and through January 15, the Minnesota Housing Finance Agency
 32.6 may accept applications from cities for single-family housing programs which meet program
 32.7 requirements as follows:

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

32.10 (2) the adjusted income of home buyers may not exceed 80 percent ~~of the greater of~~
 32.11 ~~statewide or area median income as published by the Department of Housing and Urban~~
 32.12 ~~Development, adjusted for household size~~ AMI;

32.13 (3) house price limits may not exceed the federal price limits established for mortgage
 32.14 revenue bond programs. Data on the home purchase price amount, mortgage amount, income,
 32.15 household size, and race of the households served in the previous year's single-family
 32.16 housing program, if any, must be included in each application; and

32.17 (4) for applicants who choose to have the agency issue bonds on their behalf, an
 32.18 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
 32.19 to one percent of the requested allocation must be submitted to the Minnesota Housing
 32.20 Finance Agency before the agency forwards the list specifying the amounts allocated to the
 32.21 commissioner under paragraph (d). The agency shall submit the city's application fee and
 32.22 application deposit to the commissioner when requesting an allocation from the housing
 32.23 pool.

32.24 Applications by a consortium shall include the name of each member of the consortium
 32.25 and the amount of allocation requested by each member.

32.26 (c) Any amounts remaining in the housing pool after ~~July~~ June 15 are available for
 32.27 single-family housing programs for cities that applied in January and received an allocation
 32.28 under this section in the same calendar year. For a city that chooses to issue bonds on its
 32.29 own behalf or pursuant to a joint powers agreement, the agency must allot available bonding
 32.30 authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by
 32.31 loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing
 32.32 Finance Agency issues bonds.

33.1 Any city that received an allocation pursuant to paragraph (f) in the same calendar year
33.2 that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an
33.3 amount becoming available for single-family housing programs after ~~July~~ June 15 shall
33.4 notify the Minnesota Housing Finance Agency by ~~July~~ June 15. The Minnesota Housing
33.5 Finance Agency shall notify each city making a request of the amount of its allocation within
33.6 three business days after ~~July~~ June 15. The city must comply with paragraph (f).

33.7 For purposes of paragraphs (a) to (h), "city" means a county or a consortium of local
33.8 government units that agree through a joint powers agreement to apply together for
33.9 single-family housing programs, and has the meaning given it in section 462C.02, subdivision
33.10 6. "Agency" means the Minnesota Housing Finance Agency.

33.11 (d) The total amount of allocation for mortgage bonds for one city is limited to the lesser
33.12 of: (i) the amount requested, or (ii) the product of the total amount available for mortgage
33.13 bonds from the housing pool, multiplied by the ratio of each applicant's population as
33.14 determined by the most recent estimate of the city's population released by the state
33.15 demographer's office to the total of all the applicants' population, except that each applicant
33.16 shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount
33.17 determined under the formula in clause (ii). If a city applying for an allocation is located
33.18 within a county that has also applied for an allocation, the city's population will be deducted
33.19 from the county's population in calculating the amount of allocations under this paragraph.

33.20 Upon determining the amount of each applicant's allocation, the agency shall forward
33.21 to the commissioner a list specifying the amounts allotted to each application with all
33.22 application fees and deposits from applicants who choose to have the agency issue bonds
33.23 on their behalf.

33.24 Total allocations from the housing pool for single-family housing programs may not
33.25 exceed 31 percent of the adjusted allocation to the housing pool until after ~~July~~ June 15.

33.26 (e) The agency may issue bonds on behalf of participating cities. The agency shall request
33.27 an allocation from the commissioner for all applicants who choose to have the agency issue
33.28 bonds on their behalf and the commissioner shall allocate the requested amount to the
33.29 agency. The agency may request an allocation at any time after the second Tuesday in
33.30 January and through the last Monday in ~~July~~ June. After awarding an allocation and receiving
33.31 a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the
33.32 commissioner shall transfer the application deposits to the Minnesota Housing Finance
33.33 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency
33.34 shall return any application deposit to a city that paid an application deposit under paragraph

34.1 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph
34.2 (d).

34.3 (f) A city may choose to issue bonds on its own behalf or through a joint powers
34.4 agreement and may request an allocation from the commissioner by forwarding an application
34.5 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
34.6 application deposit to the commissioner no later than the Monday of the week preceding
34.7 an allocation. If the total amount requested by all applicants exceeds the amount available
34.8 in the pool, the city may not receive a greater allocation than the amount it would have
34.9 received under the list forwarded by the Minnesota Housing Finance Agency to the
34.10 commissioner. No city may request or receive an allocation from the commissioner until
34.11 the list under paragraph (d) has been forwarded to the commissioner. A city must request
34.12 an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city
34.13 may receive an allocation from the housing pool for mortgage bonds which has not first
34.14 applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the
34.15 requested amount to the city or cities subject to the limitations under this paragraph.

34.16 If a city issues mortgage bonds from an allocation received under this paragraph, the
34.17 issuer must provide for the recycling of funds into new loans. If the issuer is not able to
34.18 provide for recycling, the issuer must notify the commissioner in writing of the reason that
34.19 recycling was not possible and the reason the issuer elected not to have the Minnesota
34.20 Housing Finance Agency issue the bonds. "Recycling" means the use of money generated
34.21 from the repayment and prepayment of loans for further eligible loans or for the redemption
34.22 of bonds and the issuance of current refunding bonds.

34.23 (g) No entitlement city or county or city in an entitlement county may apply for or be
34.24 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
34.25 housing pool. No city in an entitlement county may apply for or be allocated authority to
34.26 issue residential rental bonds from the housing pool or the unified pool.

34.27 (h) A city that does not use at least 50 percent of its allotment by the date applications
34.28 are due for the first allocation that is made from the housing pool for single-family housing
34.29 programs in the immediately succeeding calendar year may not apply to the housing pool
34.30 for a single-family mortgage bond or mortgage credit certificate program allocation that
34.31 exceeds the amount of its allotment for the preceding year that was used by the city in the
34.32 immediately preceding year or receive an allotment from the housing pool in the succeeding
34.33 calendar year that exceeds the amount of its allotment for the preceding year that was used
34.34 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
34.35 ~~July~~ June 15, regardless of the amount used in the preceding calendar year, except that a

35.1 city whose allocation in the preceding year was the minimum amount of \$100,000 and who
35.2 did not use at least 50 percent of its allocation from the preceding year is ineligible for an
35.3 allocation in the immediate succeeding calendar year. Each local government unit in a
35.4 consortium must meet the requirements of this paragraph.

35.5 Sec. 27. Minnesota Statutes 2016, section 474A.061, subdivision 2b, is amended to read:

35.6 Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January
35.7 and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner
35.8 shall allocate available bonding authority from the small issue pool to applications received
35.9 on or before the Monday of the preceding week for manufacturing projects and enterprise
35.10 zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~
35.11 June, the commissioner shall reserve \$5,000,000 of the available bonding authority from
35.12 the small issue pool for applications for agricultural development bond loan projects of the
35.13 Minnesota Rural Finance Authority.

35.14 ~~Beginning in calendar year 2002,~~ On the second Tuesday in January through the last
35.15 Monday in ~~July~~ June, the commissioner shall reserve \$10,000,000 of available bonding
35.16 authority in the small issue pool for applications for student loan bonds of or on behalf of
35.17 the Minnesota Office of Higher Education. The total amount of allocations for student loan
35.18 bonds from the small issue pool may not exceed \$10,000,000 per year.

35.19 The commissioner shall reserve \$10,000,000 until the day after the last Monday in
35.20 February, \$10,000,000 until the day after the last Monday in April, and \$10,000,000 until
35.21 the day after the last Monday in June in the small issue pool for enterprise zone facility
35.22 projects and manufacturing projects. The amount of allocation provided to an issuer for a
35.23 specific enterprise zone facility project or manufacturing project will be based on the number
35.24 of points received for the proposed project under the scoring system under section 474A.045.

35.25 If there are two or more applications for manufacturing and enterprise zone facility
35.26 projects from the small issue pool and there is insufficient bonding authority to provide
35.27 allocations for all projects in any one week, the available bonding authority shall be awarded
35.28 based on the number of points awarded a project under section 474A.045, with those projects
35.29 receiving the greatest number of points receiving allocation first. If two or more applications
35.30 receive an equal number of points, available bonding authority shall be awarded by lot
35.31 unless otherwise agreed to by the respective issuers.

36.1 Sec. 28. Minnesota Statutes 2016, section 474A.061, subdivision 2c, is amended to read:

36.2 Subd. 2c. **Public facilities pool allocation.** From the beginning of the calendar year and
 36.3 continuing for a period of 120 days, the commissioner shall reserve \$5,000,000 of the
 36.4 available bonding authority from the public facilities pool for applications for public facilities
 36.5 projects to be financed by the Western Lake Superior Sanitary District. Commencing on
 36.6 the second Tuesday in January and continuing on each Monday through the last Monday
 36.7 in ~~July~~ June, the commissioner shall allocate available bonding authority from the public
 36.8 facilities pool to applications for eligible public facilities projects received on or before the
 36.9 Monday of the preceding week. If there are two or more applications for public facilities
 36.10 projects from the pool and there is insufficient available bonding authority to provide
 36.11 allocations for all projects in any one week, the available bonding authority shall be awarded
 36.12 by lot unless otherwise agreed to by the respective issuers.

36.13 Sec. 29. Minnesota Statutes 2016, section 474A.061, subdivision 4, is amended to read:

36.14 Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities**
 36.15 **pool.** (a) For any requested allocations from the small issue pool or the public facilities
 36.16 pool, if an issuer that receives an allocation under this section determines that it will not
 36.17 issue obligations equal to all or a portion of the allocation received under this section within
 36.18 120 days of allocation or within the time period permitted by federal tax law, whichever is
 36.19 less, the issuer must notify the department. If the issuer notifies the department or the 120-day
 36.20 period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of
 36.21 allocation is canceled and returned for reallocation through the pool from which it was
 36.22 originally allocated. If the issuer notifies the department or the 120-day period since allocation
 36.23 has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled
 36.24 and returned for reallocation through the unified pool. If the issuer notifies the department
 36.25 after the last Monday in November, the amount of allocation is canceled and returned for
 36.26 reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
 36.27 application process, the commissioner shall reserve, for new applications, the amount of
 36.28 allocation that is canceled and returned for reallocation under this section for a minimum
 36.29 of seven calendar days.

36.30 (b) An issuer that returns for reallocation all or a portion of an allocation received under
 36.31 this ~~section~~ subdivision within 120 days of allocation shall receive within 30 days a refund
 36.32 equal to:

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

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

37.3 (3) one-eighth of the application deposit for the amount of bonding authority returned
37.4 between 61 and 120 days of receiving allocation.

37.5 (c) No refund shall be available for allocations returned 120 or more days after receiving
37.6 the allocation or beyond the last Monday in November.

37.7 Sec. 30. Minnesota Statutes 2016, section 474A.061, is amended by adding a subdivision
37.8 to read:

37.9 Subd. 7. **Return of allocation; deposit refund for housing pool.** (a) For any requested
37.10 allocations from the housing pool, if an issuer that receives an allocation under this section
37.11 determines that it will not issue obligations equal to all or a portion of the allocation received
37.12 under this section within the time period provided under section 474A.061, subdivision 2a,
37.13 paragraph (a), or within the time period permitted by federal tax law, whichever is less, the
37.14 issuer must notify the department. If the issuer notifies the department or the time period
37.15 provided under section 474A.061, subdivision 2a, paragraph (a), has expired prior to the
37.16 last Monday in June, the amount of allocation is canceled and returned for reallocation
37.17 through the pool from which it was originally allocated. If the issuer notifies the department
37.18 or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has
37.19 expired on or after the last Monday in June, the amount of allocation is canceled and returned
37.20 for reallocation through the unified pool. If the issuer notifies the department after the last
37.21 Monday in November, the amount of allocation is canceled and returned for reallocation
37.22 to the Minnesota Housing Finance Agency. To encourage a competitive application process,
37.23 the commissioner shall reserve, for new applications, the amount of allocation that is canceled
37.24 and returned for reallocation under this section for a minimum of seven calendar days.

37.25 (b) An issuer that returns for reallocation all or a portion of an allocation received under
37.26 this subdivision within 180 days of allocation shall receive within 30 days a refund equal
37.27 to:

37.28 (1) one-half of the application deposit for the amount of bonding authority returned
37.29 within 45 days of receiving allocation;

37.30 (2) one-fourth of the application deposit for the amount of bonding authority returned
37.31 between 46 and 90 days of receiving allocation; and

37.32 (3) one-eighth of the application deposit for the amount of bonding authority returned
37.33 between 91 and 180 days of receiving allocation.

38.1 (c) No refund shall be available for allocations returned 180 or more days after receiving
 38.2 the allocation or beyond the last Monday in November.

38.3 Sec. 31. Minnesota Statutes 2016, section 474A.062, is amended to read:

38.4 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY ISSUANCE**
 38.5 **EXEMPTION.**

38.6 The Minnesota Office of Higher Education is exempt from ~~the 120-day~~ any time
 38.7 limitation on issuance requirements of bonds set forth in this chapter and may carry forward
 38.8 allocations for student loan bonds, subject to carryforward notice requirements of section
 38.9 474A.131, subdivision 2.

38.10 Sec. 32. Minnesota Statutes 2016, section 474A.091, subdivision 1, is amended to read:

38.11 Subdivision 1. **Unified pool amount.** On the day after the last Monday in ~~July~~ June any
 38.12 bonding authority remaining unallocated from the small issue pool, the housing pool, and
 38.13 the public facilities pool is transferred to the unified pool and must be reallocated as provided
 38.14 in this section.

38.15 Sec. 33. Minnesota Statutes 2016, section 474A.091, subdivision 2, is amended to read:

38.16 Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an
 38.17 ~~allocation under this section by submitting to the department an application on forms provided~~
 38.18 ~~by the department accompanied by (1) a preliminary resolution, (2) a statement of bond~~
 38.19 ~~counsel that the proposed issue of obligations requires an allocation under this chapter and~~
 38.20 ~~the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application~~
 38.21 ~~deposit in the amount of two percent of the requested allocation, (5) a public purpose scoring~~
 38.22 ~~worksheet for manufacturing and enterprise zone applications, and (6) for residential rental~~
 38.23 ~~projects, a statement from the applicant or bond counsel as to whether the project preserves~~
 38.24 ~~existing federally subsidized housing and whether the project is restricted to persons who~~
 38.25 ~~are 55 years of age or older. The issuer must pay the application deposit by check. An~~
 38.26 ~~entitlement issuer may not apply for an allocation for public facility bonds, residential rental~~
 38.27 ~~project bonds, or mortgage bonds under this section unless it has either permanently issued~~
 38.28 ~~bonds equal to the amount of its entitlement allocation for the current year plus any amount~~
 38.29 ~~carried forward from previous years or returned for reallocation all of its unused entitlement~~
 38.30 ~~allocation. For purposes of this subdivision, its entitlement allocation includes an amount~~
 38.31 ~~obtained under section 474A.04, subdivision 6.~~

39.1 ~~Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,~~
39.2 ~~the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds~~
39.3 ~~under this section prior to the first Monday in October, but may be awarded allocations for~~
39.4 ~~mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota~~
39.5 ~~Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota~~
39.6 ~~Rural Finance Authority may apply for and receive an allocation under this section without~~
39.7 ~~submitting an application deposit. for residential rental bonds under this section by submitting~~
39.8 ~~to the department an application on forms provided by the department accompanied by: (1)~~
39.9 ~~a preliminary resolution; (2) a statement of bond counsel that the proposed issue of~~
39.10 ~~obligations requires an allocation under this chapter and the Internal Revenue Code; (3) an~~
39.11 ~~application deposit in the amount of two percent of the requested allocation; (4) a sworn~~
39.12 ~~statement from the applicant identifying the project as a preservation project, a 30 percent~~
39.13 ~~AMI residential rental project, a 50 percent AMI residential rental project, a 100 percent~~
39.14 ~~LIHTC project, a 20 percent LIHTC project, or any other residential rental project; and (5)~~
39.15 ~~a certification from the applicant or its accountant stating whether the requested allocation~~
39.16 ~~exceeds the aggregate bond limitation. Applications for projects requesting bonds in excess~~
39.17 ~~of the aggregate bond limitation may not apply or be allocated bonding authority until after~~
39.18 ~~September 1 each year. The issuer must pay the application deposit by check. An entitlement~~
39.19 ~~issuer may not apply for an allocation for residential rental bonds under this section unless~~
39.20 ~~it has either permanently issued bonds equal to the amount of its entitlement allocation for~~
39.21 ~~the current year plus any amount carried forward from previous years or returned for~~
39.22 ~~reallocation all of its unused entitlement allocation. For purposes of this subdivision, an~~
39.23 ~~entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.~~

39.24 (b) An issuer that receives an allocation under this subdivision must issue obligations
39.25 equal to all or a portion of the allocation received on or before the later of 180 days of the
39.26 allocation or within 18 months after the allocation date if the applicant submits an additional
39.27 application deposit equal to one percent of the allocation amount on or prior to 180 days
39.28 after the allocation date. If an issuer that receives an allocation under this subdivision does
39.29 not issue obligations equal to all or a portion of the allocation received within the time
39.30 period provided in this paragraph or returns the allocation to the commissioner, the amount
39.31 of the allocation is canceled and returned for reallocation through the unified pool. If an
39.32 issuer that receives an allocation under this subdivision issues obligations within the time
39.33 period provided in this paragraph, the commissioner shall refund 50 percent of any application
39.34 deposit previously paid: (i) within 30 days after the date on which IRS Form 8609(s) are
39.35 issued with respect to projects generating low-income housing tax credits; or (ii) within 90
39.36 days after the issuer provides a certification and any other reasonable documentation

40.1 requested by the commissioner evidencing that construction of the project has been
40.2 completed. The obligations and the remaining 50 percent of the application deposit within
40.3 30 days after completion of construction of the project.

40.4 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
40.5 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
40.6 under this section prior to the first Monday in October, but may be awarded allocations for
40.7 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
40.8 Housing Finance Agency may apply for and receive an allocation under this section without
40.9 submitting an application deposit.

40.10 Sec. 34. Minnesota Statutes 2016, section 474A.091, is amended by adding a subdivision
40.11 to read:

40.12 Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply
40.13 for an allocation for all types of qualified bonds other than residential rental bonds under
40.14 this section by submitting to the department an application on forms provided by the
40.15 department accompanied by: (1) a preliminary resolution; (2) a statement of bond counsel
40.16 that the proposed issue of obligations requires an allocation under this chapter and the
40.17 Internal Revenue Code; (3) the type of qualified bonds to be issued; (4) an application
40.18 deposit in the amount of two percent of the requested allocation; and (5) a public purpose
40.19 scoring worksheet for manufacturing and enterprise zone applications. The issuer must pay
40.20 the application deposit by check. An entitlement issuer may not apply for an allocation for
40.21 public facility bonds or mortgage bonds under this section unless it has either permanently
40.22 issued bonds equal to the amount of its entitlement allocation for the current year plus any
40.23 amount carried forward from previous years or returned for reallocation all of its unused
40.24 entitlement allocation. For purposes of this subdivision, an entitlement allocation includes
40.25 an amount obtained under section 474A.04, subdivision 6.

40.26 (b) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
40.27 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
40.28 under this section prior to the first Monday in October, but may be awarded allocations for
40.29 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
40.30 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
40.31 Rural Finance Authority may apply for and receive an allocation under this section without
40.32 submitting an application deposit.

41.1 Sec. 35. Minnesota Statutes 2016, section 474A.091, subdivision 3, is amended to read:

41.2 Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding
41.3 authority under this section on the Monday of every other week beginning with the first
41.4 Monday in ~~August~~ July through and on the last Monday in November. Applications for
41.5 allocations must be received by the department by 4:30 p.m. on the Monday preceding the
41.6 Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation
41.7 will be made or the applications must be received by the next business day after the holiday.

41.8 (b) Prior to October 1, only the following applications shall be awarded allocations from
41.9 the unified pool. Allocations shall be awarded in the following order of priority:

41.10 (1) applications for residential rental project bonds;

41.11 (2) applications for small issue bonds for manufacturing projects; and

41.12 (3) applications for small issue bonds for agricultural development bond loan projects.

41.13 (c) On the first Monday in October through the last Monday in November, allocations
41.14 shall be awarded from the unified pool in the following order of priority:

41.15 (1) applications for student loan bonds issued by or on behalf of the Minnesota Office
41.16 of Higher Education;

41.17 (2) applications for mortgage bonds;

41.18 (3) applications for public facility projects funded by public facility bonds;

41.19 (4) applications for small issue bonds for manufacturing projects;

41.20 (5) applications for small issue bonds for agricultural development bond loan projects;

41.21 (6) applications for residential rental project bonds;

41.22 (7) applications for enterprise zone facility bonds;

41.23 (8) applications for governmental bonds; and

41.24 (9) applications for redevelopment bonds.

41.25 (d) If there are two or more applications for manufacturing projects from the unified
41.26 pool and there is insufficient bonding authority to provide allocations for all manufacturing
41.27 projects in any one allocation period, the available bonding authority shall be awarded based
41.28 on the number of points awarded a project under section 474A.045 with those projects
41.29 receiving the greatest number of points receiving allocation first. If two or more applications
41.30 for manufacturing projects receive an equal amount of points, available bonding authority
41.31 shall be awarded by lot unless otherwise agreed to by the respective issuers.

42.1 (e) If there are two or more applications for enterprise zone facility projects from the
 42.2 unified pool and there is insufficient bonding authority to provide allocations for all enterprise
 42.3 zone facility projects in any one allocation period, the available bonding authority shall be
 42.4 awarded based on the number of points awarded a project under section 474A.045 with
 42.5 those projects receiving the greatest number of points receiving allocation first. If two or
 42.6 more applications for enterprise zone facility projects receive an equal amount of points,
 42.7 available bonding authority shall be awarded by lot unless otherwise agreed to by the
 42.8 respective issuers.

42.9 (f) If there are two or more applications for residential rental projects from the unified
 42.10 pool and there is insufficient bonding authority to provide allocations for all residential
 42.11 rental projects in any one allocation period, the available bonding authority shall be awarded
 42.12 in the following order of priority: (1) ~~projects that preserve existing federally subsidized~~
 42.13 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~
 42.14 ~~(3) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI~~
 42.15 ~~residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects;~~
 42.16 (6) other residential rental projects for which the amount of bonds requested in their
 42.17 respective applications do not exceed the aggregate bond limitation; and (7) other residential
 42.18 rental projects for which the amount of bonds requested in their respective applications
 42.19 exceed the aggregate bond limitation and that apply on or after September 1 of a calendar
 42.20 year. If there are two or more applications for residential rental projects at the same priority
 42.21 level and there is insufficient bonding authority to provide allocations for all the projects
 42.22 in any one allocation period, available bonding authority shall be randomly awarded by lot
 42.23 but only for projects that received the full amount of their respective requested allocations.
 42.24 If a residential rental project does not receive any of its requested allocation pursuant to this
 42.25 paragraph, the remaining bonding authority not allocated to the project shall be reserved
 42.26 by the commissioner, or by the Minnesota Housing Finance Agency if the authority is carried
 42.27 forward pursuant to section 474A.131, for the project for up to 24 months thereafter, and
 42.28 if the project applies in the future to the housing pool or unified pool for additional allocation
 42.29 of bonds, the project shall be fully funded up to the remaining amount of its original
 42.30 application request for bonding authority before any new project, applying in the same
 42.31 allocation period, that has an equal priority shall receive bonding authority.

42.32 (g) From the first Monday in ~~August~~ July through the last Monday in November,
 42.33 \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding
 42.34 authority allocated to the small issue pool under section 474A.03, subdivision 1, less the
 42.35 amount allocated to issuers from the small issue pool for that year, whichever is less, is

43.1 reserved within the unified pool for small issue bonds to the extent ~~such~~ the amounts are
 43.2 available within the unified pool.

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

43.5 (1) \$10,000,000 for any one city; or

43.6 (2) \$20,000,000 for any number of cities in any one county.

43.7 (i) The total amount of allocations for student loan bonds from the unified pool may not
 43.8 exceed \$25,000,000 per year.

43.9 (j) If there is insufficient bonding authority to fund all projects within any qualified bond
 43.10 category other than enterprise zone facility projects, manufacturing projects, and residential
 43.11 rental projects, allocations shall be awarded by lot unless otherwise agreed to by the
 43.12 respective issuers.

43.13 (k) If an application is rejected, the commissioner must notify the applicant and return
 43.14 the application deposit to the applicant within 30 days unless the applicant requests in writing
 43.15 that the application be resubmitted.

43.16 (l) The granting of an allocation of bonding authority under this section must be evidenced
 43.17 by issuance of a certificate of allocation.

43.18 Sec. 36. Minnesota Statutes 2016, section 474A.091, subdivision 5, is amended to read:

43.19 Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation
 43.20 under this section determines that it will not issue obligations equal to all or a portion of
 43.21 the allocation received under this section within ~~120~~ the applicable number of days ~~or after~~
 43.22 the allocation required in this chapter or within the time period permitted by federal tax law,
 43.23 whichever is less, the issuer must notify the department. If the issuer notifies the department
 43.24 or the ~~120-day~~ period since allocation has expired prior to the last Monday in November,
 43.25 the amount of allocation is canceled and returned for reallocation through the unified pool.
 43.26 If the issuer notifies the department on or after the last Monday in November, the amount
 43.27 of allocation is canceled and returned for reallocation to the Minnesota Housing Finance
 43.28 Agency. To encourage a competitive application process, the commissioner shall reserve,
 43.29 for new applications, the amount of allocation that is canceled and returned for reallocation
 43.30 under this section for a minimum of seven calendar days.

44.1 (b) An issuer that returns for reallocation all or a portion of an allocation for all types
44.2 of bonds other than residential rental project bonds received under this section within 120
44.3 days of the allocation shall receive within 30 days a refund equal to:

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

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

44.8 (3) one-eighth of the application deposit for the amount of bonding authority returned
44.9 between 61 and 120 days of receiving the allocation.

44.10 (c) No refund of the application deposit shall be available for allocations returned on or
44.11 after the last Monday in November.

44.12 (d) An issuer that returns for reallocation all or a portion of an allocation for residential
44.13 rental project bonds received under this section within 180 days of the allocation shall
44.14 receive within 30 days a refund equal to:

44.15 (1) one-half of the application deposit for the amount of bonding authority returned
44.16 within 45 days of receiving the allocation;

44.17 (2) one-fourth of the application deposit for the amount of bonding authority returned
44.18 between 46 and 90 days of receiving the allocation; and

44.19 (3) one-eighth of the application deposit for the amount of bonding authority returned
44.20 between 91 and 180 days of receiving the allocation.

44.21 Sec. 37. Minnesota Statutes 2016, section 474A.091, subdivision 6, is amended to read:

44.22 Subd. 6. **Final allocation; carryforward.** Notwithstanding the notice requirements of
44.23 section 474A.131, subdivision 2, any bonding authority remaining unissued by the Minnesota
44.24 Housing Finance Agency on the last business day in December shall be carried forward
44.25 into the next calendar year by the commissioner for the Minnesota Housing Finance Agency.
44.26 Any authority carried forward shall be allocated to utilize the authority that is closest to
44.27 expiring first, and in all events, the Minnesota Housing Finance Agency shall allocate its
44.28 bonding authority to utilize the authority carried forward prior to any current year's allocation.

45.1 Sec. 38. Minnesota Statutes 2016, section 474A.131, subdivision 1, is amended to read:

45.2 Subdivision 1. **Notice of issue.** Each issuer ~~that issues bonds~~ with an allocation received
45.3 under this chapter shall provide a notice of issue to the department on forms provided by
45.4 the department stating:

45.5 (1) the date of issuance of the bonds;

45.6 (2) the title of the issue;

45.7 (3) the principal amount of the bonds;

45.8 (4) the type of qualified bonds under federal tax law;

45.9 (5) the dollar amount of the bonds issued that were subject to the annual volume cap;

45.10 and

45.11 (6) for entitlement issuers, whether the allocation is from current year entitlement
45.12 authority or is from carryforward authority.

45.13 For obligations that are issued as a part of a series of obligations, a notice must be
45.14 provided for each series. A penalty of one-half of the amount of the application deposit not
45.15 to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not
45.16 provided to the department within five business days after issuance or before 4:30 p.m. on
45.17 the last business day in December, whichever occurs first. Within 30 days after receipt of
45.18 a notice of issue the department shall refund a portion of the application deposit equal to
45.19 one percent of the amount of the bonding authority actually issued if a one percent application
45.20 deposit was made, or equal to two percent of the amount of the bonding authority actually
45.21 issued if ~~a two percent~~ the applicable application deposit was made, less any penalty amount.

45.22 Sec. 39. Minnesota Statutes 2016, section 474A.131, subdivision 1b, is amended to read:

45.23 Subd. 1b. **Deadline for issuance of qualified bonds.** (a) If an issuer fails to notify the
45.24 department before 4:30 p.m. on the last business day in December of issuance of obligations
45.25 pursuant to an allocation received for any qualified bond project or issuance of an entitlement
45.26 allocation other than those involving residential rental bonds, the allocation is canceled and
45.27 the bonding authority is allocated to the Minnesota Housing Finance Agency for carryforward
45.28 by the commissioner under section 474A.091, subdivision 6.

45.29 (b) With respect to: (1) an allocation received for a residential rental project for which
45.30 the obligations have not been issued before 4:30 p.m. on the last business day in December
45.31 and the time period for issuance of the obligations provided under section 474A.061,
45.32 subdivision 2a, or 474A.091, subdivision 2a, as applicable, has not expired; and (2) bonding

46.1 authority reserved for a project for up to 24 months under section 474A.061, subdivision
46.2 2a, or section 471A.091, subdivision 3, paragraph (f), as of 4:30 p.m. on the last business
46.3 day of December, the bonding authority shall be allocated to the Minnesota Housing Finance
46.4 Agency for carryforward by the commissioner under section 474A.091, subdivision 6;
46.5 provided, however, that the allocation shall remain reserved by the Minnesota Housing
46.6 Finance Agency for the residential rental project described in the original application and
46.7 the Minnesota Housing Finance Agency will have the fiduciary duty to issue the bonds as
46.8 intended by the originally intended issuer. In addition, any obligations issued by the
46.9 Minnesota Housing Finance Agency for a residential rental project that is subject to this
46.10 paragraph shall not be subject to the debt management policies of the Minnesota Housing
46.11 Finance Agency, as adopted and amended from time to time.

46.12 Sec. 40. Minnesota Statutes 2016, section 474A.131, subdivision 2, is amended to read:

46.13 Subd. 2. **Carryforward notice.** If an issuer intends to carry forward an allocation received
46.14 under this chapter, it must notify the department in writing before 4:30 p.m. on the last
46.15 business day in December. This notice requirement does not apply to the Minnesota Housing
46.16 Finance Agency for the carryforward of unallocated unified pool balances or for the
46.17 carryforward of allocations of residential rental project bonds pursuant to section 474A.131,
46.18 subdivision 1b.

46.19 Sec. 41. Minnesota Statutes 2016, section 474A.14, is amended to read:

46.20 **474A.14 NOTICE OF AVAILABLE AUTHORITY.**

46.21 The department shall provide at its official Web site a written notice of the amount of
46.22 bonding authority in the housing, small issue, and public facilities pools as soon after January
46.23 1 as possible. The department shall provide at its official Web site a written notice of the
46.24 amount of bonding authority available for allocation in the unified pool as soon after ~~August~~
46.25 July 1 as possible.

46.26 Sec. 42. **ADVANCES TO THE MINNESOTA MANUFACTURED HOME**
46.27 **RELOCATION TRUST FUND.**

46.28 (a) Until June 30, 2020, the Minnesota Housing Finance Agency or Department of
46.29 Management and Budget as determined by the commissioner of management and budget,
46.30 is authorized to advance up to \$400,000 from state appropriations or other resources to the
46.31 Minnesota manufactured home relocation trust fund established under Minnesota Statutes,
46.32 section 462A.35, if the account balance in the Minnesota manufactured home relocation

47.1 trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section
47.2 327C.095, subdivision 13.

47.3 (b) The Minnesota Housing Finance Agency or Department of Management and Budget
47.4 shall be reimbursed from the Minnesota manufactured home relocation trust fund for any
47.5 money advanced by the agency under paragraph (a) to the fund. Approved claims for payment
47.6 to manufactured home owners shall be paid prior to the money being advanced by the agency
47.7 or the department to the fund.

47.8 Sec. 43. **HOUSING AFFORDABILITY FUND; 2019 ALLOCATIONS.**

47.9 Allocations from the Housing Finance Agency's housing affordability fund, pool 3, in
47.10 2019, shall include a set-aside of ten percent for single-family home ownership development
47.11 in municipalities with a population under 10,000 or for manufactured housing projects. The
47.12 set-aside shall remain until June 1, 2019, after which any money remaining in the set-aside
47.13 shall be available to all eligible projects.

47.14 Sec. 44. **REPORT; COSTS OF LOCAL ZONING ON AFFORDABLE HOUSING.**

47.15 By January 15, 2019, the commissioner of the Housing Finance Agency shall report to
47.16 the members of the legislative policy and finance committees with jurisdiction over housing
47.17 on the effects of local regulatory, fee, and zoning decisions that raise the cost of development
47.18 of affordable housing.

APPENDIX
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