

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 2226

1.2 A bill for an act

1.3 relating to agriculture; establishing a budget for the Department of Agriculture,
1.4 the Board of Animal Health, the Agricultural Utilization Research Institute, and
1.5 the Minnesota Housing Finance Agency; modifying programs; amending Minnesota
1.6 Statutes 2018, sections 17.041, subdivision 1; 18B.34, subdivision 5; 18C.425,
1.7 subdivision 6; 18C.70, subdivision 5; 18C.71, subdivision 4; 18C.80, subdivision
1.8 2; 18K.02, subdivision 3; 18K.06; 28A.16; 41A.15, subdivision 10, by adding a
1.9 subdivision; 41A.16, subdivisions 1, 2, 4; 41A.17, subdivisions 1, 2, 3; 41A.18,
1.10 subdivisions 1, 2, 3; 41B.055, subdivision 4; 116.06, by adding a subdivision;
1.11 116.07, subdivisions 7, 7d; 223.16, subdivisions 2a, 4; 223.17, subdivisions 3, 4,
1.12 5, 6, by adding subdivisions; 223.177, subdivisions 2, 3, 8; 232.21, by adding
1.13 subdivisions; 232.22, subdivisions 3, 4; 232.23, subdivision 3; 232.24, subdivisions
1.14 1, 2; 299D.085, by adding a subdivision; 326B.815, subdivision 1; 327.31, by
1.15 adding a subdivision; 327B.041; 327C.095, subdivisions 4, 6, 12, 13, by adding
1.16 a subdivision; 428A.11, subdivisions 4, 6; 462A.2035, subdivisions 1a, 1b;
1.17 462A.209, subdivision 8; 462A.22, subdivision 9; 462A.24; 462A.33, subdivisions
1.18 1, 2, 3; 462A.37, subdivision 2; 462A.38, subdivision 1; 474A.02, by adding
1.19 subdivisions; 474A.03, subdivision 1; 474A.061, subdivisions 1, 2a, by adding a
1.20 subdivision; 474A.091, subdivisions 2, 3; proposing coding for new law in
1.21 Minnesota Statutes, chapters 41B; 327.

1.22 May 20, 2019

1.23 The Honorable Jeremy R. Miller
1.24 President of the Senate

1.25 The Honorable Melissa Hortman
1.26 Speaker of the House of Representatives

1.27 We, the undersigned conferees for S.F. No. 2226 report that we have agreed upon the
1.28 items in dispute and recommend as follows:

1.29 That the House recede from its amendments and that S.F. No. 2226 be further amended
1.30 as follows:

1.31 Delete everything after the enacting clause and insert:

2.1 "ARTICLE 1

2.2 AGRICULTURE APPROPRIATIONS

2.3 Section 1. AGRICULTURE APPROPRIATIONS.

2.4 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 2.5 and for the purposes specified in this article. The appropriations are from the general fund,
 2.6 or another named fund, and are available for the fiscal years indicated for each purpose.
 2.7 The figures "2020" and "2021" used in this article mean that the appropriations listed under
 2.8 them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.
 2.9 "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
 2.10 is fiscal years 2020 and 2021.

2.11 **APPROPRIATIONS**
 2.12 **Available for the Year**
 2.13 **Ending June 30**
 2.14 **2020 2021**

2.15 Sec. 2. DEPARTMENT OF AGRICULTURE

2.16 Subdivision 1. Total Appropriation \$ 54,208,000 \$ 54,207,000

2.17 Appropriations by Fund

2.18		<u>2020</u>	<u>2021</u>
2.19	<u>General</u>	<u>53,809,000</u>	<u>53,808,000</u>
2.20	<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.21 The amounts that may be spent for each
 2.22 purpose are specified in the following
 2.23 subdivisions.

2.24 Subd. 2. Protection Services

2.25 Appropriations by Fund

2.26		<u>2020</u>	<u>2021</u>
2.27	<u>General</u>	<u>18,650,000</u>	<u>18,650,000</u>
2.28	<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.29 (a) \$399,000 the first year and \$399,000 the
 2.30 second year are from the remediation fund for
 2.31 administrative funding for the voluntary
 2.32 cleanup program.

2.33 (b) \$175,000 the first year and \$175,000 the
 2.34 second year are for compensation for
 2.35 destroyed or crippled livestock under

3.1 Minnesota Statutes, section 3.737. The first
3.2 year appropriation may be spent to compensate
3.3 for livestock that were destroyed or crippled
3.4 during fiscal year 2019. If the amount in the
3.5 first year is insufficient, the amount in the
3.6 second year is available in the first year. The
3.7 commissioner may use up to \$5,000 each year
3.8 to reimburse expenses incurred by university
3.9 extension educators to provide fair market
3.10 values of destroyed or crippled livestock.

3.11 (c) \$250,000 the first year and \$250,000 the
3.12 second year are for rapid detection,
3.13 identification, containment, control, and
3.14 management of high-priority plant pests and
3.15 pathogens including emerald ash borer.

3.16 (d) \$155,000 the first year and \$155,000 the
3.17 second year are for compensation for crop
3.18 damage under Minnesota Statutes, section
3.19 3.7371. If the amount in the first year is
3.20 insufficient, the amount in the second year is
3.21 available in the first year. The commissioner
3.22 may use up to \$30,000 of the appropriation
3.23 each year to reimburse expenses incurred by
3.24 the commissioner or the commissioner's
3.25 approved agent to investigate and resolve
3.26 claims.

3.27 If the commissioner determines that claims
3.28 made under Minnesota Statutes, section 3.737
3.29 or 3.7371, are unusually high, amounts
3.30 appropriated for either program may be
3.31 transferred to the appropriation for the other
3.32 program.

3.33 (e) \$450,000 the first year and \$450,000 the
3.34 second year are additional funding for the
3.35 noxious weed and invasive plant program. The

4.1 base amount for this appropriation in fiscal
4.2 year 2022 and later is \$225,000.

4.3 (f) \$175,000 the first year and \$175,000 the
4.4 second year are for industrial hemp
4.5 development.

4.6 (g) \$150,000 the first year and \$150,000 the
4.7 second year are for additional meat and poultry
4.8 inspection services.

4.9 (h) \$275,000 the first year and \$275,000 the
4.10 second year are to replace capital equipment
4.11 in the Department of Agriculture's analytical
4.12 laboratory. The base amount for this
4.13 appropriation in fiscal year 2022 and later is
4.14 \$225,000.

4.15 (i) \$250,000 the first year and \$250,000 the
4.16 second year are for agricultural emergency
4.17 preparedness and response.

4.18 **Subd. 3. Agricultural Marketing and**
4.19 **Development**

3,996,000

3,996,000

4.20 (a) \$186,000 the first year and \$186,000 the
4.21 second year are for transfer to the Minnesota
4.22 grown account and may be used as grants for
4.23 Minnesota grown promotion under Minnesota
4.24 Statutes, section 17.102. Grants may be made
4.25 for one year. Notwithstanding Minnesota
4.26 Statutes, section 16A.28, the appropriations
4.27 encumbered under contract on or before June
4.28 30, 2021, for Minnesota grown grants in this
4.29 paragraph are available until June 30, 2023.

4.30 (b) \$100,000 the first year and \$100,000 the
4.31 second year are to expand domestic and
4.32 international marketing opportunities for
4.33 farmers and value-added processors, including

5.1 staffing to facilitate farm-to-school sales and
5.2 new markets for Minnesota-grown hemp.

5.3 (c) \$634,000 the first year and \$634,000 the
5.4 second year are for continuation of the dairy
5.5 development and profitability enhancement
5.6 and dairy business planning grant programs
5.7 established under Laws 1997, chapter 216,
5.8 section 7, subdivision 2, and Laws 2001, First
5.9 Special Session chapter 2, section 9,
5.10 subdivision 2. The commissioner may allocate
5.11 the available sums among permissible
5.12 activities, including efforts to improve the
5.13 quality of milk produced in the state, in the
5.14 proportions that the commissioner deems most
5.15 beneficial to Minnesota's dairy farmers. The
5.16 commissioner must submit a detailed
5.17 accomplishment report and a work plan
5.18 detailing future plans for, and anticipated
5.19 accomplishments from, expenditures under
5.20 this program to the chairs and ranking minority
5.21 members of the legislative committees and
5.22 divisions with jurisdiction over agriculture
5.23 policy and finance on or before the start of
5.24 each fiscal year. If significant changes are
5.25 made to the plans in the course of the year,
5.26 the commissioner must notify the chairs and
5.27 ranking minority members.

5.28 (d) \$50,000 the first year and \$50,000 the
5.29 second year are for additional community
5.30 outreach on farms and rural mental health
5.31 services including the 24-hour hotline, service
5.32 availability, and mental health forums. Of this
5.33 appropriation, \$12,000 each year is to provide
5.34 professional development training for Farm
5.35 Business Management instructors in the

6.1 Minnesota State system. The appropriations
 6.2 under this paragraph are onetime.

6.3 (e) The commissioner may use funds
 6.4 appropriated in this subdivision for annual
 6.5 cost-share payments to resident farmers or
 6.6 entities that sell, process, or package
 6.7 agricultural products in this state for the costs
 6.8 of organic certification. The commissioner
 6.9 may allocate these funds for assistance to
 6.10 persons transitioning from conventional to
 6.11 organic agriculture.

6.12	<u>Subd. 4. Agriculture, Bioenergy, and Bioproduct</u>		
6.13	<u>Advancement</u>	<u>23,653,000</u>	<u>23,654,000</u>

6.14 (a) \$9,300,000 the first year and \$9,300,000
 6.15 the second year are for transfer to the
 6.16 agriculture research, education, extension, and
 6.17 technology transfer account under Minnesota
 6.18 Statutes, section 41A.14, subdivision 3. Of
 6.19 these amounts: at least \$600,000 the first year
 6.20 and \$600,000 the second year are for the
 6.21 Minnesota Agricultural Experiment Station's
 6.22 agriculture rapid response fund under
 6.23 Minnesota Statutes, section 41A.14,
 6.24 subdivision 1, clause (2); \$2,000,000 the first
 6.25 year and \$2,000,000 the second year are for
 6.26 grants to the Minnesota Agriculture Education
 6.27 Leadership Council to enhance agricultural
 6.28 education with priority given to Farm Business
 6.29 Management challenge grants; \$350,000 the
 6.30 first year and \$350,000 the second year are
 6.31 for potato breeding; and \$450,000 the first
 6.32 year and \$450,000 the second year are for the
 6.33 cultivated wild rice breeding project at the
 6.34 North Central Research and Outreach Center
 6.35 to include a tenure track/research associate

7.1 plant breeder. The commissioner shall transfer
7.2 the remaining funds in this appropriation each
7.3 year to the Board of Regents of the University
7.4 of Minnesota for purposes of Minnesota
7.5 Statutes, section 41A.14. Of the amount
7.6 transferred to the Board of Regents, up to
7.7 \$1,000,000 each year is for research on avian
7.8 influenza.

7.9 To the extent practicable, money expended
7.10 under Minnesota Statutes, section 41A.14,
7.11 subdivision 1, clauses (1) and (2), must
7.12 supplement and not supplant existing sources
7.13 and levels of funding. The commissioner may
7.14 use up to one percent of this appropriation for
7.15 costs incurred to administer the program.

7.16 (b) \$14,353,000 the first year and \$14,354,000
7.17 the second year are for the agricultural growth,
7.18 research, and innovation program in
7.19 Minnesota Statutes, section 41A.12. Except
7.20 as provided below, the commissioner may
7.21 allocate the appropriation each year among
7.22 the following areas: facilitating the start-up,
7.23 modernization, improvement, or expansion of
7.24 livestock operations including beginning and
7.25 transitioning livestock operations with
7.26 preference given to robotic dairy-milking
7.27 equipment; providing funding not to exceed
7.28 \$400,000 each year to develop and enhance
7.29 farm-to-school markets for Minnesota farmers
7.30 by providing more fruits, vegetables, meat,
7.31 grain, and dairy for Minnesota children in
7.32 school and child care settings including, at the
7.33 commissioner's discretion, reimbursing
7.34 schools for purchases from local farmers;
7.35 assisting value-added agricultural businesses

8.1 to begin or expand, to access new markets, or
8.2 to diversify, including aquaponics systems;
8.3 providing funding not to exceed \$300,000
8.4 each year for urban youth agricultural
8.5 education or urban agriculture community
8.6 development; providing funding not to exceed
8.7 \$300,000 each year for the good food access
8.8 program under Minnesota Statutes, section
8.9 17.1017; facilitating the start-up,
8.10 modernization, or expansion of other
8.11 beginning and transitioning farms including
8.12 by providing loans under Minnesota Statutes,
8.13 section 41B.056; sustainable agriculture
8.14 on-farm research and demonstration;
8.15 development or expansion of food hubs and
8.16 other alternative community-based food
8.17 distribution systems; enhancing renewable
8.18 energy infrastructure and use; crop research
8.19 including basic and applied turf seed research;
8.20 Farm Business Management tuition assistance;
8.21 and good agricultural practices/good handling
8.22 practices certification assistance. The
8.23 commissioner may use up to 6.5 percent of
8.24 this appropriation for costs incurred to
8.25 administer the program.

8.26 Of the amount appropriated for the agricultural
8.27 growth, research, and innovation program in
8.28 Minnesota Statutes, section 41A.12:

8.29 (1) \$1,000,000 the first year and \$1,000,000
8.30 the second year are for distribution in equal
8.31 amounts to each of the state's county fairs to
8.32 preserve and promote Minnesota agriculture;

8.33 (2) \$2,500,000 the first year and \$2,500,000
8.34 the second year are for incentive payments
8.35 under Minnesota Statutes, sections 41A.16,

9.1 41A.17, and 41A.18. Notwithstanding
9.2 Minnesota Statutes, section 16A.28, the first
9.3 year appropriation is available until June 30,
9.4 2021, and the second year appropriation is
9.5 available until June 30, 2022. If this
9.6 appropriation exceeds the total amount for
9.7 which all producers are eligible in a fiscal
9.8 year, the balance of the appropriation is
9.9 available for the agricultural growth, research,
9.10 and innovation program. The base amount for
9.11 the allocation under this clause is \$3,000,000
9.12 in fiscal year 2022 and later;

9.13 (3) up to \$5,000,000 the first year is for Dairy
9.14 Assistance, Investment, Relief Initiative
9.15 (DAIRI) grants to Minnesota dairy farmers
9.16 who enroll for five years of coverage under
9.17 the federal dairy margin coverage program
9.18 and produced no more than 16,000,000 pounds
9.19 of milk in 2018. The commissioner must
9.20 award DAIRI grants based on participating
9.21 producers' amount of 2018 milk, up to
9.22 5,000,000 pounds per participating producer,
9.23 at a rate determined by the commissioner
9.24 within the limits of available funding;

9.25 (4) up to \$5,000,000 the second year is for
9.26 innovative soybean processing and research;

9.27 (5) \$75,000 the first year is for a grant to
9.28 Greater Mankato Growth, Inc. for assistance
9.29 to agricultural-related businesses to promote
9.30 jobs, innovation, and synergy development;
9.31 and

9.32 (6) \$75,000 the first year and \$75,000 the
9.33 second year are for grants to the Minnesota
9.34 Turf Seed Council for basic and applied
9.35 research.

10.1 The amounts in clauses (3) to (6) are onetime.

10.2 Notwithstanding Minnesota Statutes, section
 10.3 16A.28, any unencumbered balance does not
 10.4 cancel at the end of the first year and is
 10.5 available for the second year and
 10.6 appropriations encumbered under contract on
 10.7 or before June 30, 2021, for agricultural
 10.8 growth, research, and innovation grants are
 10.9 available until June 30, 2024.

10.10 The base amount for the agricultural growth,
 10.11 research, and innovation program is
 10.12 \$14,693,000 in fiscal year 2022 and
 10.13 \$14,693,000 in fiscal year 2023, and includes
 10.14 funding for incentive payments under
 10.15 Minnesota Statutes, sections 41A.16, 41A.17,
 10.16 41A.18, and 41A.20.

10.17 The commissioner must consult with the
 10.18 commissioner of transportation, the
 10.19 commissioner of administration, and local
 10.20 units of government to identify at least ten
 10.21 parcels of publicly owned land that are suitable
 10.22 for urban agriculture.

10.23 **Subd. 5. Administration and Financial**
 10.24 **Assistance**

10.25 (a) \$474,000 the first year and \$474,000 the
 10.26 second year are for payments to county and
 10.27 district agricultural societies and associations
 10.28 under Minnesota Statutes, section 38.02,
 10.29 subdivision 1. Aid payments to county and
 10.30 district agricultural societies and associations
 10.31 shall be disbursed no later than July 15 of each
 10.32 year. These payments are the amount of aid
 10.33 from the state for an annual fair held in the
 10.34 previous calendar year.

7,510,000

7,508,000

11.1 (b) \$2,000 the first year is for a grant to the
11.2 Minnesota State Poultry Association. This is
11.3 a onetime appropriation, and is available until
11.4 June 30, 2021.

11.5 (c) \$18,000 the first year and \$18,000 the
11.6 second year are for grants to the Minnesota
11.7 Livestock Breeders Association. These are
11.8 onetime appropriations.

11.9 (d) \$47,000 the first year and \$47,000 the
11.10 second year are for the Northern Crops
11.11 Institute. These appropriations may be spent
11.12 to purchase equipment. These are onetime
11.13 appropriations.

11.14 (e) \$267,000 the first year and \$267,000 the
11.15 second year are for farm advocate services.

11.16 (f) \$17,000 the first year and \$17,000 the
11.17 second year are for grants to the Minnesota
11.18 Horticultural Society. These are onetime
11.19 appropriations.

11.20 (g) \$250,000 the first year and \$250,000 the
11.21 second year are for transfer to the Board of
11.22 Trustees of the Minnesota State Colleges and
11.23 Universities for statewide mental health
11.24 counseling support to farm families and
11.25 business operators through the Minnesota State
11.26 Agricultural Centers of Excellence. South
11.27 Central College and Central Lakes College
11.28 shall serve as the fiscal agents. The base
11.29 amount for this appropriation in fiscal year
11.30 2022 and later is \$238,000.

11.31 (h) \$1,700,000 the first year and \$1,700,000
11.32 the second year are for grants to Second
11.33 Harvest Heartland on behalf of Minnesota's

12.1 six Feeding America food banks for the
12.2 following:

12.3 (1) to purchase milk for distribution to
12.4 Minnesota's food shelves and other charitable
12.5 organizations that are eligible to receive food
12.6 from the food banks. Milk purchased under
12.7 the grants must be acquired from Minnesota
12.8 milk processors and based on low-cost bids.
12.9 The milk must be allocated to each Feeding
12.10 America food bank serving Minnesota
12.11 according to the formula used in the
12.12 distribution of United States Department of
12.13 Agriculture commodities under The
12.14 Emergency Food Assistance Program. Second
12.15 Harvest Heartland may enter into contracts or
12.16 agreements with food banks for shared funding
12.17 or reimbursement of the direct purchase of
12.18 milk. Each food bank that receives funding
12.19 under this clause may use up to two percent
12.20 for administrative expenses; and

12.21 (2) to compensate agricultural producers and
12.22 processors for costs incurred to harvest and
12.23 package for transfer surplus fruits, vegetables,
12.24 and other agricultural commodities that would
12.25 otherwise go unharvested, be discarded, or
12.26 sold in a secondary market. Surplus
12.27 commodities must be distributed statewide to
12.28 food shelves and other charitable organizations
12.29 that are eligible to receive food from the food
12.30 banks. Surplus food acquired under this clause
12.31 must be from Minnesota producers and
12.32 processors. Second Harvest Heartland may
12.33 use up to 15 percent of each grant awarded
12.34 under this clause for administrative and
12.35 transportation expenses.

13.1 Of the amount appropriated under this
 13.2 paragraph, at least \$600,000 each year must
 13.3 be allocated under clause (1). Notwithstanding
 13.4 Minnesota Statutes, section 16A.28, any
 13.5 unencumbered balance the first year does not
 13.6 cancel and is available in the second year.
 13.7 Second Harvest Heartland must submit
 13.8 quarterly reports to the commissioner in the
 13.9 form prescribed by the commissioner. The
 13.10 reports must include but are not limited to
 13.11 information on the expenditure of funds, the
 13.12 amount of milk or other commodities
 13.13 purchased, and the organizations to which this
 13.14 food was distributed. The base for this
 13.15 appropriation is \$1,650,000 in fiscal year 2022
 13.16 and \$1,650,000 in fiscal year 2023.

13.17 (i) \$150,000 the first year and \$150,000 the
 13.18 second year are for grants to the Center for
 13.19 Rural Policy and Development. These are
 13.20 onetime appropriations.

13.21 (j) \$250,000 the first year and \$250,000 the
 13.22 second year are for grants to the Minnesota
 13.23 Agricultural Education and Leadership
 13.24 Council for programs of the council under
 13.25 Minnesota Statutes, chapter 41D.

13.26 (k) The commissioner shall continue to
 13.27 increase connections with ethnic minority and
 13.28 immigrant farmers to farming opportunities
 13.29 and farming programs throughout the state.

13.30 **Sec. 3. BOARD OF ANIMAL HEALTH** **\$ 5,677,000 \$ 5,677,000**
 13.31 \$200,000 the first year and \$200,000 the
 13.32 second year are for agricultural emergency
 13.33 preparedness and response.

13.34 **Sec. 4. AGRICULTURAL UTILIZATION**
 13.35 **RESEARCH INSTITUTE** **\$ 3,893,000 \$ 3,893,000**

14.1 Sec. 5. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as
 14.2 amended by Laws 2016, chapter 184, section 11, Laws 2016, chapter 189, article 2, section
 14.3 26, and Laws 2017, chapter 88, article 1, section 5, is amended to read:

14.4 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 14.5 **Advancement** 14,993,000 18,316,000

14.6 \$4,483,000 the first year and \$8,500,000 the
 14.7 second year are for transfer to the agriculture
 14.8 research, education, extension, and technology
 14.9 transfer account under Minnesota Statutes,
 14.10 section 41A.14, subdivision 3. The transfer in
 14.11 this paragraph includes money for plant
 14.12 breeders at the University of Minnesota for
 14.13 wild rice, potatoes, and grapes. Of these
 14.14 amounts, at least \$600,000 each year is for the
 14.15 Minnesota Agricultural Experiment Station's
 14.16 Agriculture Rapid Response Fund under
 14.17 Minnesota Statutes, section 41A.14,
 14.18 subdivision 1, clause (2). Of the amount
 14.19 appropriated in this paragraph, \$1,000,000
 14.20 each year is for transfer to the Board of
 14.21 Regents of the University of Minnesota for
 14.22 research to determine (1) what is causing avian
 14.23 influenza, (2) why some fowl are more
 14.24 susceptible, and (3) prevention measures that
 14.25 can be taken. Of the amount appropriated in
 14.26 this paragraph, \$2,000,000 each year is for
 14.27 grants to the Minnesota Agriculture Education
 14.28 Leadership Council to enhance agricultural
 14.29 education with priority given to Farm Business
 14.30 Management challenge grants. The
 14.31 commissioner shall transfer the remaining
 14.32 grant funds in this appropriation each year to
 14.33 the Board of Regents of the University of
 14.34 Minnesota for purposes of Minnesota Statutes,
 14.35 section 41A.14.

15.1 To the extent practicable, funds expended
15.2 under Minnesota Statutes, section 41A.14,
15.3 subdivision 1, clauses (1) and (2), must
15.4 supplement and not supplant existing sources
15.5 and levels of funding. The commissioner may
15.6 use up to 4.5 percent of this appropriation for
15.7 costs incurred to administer the program. Any
15.8 unencumbered balance does not cancel at the
15.9 end of the first year and is available for the
15.10 second year.

15.11 \$10,235,000 the first year and \$9,541,000 the
15.12 second year are for the agricultural growth,
15.13 research, and innovation program in
15.14 Minnesota Statutes, section 41A.12. No later
15.15 than February 1, 2016, and February 1, 2017,
15.16 the commissioner must report to the legislative
15.17 committees with jurisdiction over agriculture
15.18 policy and finance regarding the
15.19 commissioner's accomplishments and
15.20 anticipated accomplishments in the following
15.21 areas: facilitating the start-up, modernization,
15.22 or expansion of livestock operations including
15.23 beginning and transitioning livestock
15.24 operations; developing new markets for
15.25 Minnesota farmers by providing more fruits,
15.26 vegetables, meat, grain, and dairy for
15.27 Minnesota school children; assisting
15.28 value-added agricultural businesses to begin
15.29 or expand, access new markets, or diversify
15.30 products; developing urban agriculture;
15.31 facilitating the start-up, modernization, or
15.32 expansion of other beginning and transitioning
15.33 farms including loans under Minnesota
15.34 Statutes, section 41B.056; sustainable
15.35 agriculture on farm research and
15.36 demonstration; development or expansion of

16.1 food hubs and other alternative
16.2 community-based food distribution systems;
16.3 incentive payments under Minnesota Statutes,
16.4 sections 41A.16, 41A.17, and 41A.18; and
16.5 research on bioenergy, biobased content, or
16.6 biobased formulated products and other
16.7 renewable energy development. The
16.8 commissioner may use up to 4.5 percent of
16.9 this appropriation for costs incurred to
16.10 administer the program. Any unencumbered
16.11 balance does not cancel at the end of the first
16.12 year and is available for the second year.
16.13 Notwithstanding Minnesota Statutes, section
16.14 16A.28, the appropriations encumbered under
16.15 contract on or before June 30, 2017, for
16.16 agricultural growth, research, and innovation
16.17 grants are available until June 30, ~~2019~~ 2020.
16.18 The commissioner may use funds appropriated
16.19 for the agricultural growth, research, and
16.20 innovation program as provided in this
16.21 paragraph. The commissioner may award
16.22 grants to owners of Minnesota facilities
16.23 producing bioenergy, biobased content, or a
16.24 biobased formulated product; to organizations
16.25 that provide for on-station, on-farm field scale
16.26 research and outreach to develop and test the
16.27 agronomic and economic requirements of
16.28 diverse strands of prairie plants and other
16.29 perennials for bioenergy systems; or to certain
16.30 nongovernmental entities. For the purposes of
16.31 this paragraph, "bioenergy" includes
16.32 transportation fuels derived from cellulosic
16.33 material, as well as the generation of energy
16.34 for commercial heat, industrial process heat,
16.35 or electrical power from cellulosic materials
16.36 via gasification or other processes. Grants are

17.1 limited to 50 percent of the cost of research,
17.2 technical assistance, or equipment related to
17.3 bioenergy, biobased content, or biobased
17.4 formulated product production or \$500,000,
17.5 whichever is less. Grants to nongovernmental
17.6 entities for the development of business plans
17.7 and structures related to community ownership
17.8 of eligible bioenergy facilities together may
17.9 not exceed \$150,000. The commissioner shall
17.10 make a good-faith effort to select projects that
17.11 have merit and, when taken together, represent
17.12 a variety of bioenergy technologies, biomass
17.13 feedstocks, and geographic regions of the
17.14 state. Projects must have a qualified engineer
17.15 provide certification on the technology and
17.16 fuel source. Grantees must provide reports at
17.17 the request of the commissioner.

17.18 Of the amount appropriated for the agricultural
17.19 growth, research, and innovation program in
17.20 this subdivision, \$1,000,000 the first year and
17.21 \$1,000,000 the second year are for distribution
17.22 in equal amounts to each of the state's county
17.23 fairs to preserve and promote Minnesota
17.24 agriculture.

17.25 Of the amount appropriated for the agricultural
17.26 growth, research, and innovation program in
17.27 this subdivision, \$500,000 in fiscal year 2016
17.28 and \$806,000 in fiscal year 2017 are for
17.29 incentive payments under Minnesota Statutes,
17.30 sections 41A.16, 41A.17, and 41A.18. If the
17.31 appropriation exceeds the total amount for
17.32 which all producers are eligible in a fiscal
17.33 year, the balance of the appropriation is
17.34 available to the commissioner for the
17.35 agricultural growth, research, and innovation

18.1 program. Notwithstanding Minnesota Statutes,
18.2 section 16A.28, the first year appropriation is
18.3 available until June 30, 2017, and the second
18.4 year appropriation is available until June 30,
18.5 2018. The commissioner may use up to 4.5
18.6 percent of the appropriation for administration
18.7 of the incentive payment programs.

18.8 Of the amount appropriated for the agricultural
18.9 growth, research, and innovation program in
18.10 this subdivision, \$250,000 the first year is for
18.11 grants to communities to develop or expand
18.12 food hubs and other alternative
18.13 community-based food distribution systems.

18.14 Of this amount, \$50,000 is for the
18.15 commissioner to consult with existing food
18.16 hubs, alternative community-based food
18.17 distribution systems, and University of
18.18 Minnesota Extension to identify best practices
18.19 for use by other Minnesota communities. No
18.20 later than December 15, 2015, the
18.21 commissioner must report to the legislative
18.22 committees with jurisdiction over agriculture
18.23 and health regarding the status of emerging
18.24 alternative community-based food distribution
18.25 systems in the state along with
18.26 recommendations to eliminate any barriers to
18.27 success. Any unencumbered balance does not
18.28 cancel at the end of the first year and is
18.29 available for the second year. This is a onetime
18.30 appropriation.

18.31 \$250,000 the first year and \$250,000 the
18.32 second year are for grants that enable retail
18.33 petroleum dispensers to dispense biofuels to
18.34 the public in accordance with the biofuel
18.35 replacement goals established under

19.1 Minnesota Statutes, section 239.7911. A retail
19.2 petroleum dispenser selling petroleum for use
19.3 in spark ignition engines for vehicle model
19.4 years after 2000 is eligible for grant money
19.5 under this paragraph if the retail petroleum
19.6 dispenser has no more than 15 retail petroleum
19.7 dispensing sites and each site is located in
19.8 Minnesota. The grant money received under
19.9 this paragraph must be used for the installation
19.10 of appropriate technology that uses fuel
19.11 dispensing equipment appropriate for at least
19.12 one fuel dispensing site to dispense gasoline
19.13 that is blended with 15 percent of
19.14 agriculturally derived, denatured ethanol, by
19.15 volume, and appropriate technical assistance
19.16 related to the installation. A grant award must
19.17 not exceed 85 percent of the cost of the
19.18 technical assistance and appropriate
19.19 technology, including remetering of and
19.20 retrofits for retail petroleum dispensers and
19.21 replacement of petroleum dispenser projects.
19.22 The commissioner may use up to \$35,000 of
19.23 this appropriation for administrative expenses.
19.24 The commissioner shall cooperate with biofuel
19.25 stakeholders in the implementation of the grant
19.26 program. The commissioner must report to
19.27 the legislative committees with jurisdiction
19.28 over agriculture policy and finance by
19.29 February 1 each year, detailing the number of
19.30 grants awarded under this paragraph and the
19.31 projected effect of the grant program on
19.32 meeting the biofuel replacement goals under
19.33 Minnesota Statutes, section 239.7911. These
19.34 are onetime appropriations.
19.35 \$25,000 the first year and \$25,000 the second
19.36 year are for grants to the Southern Minnesota

20.1 Initiative Foundation to promote local foods
 20.2 through an annual event that raises public
 20.3 awareness of local foods and connects local
 20.4 food producers and processors with potential
 20.5 buyers.

20.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.7 Sec. 6. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

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

20.9	Appropriations by Fund	
20.10	2018	2019
20.11	General 17,428,000	17,428,000
20.12	Remediation 393,000	397,000

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

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

20.25 (c) \$125,000 the first year and \$125,000 the
 20.26 second year are for additional funding for the
 20.27 noxious weed and invasive plant program.
 20.28 These are onetime appropriations.

20.29 (d) \$250,000 the first year and \$250,000 the
 20.30 second year are for transfer to the pollinator
 20.31 habitat and research account in the agricultural
 20.32 fund. These are onetime transfers.

21.1 (e) \$393,000 the first year and \$397,000 the
21.2 second year are from the remediation fund for
21.3 administrative funding for the voluntary
21.4 cleanup program.

21.5 (f) \$200,000 the first year and \$200,000 the
21.6 second year are for the industrial hemp pilot
21.7 program under Minnesota Statutes, section
21.8 18K.09. These are onetime appropriations.

21.9 (g) \$175,000 the first year and \$175,000 the
21.10 second year are for compensation for
21.11 destroyed or crippled livestock under
21.12 Minnesota Statutes, section 3.737. This
21.13 appropriation may be spent to compensate for
21.14 livestock that were destroyed or crippled
21.15 during fiscal year 2017. If the amount in the
21.16 first year is insufficient, the amount in the
21.17 second year is available in the first year. The
21.18 commissioner may use up to \$5,000 of this
21.19 appropriation the second year to reimburse
21.20 expenses incurred by university extension
21.21 educators to provide fair market values of
21.22 destroyed or crippled livestock.

21.23 (h) \$155,000 the first year and \$155,000 the
21.24 second year are for compensation for crop
21.25 damage under Minnesota Statutes, section
21.26 3.7371. If the amount in the first year is
21.27 insufficient, the amount in the second year is
21.28 available in the first year. The commissioner
21.29 may use up to \$30,000 of the appropriation
21.30 each year to reimburse expenses incurred by
21.31 the commissioner or the commissioner's
21.32 approved agent to investigate and resolve
21.33 claims.

21.34 If the commissioner determines that claims
21.35 made under Minnesota Statutes, section 3.737

22.1 or 3.7371, are unusually high, amounts
22.2 appropriated for either program may be
22.3 transferred to the appropriation for the other
22.4 program.

22.5 (i) \$250,000 the first year and \$250,000 the
22.6 second year are to expand current capabilities
22.7 for rapid detection, identification, containment,
22.8 control, and management of high priority plant
22.9 pests and pathogens. These are onetime
22.10 appropriations.

22.11 (j) \$300,000 the first year and \$300,000 the
22.12 second year are for transfer to the noxious
22.13 weed and invasive plant species assistance
22.14 account in the agricultural fund to award
22.15 grants to local units of government under
22.16 Minnesota Statutes, section 18.90, with
22.17 preference given to local units of government
22.18 responding to Palmer amaranth or other weeds
22.19 on the eradicate list. These are onetime
22.20 transfers.

22.21 (k) \$120,000 the first year and \$120,000 the
22.22 second year are for wolf-livestock conflict
22.23 prevention grants under article 2, section 89.
22.24 The commissioner must submit a report to the
22.25 chairs and ranking minority members of the
22.26 legislative committees with jurisdiction over
22.27 agriculture policy and finance by January 15,
22.28 2020, on the outcomes of the wolf-livestock
22.29 conflict prevention grants and whether
22.30 livestock compensation claims were reduced
22.31 in the areas that grants were awarded. These
22.32 are onetime appropriations.

22.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.1 Sec. 7. Laws 2017, chapter 88, article 1, section 2, subdivision 4, is amended to read:

23.2	Subd. 4. Agriculture, Bioenergy, and Bioproduct		
23.3	Advancement	22,581,000	22,636,000

23.4 (a) \$9,300,000 the first year and \$9,300,000
 23.5 the second year are for transfer to the
 23.6 agriculture research, education, extension, and
 23.7 technology transfer account under Minnesota
 23.8 Statutes, section 41A.14, subdivision 3. Of
 23.9 these amounts: at least \$600,000 the first year
 23.10 and \$600,000 the second year are for the
 23.11 Minnesota Agricultural Experiment Station's
 23.12 agriculture rapid response fund under
 23.13 Minnesota Statutes, section 41A.14,
 23.14 subdivision 1, clause (2); \$2,000,000 the first
 23.15 year and \$2,000,000 the second year are for
 23.16 grants to the Minnesota Agriculture Education
 23.17 Leadership Council to enhance agricultural
 23.18 education with priority given to Farm Business
 23.19 Management challenge grants; \$350,000 the
 23.20 first year and \$350,000 the second year are
 23.21 for potato breeding; and \$450,000 the first
 23.22 year and \$450,000 the second year are for the
 23.23 cultivated wild rice breeding project at the
 23.24 North Central Research and Outreach Center
 23.25 to include a tenure track/research associate
 23.26 plant breeder. The commissioner shall transfer
 23.27 the remaining funds in this appropriation each
 23.28 year to the Board of Regents of the University
 23.29 of Minnesota for purposes of Minnesota
 23.30 Statutes, section 41A.14. Of the amount
 23.31 transferred to the Board of Regents, up to
 23.32 \$1,000,000 each year is for research on avian
 23.33 influenza, including prevention measures that
 23.34 can be taken.

24.1 To the extent practicable, funds expended
24.2 under Minnesota Statutes, section 41A.14,
24.3 subdivision 1, clauses (1) and (2), must
24.4 supplement and not supplant existing sources
24.5 and levels of funding. The commissioner may
24.6 use up to one percent of this appropriation for
24.7 costs incurred to administer the program.

24.8 (b) \$13,256,000 the first year and \$13,311,000
24.9 the second year are for the agricultural growth,
24.10 research, and innovation program in
24.11 Minnesota Statutes, section 41A.12. Except
24.12 as provided below, the commissioner may
24.13 allocate the appropriation each year among
24.14 the following areas: facilitating the start-up,
24.15 modernization, or expansion of livestock
24.16 operations including beginning and
24.17 transitioning livestock operations; developing
24.18 new markets for Minnesota farmers by
24.19 providing more fruits, vegetables, meat, grain,
24.20 and dairy for Minnesota school children;
24.21 assisting value-added agricultural businesses
24.22 to begin or expand, access new markets, or
24.23 diversify; providing funding not to exceed
24.24 \$250,000 each year for urban youth
24.25 agricultural education or urban agriculture
24.26 community development; providing funding
24.27 not to exceed \$250,000 each year for the good
24.28 food access program under Minnesota
24.29 Statutes, section 17.1017; facilitating the
24.30 start-up, modernization, or expansion of other
24.31 beginning and transitioning farms including
24.32 by providing loans under Minnesota Statutes,
24.33 section 41B.056; sustainable agriculture
24.34 on-farm research and demonstration;
24.35 development or expansion of food hubs and
24.36 other alternative community-based food

25.1 distribution systems; enhancing renewable
25.2 energy infrastructure and use; crop research;
25.3 Farm Business Management tuition assistance;
25.4 good agricultural practices/good handling
25.5 practices certification assistance; establishing
25.6 and supporting farmer-led water management
25.7 councils; and implementing farmer-led water
25.8 quality improvement practices. The
25.9 commissioner may use up to 6.5 percent of
25.10 this appropriation for costs incurred to
25.11 administer the program.

25.12 Of the amount appropriated for the agricultural
25.13 growth, research, and innovation program in
25.14 Minnesota Statutes, section 41A.12:

25.15 (1) \$1,000,000 the first year and \$1,000,000
25.16 the second year are for distribution in equal
25.17 amounts to each of the state's county fairs to
25.18 preserve and promote Minnesota agriculture;
25.19 and

25.20 (2) \$1,500,000 the first year and \$1,500,000
25.21 the second year are for incentive payments
25.22 under Minnesota Statutes, sections 41A.16,
25.23 41A.17, and 41A.18. Notwithstanding
25.24 Minnesota Statutes, section 16A.28, the first
25.25 year appropriation is available until June 30,
25.26 2019, and the second year appropriation is
25.27 available until June 30, 2020. If this
25.28 appropriation exceeds the total amount for
25.29 which all producers are eligible in a fiscal
25.30 year, the balance of the appropriation is
25.31 available for the agricultural growth, research,
25.32 and innovation program.

25.33 The commissioner may use funds appropriated
25.34 under this subdivision to award up to two
25.35 value-added agriculture grants per year of up

26.1 to \$1,000,000 per grant for new or expanding
26.2 agricultural production or processing facilities
26.3 that provide significant economic impact to
26.4 the region. The commissioner may use funds
26.5 appropriated under this subdivision for
26.6 additional value-added agriculture grants for
26.7 awards between \$1,000 and \$200,000 per
26.8 grant.

26.9 Appropriations in clauses (1) and (2) are
26.10 onetime. Any unencumbered balance does not
26.11 cancel at the end of the first year and is
26.12 available for the second year. Notwithstanding
26.13 Minnesota Statutes, section 16A.28,
26.14 appropriations encumbered under contract on
26.15 or before June 30, 2019, for agricultural
26.16 growth, research, and innovation grants are
26.17 available until June 30, ~~2021~~ 2022.

26.18 The base budget for the agricultural growth,
26.19 research, and innovation program is
26.20 \$14,275,000 for fiscal years 2020 and 2021
26.21 and includes funding for incentive payments
26.22 under Minnesota Statutes, sections 41A.16,
26.23 41A.17, 41A.18, and 41A.20.

26.24 The commissioner must develop additional
26.25 innovative production incentive programs to
26.26 be funded by the agricultural growth, research,
26.27 and innovation program.

26.28 The commissioner must consult with the
26.29 commissioner of transportation, the
26.30 commissioner of administration, and local
26.31 units of government to identify parcels of
26.32 publicly owned land that are suitable for urban
26.33 agriculture.

27.1 (c) \$25,000 the first year and \$25,000 the
27.2 second year are for grants to the Southern
27.3 Minnesota Initiative Foundation to promote
27.4 local foods through an annual event that raises
27.5 public awareness of local foods and connects
27.6 local food producers and processors with
27.7 potential buyers.

27.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.9 **ARTICLE 2**
27.10 **AGRICULTURE STATUTORY CHANGES**

27.11 Section 1. Minnesota Statutes 2018, section 17.041, subdivision 1, is amended to read:

27.12 Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is
27.13 established in the agricultural fund. Money in the account, including interest, is appropriated
27.14 to the commissioner for emergency response and preparedness activities for agricultural
27.15 emergencies affecting producers of livestock, poultry, crops, or other agricultural products.
27.16 Eligible uses include, ~~but are not limited to,~~ agency costs directly attributed to responding
27.17 to agricultural emergencies and purchasing necessary equipment and reimbursing costs
27.18 incurred by local units of government that are not eligible for reimbursement from other
27.19 sources.

27.20 Sec. 2. Minnesota Statutes 2018, section 17.118, subdivision 2, is amended to read:

27.21 Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this
27.22 subdivision have the meanings given them.

27.23 (b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed
27.24 Cervidae, Ratitae, bison, sheep, horses, and llamas.

27.25 (c) "Qualifying expenditures" means the amount spent for:

27.26 (1) the acquisition, construction, or improvement of buildings or facilities for the
27.27 production of livestock or livestock products;

27.28 (2) the development of pasture for use by livestock including, but not limited to, the
27.29 acquisition, development, or improvement of:

27.30 (i) lanes used by livestock that connect pastures to a central location;

- 28.1 (ii) watering systems for livestock on pasture including water lines, booster pumps, and
28.2 well installations;
- 28.3 (iii) livestock stream crossing stabilization; and
- 28.4 (iv) fences; or
- 28.5 (3) the acquisition of equipment for livestock housing, confinement, feeding, and waste
28.6 management including, but not limited to, the following:
- 28.7 (i) freestall barns;
- 28.8 (ii) watering facilities;
- 28.9 (iii) feed storage and handling equipment;
- 28.10 (iv) milking parlors;
- 28.11 (v) robotic equipment;
- 28.12 (vi) scales;
- 28.13 (vii) milk storage and cooling facilities;
- 28.14 (viii) bulk tanks;
- 28.15 (ix) computer hardware and software and associated equipment used to monitor the
28.16 productivity and feeding of livestock;
- 28.17 (x) manure pumping and storage facilities;
- 28.18 (xi) swine farrowing facilities;
- 28.19 (xii) swine and cattle finishing barns;
- 28.20 (xiii) calving facilities;
- 28.21 (xiv) digesters;
- 28.22 (xv) equipment used to produce energy;
- 28.23 (xvi) on-farm processing facilities equipment;
- 28.24 (xvii) fences, including but not limited to farmed Cervidae perimeter fences required
28.25 under section 35.155, subdivision 4; and
- 28.26 (xviii) livestock pens and corrals and sorting, restraining, and loading chutes.
- 28.27 Except for qualifying pasture development expenditures under clause (2), qualifying
28.28 expenditures only include amounts that are allowed to be capitalized and deducted under

29.1 either section 167 or 179 of the Internal Revenue Code in computing federal taxable income.
29.2 Qualifying expenditures do not include an amount paid to refinance existing debt.

29.3 Sec. 3. Minnesota Statutes 2018, section 18B.07, subdivision 2, is amended to read:

29.4 Subd. 2. **Prohibited pesticide use.** (a) A person may not use, store, handle, distribute,
29.5 or dispose of a pesticide, rinsate, pesticide container, or pesticide application equipment in
29.6 a manner:

29.7 (1) that is inconsistent with a label or labeling as defined by FIFRA;

29.8 (2) that endangers humans, damages agricultural products, food, livestock, fish, or
29.9 wildlife; or

29.10 (3) that will cause unreasonable adverse effects on the environment.

29.11 (b) A person may not direct a pesticide onto property beyond the boundaries of the target
29.12 site. A person may not apply a pesticide resulting in damage to adjacent property. A person
29.13 who applies a pesticide resulting in damage to adjacent property that is part of the state
29.14 outdoor recreation system is subject to enhanced monetary penalties as provided in section
29.15 18D.40.

29.16 (c) A person may not directly apply a pesticide on a human by overspray or target site
29.17 spray, except when:

29.18 (1) the pesticide is intended for use on a human;

29.19 (2) the pesticide application is for mosquito control operations;

29.20 (3) the pesticide application is for control of gypsy moth, forest tent caterpillar, or other
29.21 pest species, as determined by the commissioner, and the pesticide used is a biological
29.22 agent; or

29.23 (4) the pesticide application is for a public health risk, as determined by the commissioner
29.24 of health, and the commissioner of health, in consultation with the commissioner of
29.25 agriculture, determines that the application is warranted based on the commissioner's
29.26 balancing of the public health risk with the risk that the pesticide application poses to the
29.27 health of the general population, with special attention to the health of children.

29.28 (d) For pesticide applications under paragraph (c), clause (2), the following conditions
29.29 apply:

29.30 (1) no practicable and effective alternative method of control exists;

29.31 (2) the pesticide is among the least toxic available for control of the target pest; and

30.1 (3) notification to residents in the area to be treated is provided at least 24 hours before
30.2 application through direct notification, posting daily on the treating organization's website,
30.3 if any, and by sending a broadcast e-mail to those persons who request notification of such,
30.4 of those areas to be treated by adult mosquito control techniques during the next calendar
30.5 day. For control operations related to human disease, notice under this paragraph may be
30.6 given less than 24 hours in advance.

30.7 (e) For pesticide applications under paragraph (c), clauses (3) and (4), the following
30.8 conditions apply:

30.9 (1) no practicable and effective alternative method of control exists;

30.10 (2) the pesticide is among the least toxic available for control of the target pest; and

30.11 (3) notification of residents in the area to be treated is provided by direct notification
30.12 and through publication in a newspaper of general circulation within the affected area.

30.13 (f) For purposes of this subdivision, "direct notification" may include mailings, public
30.14 meetings, posted placards, neighborhood newsletters, or other means of contact designed
30.15 to reach as many residents as possible. Public meetings held to meet this requirement for
30.16 adult mosquito control, under paragraph (d), must be held within each city or town where
30.17 the pesticide treatments are to be made, at a time and location that is convenient for residents
30.18 of the area where the treatments will occur.

30.19 (g) A person may not apply a pesticide in a manner so as to expose a worker in an
30.20 immediately adjacent, open field.

30.21 (h) Notwithstanding that the application is done in a manner consistent with the label
30.22 or labeling, it is a violation of this chapter to directly apply a pesticide to a site where an
30.23 application has not been: (1) requested, ordered, contracted for, or permitted; or (2) performed
30.24 pursuant to paragraph (c), clause (2), (3), or (4).

30.25 Sec. 4. Minnesota Statutes 2018, section 18C.425, subdivision 6, is amended to read:

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

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

31.1 (c) The person responsible for payment of the inspection fees for fertilizers, soil
31.2 amendments, or plant amendments sold and used in this state must pay an inspection fee of
31.3 39 cents per ton, and until June 30, ~~2019~~ 2024, an additional 40 cents per ton, of fertilizer,
31.4 soil amendment, and plant amendment sold or distributed in this state, with a minimum of
31.5 \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit
31.6 all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and
31.7 education account in section 18C.80. Products sold or distributed to manufacturers or
31.8 exchanged between them are exempt from the inspection fee imposed by this subdivision
31.9 if the products are used exclusively for manufacturing purposes.

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

31.13 Sec. 5. Minnesota Statutes 2018, section 18C.70, subdivision 5, is amended to read:

31.14 Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2025.

31.15 Sec. 6. Minnesota Statutes 2018, section 18C.71, subdivision 1, is amended to read:

31.16 Subdivision 1. **Eligible projects.** Eligible project activities include research, education,
31.17 and technology transfer related to the production and application of fertilizer, soil
31.18 amendments, and other plant amendments. Chosen projects must contain a component of
31.19 outreach that achieves a timely dissemination of findings and their applicability to the
31.20 production agricultural community or metropolitan fertilizer users.

31.21 Sec. 7. Minnesota Statutes 2018, section 18C.71, subdivision 4, is amended to read:

31.22 Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2025.

31.23 Sec. 8. Minnesota Statutes 2018, section 18C.80, subdivision 2, is amended to read:

31.24 Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2025.

31.25 Sec. 9. **[18D.40] ENHANCED PENALTIES; OUTDOOR RECREATION LANDS.**

31.26 Notwithstanding limitations placed on administrative or civil penalty amounts under
31.27 sections 18D.315 and 18D.325, a person who applies a pesticide resulting in damage to
31.28 adjacent property that is part of the state outdoor recreation system may be subject to a
31.29 monetary penalty equal to twice the amount that the commissioner would otherwise assess
31.30 for a comparable violation.

32.1 Sec. 10. Minnesota Statutes 2018, section 18K.02, subdivision 3, is amended to read:

32.2 Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant *Cannabis sativa* L. and
32.3 any part of the plant, whether growing or not, including the plant's seeds, and all the plant's
32.4 derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether
32.5 growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3
32.6 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01,
32.7 subdivision 9.

32.8 Sec. 11. Minnesota Statutes 2018, section 18K.03, is amended to read:

32.9 **18K.03 AGRICULTURAL CROP; POSSESSION AUTHORIZED.**

32.10 Industrial hemp is an agricultural crop in this state. A person may possess, transport,
32.11 process, sell, or buy industrial hemp that is grown pursuant to this chapter or lawfully grown
32.12 in another state.

32.13 Sec. 12. Minnesota Statutes 2018, section 28A.16, is amended to read:

32.14 **28A.16 PERSONS SELLING LIQUOR.**

32.15 (a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01
32.16 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent
32.17 malt liquor "on-sale" as provided in section 340A.403, or to persons licensed to sell
32.18 intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407,
32.19 provided that these persons sell only ice manufactured and packaged by another, or bottled
32.20 or canned soft drinks and prepacked candy at retail.

32.21 (b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner
32.22 must exclude all gross sales of off-sale alcoholic beverages when determining the applicable
32.23 license fee under section 28A.08, subdivision 3. For purposes of this paragraph, "exclusive
32.24 liquor store" and "alcoholic beverage" have the meanings given in section 340A.101.

32.25 Sec. 13. Minnesota Statutes 2018, section 41B.02, subdivision 10a, as amended by Laws
32.26 2019, chapter 38, section 21, is amended to read:

32.27 Subd. 10a. **Livestock expansion and modernization.** "Livestock expansion and
32.28 modernization" means the purchase of a livestock farm or improvements to a livestock
32.29 operation, including the purchase and construction or installation of improvements to land,
32.30 buildings, and other permanent structures, including equipment incorporated in or

33.1 permanently affixed to the land, buildings, or structures, which are useful for and intended
33.2 to be used for the purpose of raising livestock.

33.3 Sec. 14. Minnesota Statutes 2018, section 41B.045, is amended to read:

33.4 **41B.045 LIVESTOCK EXPANSION AND MODERNIZATION LOAN PROGRAM.**

33.5 Subdivision 1. **Establishment.** The authority may establish, adopt rules for, and
33.6 implement a loan program to finance livestock expansions and modernizations in the state.

33.7 Subd. 2. **Loan participation.** The authority may participate in a livestock expansion
33.8 and modernization loan with an eligible lender to a livestock farmer who meets the
33.9 requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively
33.10 engaged in a livestock operation. A prospective borrower must have a total net worth,
33.11 including assets and liabilities of the borrower's spouse and dependents, of less than
33.12 \$1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by
33.13 multiplying that amount by the cumulative inflation rate as determined by the United States
33.14 All-Items Consumer Price Index.

33.15 Participation is limited to 45 percent of the principal amount of the loan or \$525,000,
33.16 whichever is less. The interest rates and repayment terms of the authority's participation
33.17 interest may be different from the interest rates and repayment terms of the lender's retained
33.18 portion of the loan.

33.19 Subd. 3. **Specifications.** Each loan participation must be secured by a mortgage on real
33.20 property and such other security as the authority may require.

33.21 Subd. 4. **Application and origination fee.** The authority may impose a reasonable
33.22 nonrefundable application fee for each application for a loan participation and an origination
33.23 fee for each loan issued under the livestock expansion and modernization loan program.
33.24 The origination fee initially shall be set at 1.5 percent and the application fee at \$50. The
33.25 authority may review the fees annually and make adjustments as necessary. The fees must
33.26 be deposited in the state treasury and credited to the Rural Finance Authority administrative
33.27 account established in section 41B.03.

33.28 Subd. 5. **Interest rate.** The interest rate per annum on the livestock expansion and
33.29 modernization loan participation must be at the rate of interest determined by the authority
33.30 to be necessary to provide for the timely payment of principal and interest when due on
33.31 bonds or other obligations of the authority issued under this chapter, to provide financing
33.32 for loan participations made under the livestock expansion and modernization loan program,
33.33 and to provide for reasonable and necessary costs of issuing, carrying, administering, and

34.1 securing the bonds or notes and to pay the costs incurred and to be incurred by the authority
34.2 in the implementation of the livestock expansion and modernization loan program.

34.3 Sec. 15. Minnesota Statutes 2018, section 41B.055, subdivision 4, is amended to read:

34.4 Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of
34.5 equipment for animal housing, confinement, animal feeding, milk production, and waste
34.6 management, including the following, if related to animal husbandry:

34.7 (1) fences;

34.8 (2) watering facilities;

34.9 (3) feed storage and handling equipment;

34.10 (4) milking parlors;

34.11 (5) milking equipment, including robotic equipment;

34.12 (6) scales;

34.13 (7) milk storage and cooling facilities;

34.14 (8) manure pumping and storage facilities;

34.15 (9) capital investment in pasture;

34.16 (10) hoop barns;

34.17 (11) portable structures;

34.18 (12) hay and forage equipment; and

34.19 (13) related structural work for the installation of equipment.

34.20 Sec. 16. Minnesota Statutes 2018, section 116.06, is amended by adding a subdivision to
34.21 read:

34.22 Subd. 16a. **Pastures.** "Pastures" means areas, including winter feeding areas as part of
34.23 a grazing area, where grass or other growing plants are used for grazing of livestock and
34.24 where the concentration of animals allows a vegetative cover to be maintained during the
34.25 growing season. "Pastures" also includes agricultural land that is used for growing crops
34.26 during the growing season and is used for grazing of livestock on vegetation or crop residues
34.27 during the winter. In either case, a cover of vegetation or crop residues is not required:

34.28 (1) in the immediate vicinity of supplemental feeding or watering devices;

35.1 (2) in associated corrals and chutes where livestock are gathered for the purpose of
35.2 sorting, veterinary services, loading and unloading trucks and trailers, and other necessary
35.3 activities related to good animal husbandry practices;

35.4 (3) in associated livestock access lanes used to convey livestock to and from areas of
35.5 the pasture; and

35.6 (4) in sacrificial areas: (i) that are part of a larger pasture system; (ii) are used to
35.7 temporarily accommodate livestock due to an extraordinary situation for as short a time
35.8 period as possible not to exceed 90 days during the growing season; (iii) are used to protect
35.9 other pasture areas when adverse soil or weather conditions pose a risk of damaging the
35.10 pastures; and (iv) on which the vegetation is naturally restored or replanted after the adverse
35.11 soil or weather conditions are removed and the livestock are moved to other areas of the
35.12 pasture.

35.13 Sec. 17. Minnesota Statutes 2018, section 116.07, subdivision 7, is amended to read:

35.14 Subd. 7. **Counties; processing applications for animal lot permits.** Any Minnesota
35.15 county board may, by resolution, with approval of the Pollution Control Agency, assume
35.16 responsibility for processing applications for permits required by the Pollution Control
35.17 Agency under this section for livestock feedlots, poultry lots or other animal lots. The
35.18 responsibility for permit application processing, if assumed by a county, may be delegated
35.19 by the county board to any appropriate county officer or employee.

35.20 (a) For the purposes of this subdivision, the term "processing" includes:

35.21 (1) the distribution to applicants of forms provided by the Pollution Control Agency;

35.22 (2) the receipt and examination of completed application forms, and the certification,
35.23 in writing, to the Pollution Control Agency either that the animal lot facility for which a
35.24 permit is sought by an applicant will comply with applicable rules and standards, or, if the
35.25 facility will not comply, the respects in which a variance would be required for the issuance
35.26 of a permit; and

35.27 (3) rendering to applicants, upon request, assistance necessary for the proper completion
35.28 of an application.

35.29 (b) For the purposes of this subdivision, the term "processing" may include, at the option
35.30 of the county board, issuing, denying, modifying, imposing conditions upon, or revoking
35.31 permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject
35.32 to review, suspension, and reversal by the Pollution Control Agency. The Pollution Control
35.33 Agency shall, after written notification, have 15 days to review, suspend, modify, or reverse

36.1 the issuance of the permit. After this period, the action of the county board is final, subject
36.2 to appeal as provided in chapter 14. For permit applications filed after October 1, 2001,
36.3 section 15.99 applies to feedlot permits issued by the agency or a county pursuant to this
36.4 subdivision.

36.5 (c) For the purpose of administration of rules adopted under this subdivision, the
36.6 commissioner and the agency may provide exceptions for cases where the owner of a feedlot
36.7 has specific written plans to close the feedlot within five years. These exceptions include
36.8 waiving requirements for major capital improvements.

36.9 (d) For purposes of this subdivision, a discharge caused by an extraordinary natural
36.10 event such as a precipitation event of greater magnitude than the 25-year, 24-hour event,
36.11 tornado, or flood in excess of the 100-year flood is not a "direct discharge of pollutants."

36.12 (e) In adopting and enforcing rules under this subdivision, the commissioner shall
36.13 cooperate closely with other governmental agencies.

36.14 (f) The Pollution Control Agency shall work with the Minnesota Extension Service, the
36.15 Department of Agriculture, the Board of Water and Soil Resources, producer groups, local
36.16 units of government, as well as with appropriate federal agencies such as the Natural
36.17 Resources Conservation Service and the Farm Service Agency, to notify and educate
36.18 producers of rules under this subdivision at the time the rules are being developed and
36.19 adopted and at least every two years thereafter.

36.20 (g) The Pollution Control Agency shall adopt rules governing the issuance and denial
36.21 of permits for livestock feedlots, poultry lots or other animal lots pursuant to this section.
36.22 Pastures are exempt from the rules authorized under this paragraph. No feedlot permit shall
36.23 include any terms or conditions that impose any requirements related to any pastures owned
36.24 or utilized by the feedlot operator other than restrictions under a manure management plan.
36.25 A feedlot permit is not required for livestock feedlots with more than ten but less than 50
36.26 animal units; provided they are not in shoreland areas. A livestock feedlot permit does not
36.27 become required solely because of a change in the ownership of the buildings, grounds, or
36.28 feedlot. These rules apply both to permits issued by counties and to permits issued by the
36.29 Pollution Control Agency directly.

36.30 (h) The Pollution Control Agency shall exercise supervising authority with respect to
36.31 the processing of animal lot permit applications by a county.

36.32 (i) Any new rules or amendments to existing rules proposed under the authority granted
36.33 in this subdivision, or to implement new fees on animal feedlots, must be submitted to the
36.34 members of legislative policy and finance committees with jurisdiction over agriculture and

37.1 the environment prior to final adoption. The rules must not become effective until 90 days
37.2 after the proposed rules are submitted to the members.

37.3 (j) Until new rules are adopted that provide for plans for manure storage structures, any
37.4 plans for a liquid manure storage structure must be prepared or approved by a registered
37.5 professional engineer or a United States Department of Agriculture, Natural Resources
37.6 Conservation Service employee.

37.7 (k) A county may adopt by ordinance standards for animal feedlots that are more stringent
37.8 than standards in Pollution Control Agency rules.

37.9 (l) After January 1, 2001, a county that has not accepted delegation of the feedlot permit
37.10 program must hold a public meeting prior to the agency issuing a feedlot permit for a feedlot
37.11 facility with 300 or more animal units, unless another public meeting has been held with
37.12 regard to the feedlot facility to be permitted.

37.13 (m) After the proposed rules published in the State Register, volume 24, number 25, are
37.14 finally adopted, the agency may not impose additional conditions as a part of a feedlot
37.15 permit, unless specifically required by law or agreed to by the feedlot operator.

37.16 (n) For the purposes of feedlot permitting, a discharge from land-applied manure or a
37.17 manure stockpile that is managed according to agency rule must not be subject to a fine for
37.18 a discharge violation.

37.19 (o) For the purposes of feedlot permitting, manure that is land applied, or a manure
37.20 stockpile that is managed according to agency rule, must not be considered a discharge into
37.21 waters of the state, unless the discharge is to waters of the state, as defined by section
37.22 103G.005, subdivision 17, except type 1 or type 2 wetlands, as defined in section 103G.005,
37.23 subdivision 17b, and does not meet discharge standards established for feedlots under agency
37.24 rule.

37.25 (p) Unless the upgrade is needed to correct an immediate public health threat under
37.26 section 145A.04, subdivision 8, or the facility is determined to be a concentrated animal
37.27 feeding operation under Code of Federal Regulations, title 40, section 122.23, in effect on
37.28 April 15, 2003, the agency may not require a feedlot operator:

37.29 (1) to spend more than \$3,000 to upgrade an existing feedlot with less than 300 animal
37.30 units unless cost-share money is available to the feedlot operator for 75 percent of the cost
37.31 of the upgrade; or

38.1 (2) to spend more than \$10,000 to upgrade an existing feedlot with between 300 and
38.2 500 animal units, unless cost-share money is available to the feedlot operator for 75 percent
38.3 of the cost of the upgrade or \$50,000, whichever is less.

38.4 ~~(q) For the purposes of this section, "pastures" means areas, including winter feeding~~
38.5 ~~areas as part of a grazing area, where grass or other growing plants are used for grazing and~~
38.6 ~~where the concentration of animals allows a vegetative cover to be maintained during the~~
38.7 ~~growing season except that vegetative cover is not required:~~

38.8 ~~(1) in the immediate vicinity of supplemental feeding or watering devices;~~

38.9 ~~(2) in associated corrals and chutes where livestock are gathered for the purpose of~~
38.10 ~~sorting, veterinary services, loading and unloading trucks and trailers, and other necessary~~
38.11 ~~activities related to good animal husbandry practices; and~~

38.12 ~~(3) in associated livestock access lanes used to convey livestock to and from areas of~~
38.13 ~~the pasture.~~

38.14 ~~(+)~~ (q) A feedlot operator who stores and applies up to 100,000 gallons per calendar year
38.15 of private truck wash wastewater resulting from trucks that transport animals or supplies to
38.16 and from the feedlot does not require a permit to land-apply industrial by-products if the
38.17 feedlot operator stores and applies the wastewater in accordance with Pollution Control
38.18 Agency requirements for land applications of industrial by-product that do not require a
38.19 permit.

38.20 ~~(s)~~ (r) A feedlot operator who holds a permit from the Pollution Control Agency to
38.21 land-apply industrial by-products from a private truck wash is not required to have a certified
38.22 land applicator apply the private truck wash wastewater if the wastewater is applied by the
38.23 feedlot operator to cropland owned or leased by the feedlot operator or by a commercial
38.24 animal waste technician licensed by the commissioner of agriculture under chapter 18C.
38.25 For purposes of this paragraph and paragraph ~~(+)~~ (q), "private truck wash" means a truck
38.26 washing facility owned or leased, operated, and used only by a feedlot operator to wash
38.27 trucks owned or leased by the feedlot operator and used to transport animals or supplies to
38.28 and from the feedlot.

38.29 Sec. 18. Minnesota Statutes 2018, section 116.07, subdivision 7d, is amended to read:

38.30 Subd. 7d. **Exemption.** ~~(a)~~ Notwithstanding subdivision 7 or Minnesota Rules, chapter
38.31 7020, to the contrary, and notwithstanding the proximity to public or private waters, an
38.32 owner or resident of agricultural land on which livestock have been allowed to pasture at
38.33 any time during the ten-year period beginning January 1, 2010, is permanently exempt from

39.1 requirements related to feedlot or manure management on that land for so long as the property
39.2 remains in pasture.

39.3 ~~(b) For the purposes of this subdivision, "pasture" means areas where livestock graze~~
39.4 ~~on grass or other growing plants. Pasture also means agricultural land where livestock are~~
39.5 ~~allowed to forage during the winter time and which land is used for cropping purposes in~~
39.6 ~~the growing season. In either case, the concentration of animals must be such that a vegetative~~
39.7 ~~cover, whether of grass, growing plants, or crops, is maintained during the growing season~~
39.8 ~~except in the immediate vicinity of temporary supplemental feeding or watering devices.~~

39.9 **Sec. 19. INDUSTRIAL HEMP; RULEMAKING.**

39.10 After consulting with stakeholders, the commissioner of agriculture may use the expedited
39.11 rulemaking process in Minnesota Statutes, section 14.389, to adopt the rules required under
39.12 Minnesota Statutes, section 18K.06, to conform to the Agriculture Improvement Act of
39.13 2018, Public Law 115-334, and federal rules authorized under that act. The commissioner
39.14 of agriculture's authority to adopt rules under this section expires June 30, 2020.

39.15 **Sec. 20. INDUSTRIAL HEMP; REPORT.**

39.16 (a) The commissioner of agriculture must submit a plan to the secretary of the United
39.17 States Department of Agriculture and request primary regulatory authority over the
39.18 production of industrial hemp in this state, as provided under section 10113 of the Agriculture
39.19 Improvement Act of 2018.

39.20 (b) The commissioner of agriculture, in consultation with the commissioners of public
39.21 safety and health, must develop a framework for regulating the possession and use of
39.22 tetrahydrocannabinol resulting from industrial hemp processing, including but not limited
39.23 to the extraction of cannabidiol or other components. No later than February 15, 2020, the
39.24 commissioner of agriculture must submit the proposed framework to the chairs and ranking
39.25 minority members of the legislative committees and divisions with jurisdiction over
39.26 agriculture, public safety, and health.

39.27 **Sec. 21. EMERGING FARMERS; REPORT.**

39.28 No later than February 1, 2020, the commissioner of agriculture must report
39.29 recommendations to the legislative committees and divisions with jurisdiction over agriculture
39.30 finance regarding how best to cultivate and support emerging farmers, with priority given
39.31 to emerging farmers who are women, veterans, persons with disabilities, American Indian
39.32 or Alaskan Native, and members of communities of color.

40.1 Sec. 22. NURSERY STOCK; REPORT.

40.2 By March 1, 2020, the commissioner of agriculture must report recommendations to the
40.3 members of the legislative committees or divisions with jurisdiction over agriculture policy
40.4 regarding the regulatory oversight of nursery stock labeled as beneficial to pollinators. The
40.5 report must include a summary of the Minnesota Department of Agriculture's technical
40.6 ability to test for insecticides on different parts of plants that comprise nursery stock,
40.7 including the minimum detectable concentration for various insecticides, and the cost per
40.8 test.

40.9 **ARTICLE 3**

40.10 **BIOINCENTIVE PROGRAM CHANGES**

40.11 Section 1. Minnesota Statutes 2018, section 41A.15, subdivision 2, is amended to read:

40.12 Subd. 2. **Advanced biofuel.** "Advanced biofuel" ~~has the meaning given in section~~
40.13 ~~239.051, subdivision 1a.~~ means a renewable fuel, other than ethanol derived from corn
40.14 starch, that has lifecycle greenhouse gas emissions that are at least 50 percent less than
40.15 baseline lifecycle greenhouse gas emissions.

40.16 Sec. 2. Minnesota Statutes 2018, section 41A.15, is amended by adding a subdivision to
40.17 read:

40.18 Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable
40.19 or recurring basis, including agricultural crops and trees, wood and wood waste and residues,
40.20 plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic
40.21 portion of solid wastes.

40.22 Sec. 3. Minnesota Statutes 2018, section 41A.15, subdivision 10, is amended to read:

40.23 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with biobased~~
40.24 ~~content,~~ polymer, monomer, plastic, or composite material that is entirely produced from
40.25 biomass.

40.26 Sec. 4. Minnesota Statutes 2018, section 41A.16, subdivision 1, is amended to read:

40.27 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
40.28 source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass
40.29 used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from
40.30 the state border, ~~raw materials~~ biomass used to produce an advanced biofuel may be sourced
40.31 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from

41.1 within a 100-mile radius of the facility or from within Minnesota. ~~Raw materials must be~~
41.2 ~~from agricultural or forestry sources or from solid waste~~. The facility must be located in
41.3 Minnesota, must begin production at a specific location by June 30, 2025, and must not
41.4 begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July
41.5 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced
41.6 biofuel production capacity, or retrofitting existing capacity, as well as new companies and
41.7 facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible.
41.8 Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced
41.9 biofuel quarterly.

41.10 (b) No payments shall be made for advanced biofuel production that occurs after June
41.11 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

41.16 (e) Renewable chemical production for which payment has been received under section
41.17 41A.17, and biomass thermal production for which payment has been received under section
41.18 41A.18, are not eligible for payment under this section.

41.19 (f) Biobutanol is eligible under this section.

41.20 Sec. 5. Minnesota Statutes 2018, section 41A.16, subdivision 2, is amended to read:

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

41.26 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
41.27 not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments
41.28 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
41.29 necessary for 17,100,000 MMbtu of biofuel production. ~~The commissioner shall award~~
41.30 ~~payments on a first-come, first-served basis within the limits of available funding~~ If the
41.31 total amount for which all producers are eligible in a quarter exceeds the amount available
41.32 for payments, the commissioner shall make the payments on a pro rata basis.

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

42.3 Sec. 6. Minnesota Statutes 2018, section 41A.16, subdivision 4, is amended to read:

42.4 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
42.5 biomass used for advanced biofuel production must be produced using Minnesota state
42.6 forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands
42.7 must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting
42.8 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
42.9 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
42.10 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
42.11 parcels of 160 acres or less, tribal lands, and federal land ~~must be harvested by a logger~~
42.12 ~~who has completed training for biomass harvesting from the Minnesota logger education~~
42.13 ~~program or the equivalent and~~ have a forest stewardship management plan, as defined in
42.14 section 290C.02, subdivision 7, or the equivalent, and be harvested by a logger who has
42.15 completed training for biomass harvesting from the Minnesota logger education program
42.16 or the equivalent.

42.17 Sec. 7. Minnesota Statutes 2018, section 41A.17, subdivision 1, is amended to read:

42.18 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section
42.19 must source from Minnesota at least 80 percent ~~biobased content from Minnesota.~~ of the
42.20 biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or
42.21 less from the state border, ~~biobased content must~~ biomass used to produce a renewable
42.22 chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the
42.23 biomass is sourced from within a 100-mile radius of the facility or from within Minnesota.
42.24 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The
42.25 facility must be located in Minnesota, must begin production at a specific location by June
42.26 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly
42.27 before January 1, 2015. Eligible facilities include existing companies and facilities that are
42.28 adding production capacity, or retrofitting existing capacity, as well as new companies and
42.29 facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000
42.30 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes
42.31 that are fully commercial before January 1, 2000, are not eligible.

42.32 (b) No payments shall be made for renewable chemical production that occurs after June
42.33 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

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

43.5 (e) Advanced biofuel production for which payment has been received under section
43.6 41A.16, and biomass thermal production for which payment has been received under section
43.7 41A.18, are not eligible for payment under this section.

43.8 Sec. 8. Minnesota Statutes 2018, section 41A.17, subdivision 2, is amended to read:

43.9 Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments
43.10 to eligible producers of renewable chemicals located in the state. The amount of the payment
43.11 for each producer's annual production is \$0.03 per pound of sugar-derived renewable
43.12 chemical, \$0.03 per pound of cellulosic sugar, starch, oil, or animal fat, and \$0.06 per pound
43.13 of cellulosic-derived renewable chemical produced at a specific location for ten years after
43.14 the start of production.

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

43.18 (c) Total payments under this section to an eligible renewable chemical producer in a
43.19 fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
43.20 chemical production. Total payments under this section to all eligible renewable chemical
43.21 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
43.22 renewable chemical production. ~~The commissioner shall award payments on a first-come,~~
43.23 ~~first-served basis within the limits of available funding~~ If the total amount for which all
43.24 producers are eligible in a quarter exceeds the amount available for payments, the
43.25 commissioner shall make the payments on a pro rata basis.

43.26 (d) An eligible facility may blend renewable chemicals with other chemicals that are
43.27 not renewable chemicals, but only the percentage attributable to renewable chemicals in
43.28 the blended product is eligible to receive payment.

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

44.1 Sec. 9. Minnesota Statutes 2018, section 41A.17, subdivision 3, is amended to read:

44.2 Subd. 3. **Cellulosic forestry biomass requirements**. All forestry-derived cellulosic
44.3 biomass used for renewable chemical production must be produced using Minnesota ~~state~~
44.4 forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands
44.5 must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting
44.6 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
44.7 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
44.8 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
44.9 parcels of 160 acres or less, tribal lands, and federal land must ~~be harvested by a logger~~
44.10 ~~who has completed training for biomass harvesting from the Minnesota logger education~~
44.11 ~~program or the equivalent~~ and have a forest stewardship management plan, as defined in
44.12 section 290C.02, subdivision 7, or the equivalent, and be harvested by a logger who has
44.13 completed training for biomass harvesting from the Minnesota logger education program
44.14 or the equivalent.

44.15 Sec. 10. Minnesota Statutes 2018, section 41A.18, subdivision 1, is amended to read:

44.16 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
44.17 source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass
44.18 used for biomass thermal production, except that, if a facility is sited 50 miles or less from
44.19 the state border, raw materials should biomass used for biomass thermal production may
44.20 be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is
44.21 sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw~~
44.22 ~~materials~~ Biomass must be from agricultural or forestry sources. The facility must be located
44.23 in Minnesota, must have begun production at a specific location by June 30, 2025, and must
44.24 not begin before July 1, 2015. Eligible facilities include existing companies and facilities
44.25 that are adding production capacity, or retrofitting existing capacity, as well as new
44.26 companies and facilities. Eligible biomass thermal production facilities must produce at
44.27 least 250 MMbtu of biomass thermal quarterly.

44.28 (b) No payments shall be made for biomass thermal production that occurs after June
44.29 30, 2035, for those eligible biomass thermal producers under paragraph (a).

44.30 (c) An eligible producer of biomass thermal production shall not transfer the producer's
44.31 eligibility for payments under this section to a biomass thermal production facility at a
44.32 different location.

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

45.1 (e) Biofuel production for which payment has been received under section 41A.16, and
45.2 renewable chemical production for which payment has been received under section 41A.17,
45.3 are not eligible for payment under this section.

45.4 Sec. 11. Minnesota Statutes 2018, section 41A.18, subdivision 2, is amended to read:

45.5 Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall make
45.6 payments to eligible producers of biomass thermal located in the state. The amount of the
45.7 payment for each producer's annual production is \$5.00 per MMbtu of biomass thermal
45.8 production produced at a specific location for ten years after the start of production.

45.9 (b) An eligible facility producing biomass thermal using agricultural cellulosic biomass
45.10 is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural
45.11 biomass that is derived from perennial crop or cover crop biomass.

45.12 (c) Total payments under this section to an eligible thermal producer in a fiscal year
45.13 may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total
45.14 payments under this section to all eligible thermal producers in a fiscal year may not exceed
45.15 the amount necessary for 150,000 MMbtu of total thermal production. ~~The commissioner~~
45.16 ~~shall award payments on a first-come, first-served basis within the limits of available funding~~
45.17 If the total amount for which all producers are eligible in a quarter exceeds the amount
45.18 available for payments, the commissioner shall make the payments on a pro rata basis.

45.19 (d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass
45.20 thermal production facility, but only the percentage attributable to ~~cellulosic material~~ biomass
45.21 meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass
45.22 sourcing plan is eligible to receive payment.

45.23 (e) When a facility is eligible due to adding production capacity or retrofitting existing
45.24 capacity, the entire amount of biomass meeting the cellulosic forestry biomass requirements
45.25 or agricultural cellulosic biomass sourcing plan is assumed to have been used for the biomass
45.26 thermal production from the added or retrofitted production capacity.

45.27 (f) For purposes of this section, an entity that holds a controlling interest in more than
45.28 one biomass thermal production facility is considered a single eligible producer.

45.29 Sec. 12. Minnesota Statutes 2018, section 41A.18, subdivision 3, is amended to read:

45.30 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
45.31 biomass used for biomass thermal production must be produced using Minnesota state forest
45.32 biomass harvesting guidelines or the equivalent. All cellulosic biomass from ~~brushland~~

46.1 brushlands must be produced using Minnesota brushland ~~harvesting~~ biomass harvesting
46.2 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
46.3 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
46.4 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
46.5 parcels of 160 acres or less, tribal lands, and federal land must ~~be harvested by a logger~~
46.6 ~~who has completed training for biomass harvesting from the Minnesota logger education~~
46.7 ~~program or the equivalent and~~ have a forest stewardship management plan-, as defined in
46.8 section 290C.02, subdivision 7, or the equivalent and be harvested by a logger who has
46.9 completed training for biomass harvesting from the Minnesota logger education program
46.10 or the equivalent.

46.11 Sec. 13. **REPEALER.**

46.12 Minnesota Statutes 2018, section 41A.15, subdivisions 2a and 2b, are repealed.

46.13 **ARTICLE 4**

46.14 **GRAIN BUYERS AND GRAIN WAREHOUSES**

46.15 Section 1. Minnesota Statutes 2018, section 223.16, subdivision 1, is amended to read:

46.16 Subdivision 1. **Applicability.** For the purpose of sections 223.15 to ~~223.22~~ 223.23, the
46.17 terms defined in this section have the meanings given them.

46.18 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
46.19 licenses issued on or after that date.

46.20 Sec. 2. Minnesota Statutes 2018, section 223.16, subdivision 2a, is amended to read:

46.21 Subd. 2a. **Cash sale.** (a) "Cash sale" means:

46.22 ~~(a)~~ a sale that is not reduced to writing as a voluntary extension of credit contract and
46.23 for which payment is tendered to the seller not later than the close of business on the next
46.24 business day after the sale, either in cash or by check, or by mailing or wiring funds to the
46.25 seller's account ~~in the amount of at least 80 percent of the value of the grain at delivery; or~~

46.26 ~~(b) a sale of a shipment of grain which is part of a multiple shipment sale, for which a~~
46.27 ~~scale ticket clearly marked "CASH" has been received by the seller before completion of~~
46.28 ~~the entire sale, and for which payment is tendered in cash or by check not later than ten~~
46.29 ~~days after the sale of that shipment, except that when the entire sale is completed, payment~~
46.30 ~~is tendered in cash or by check not later than the close of business on the next business day,~~
46.31 ~~or within 48 hours, whichever is later.~~ For the purposes of this subdivision, "cash" means

47.1 currency or an equivalent manner of payment including but not limited to a certified check;
47.2 a cashier's check; and a postal, bank, or express money order in which the amount of payment
47.3 is verified and secured before issuance.

47.4 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
47.5 licenses issued on or after that date.

47.6 Sec. 3. Minnesota Statutes 2018, section 223.16, subdivision 4, is amended to read:

47.7 Subd. 4. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed
47.8 form for which a standard has been established by the United States Secretary of Agriculture
47.9 ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or other agricultural crops
47.10 designated by the commissioner by rule.

47.11 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
47.12 licenses issued on or after that date.

47.13 Sec. 4. Minnesota Statutes 2018, section 223.17, subdivision 3, is amended to read:

47.14 Subd. 3. **Grain buyers and storage account; fees.** (a) The commissioner shall set the
47.15 fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses
47.16 of administering and enforcing sections 223.15 to 223.22.

47.17 The fee for any license issued or renewed after June 30, 2005, shall be set according to
47.18 the following schedule:

47.19 ~~(a)~~ (1) \$140 plus \$110 for each additional location for grain buyers whose gross annual
47.20 purchases are less than \$100,000;

47.21 ~~(b)~~ (2) \$275 plus \$110 for each additional location for grain buyers whose gross annual
47.22 purchases are at least \$100,000, but not more than \$750,000;

47.23 ~~(c)~~ (3) \$415 plus \$220 for each additional location for grain buyers whose gross annual
47.24 purchases are more than \$750,000 but not more than \$1,500,000;

47.25 ~~(d)~~ (4) \$550 plus \$220 for each additional location for grain buyers whose gross annual
47.26 purchases are more than \$1,500,000 but not more than \$3,000,000; and

47.27 ~~(e)~~ (5) \$700 plus \$220 for each additional location for grain buyers whose gross annual
47.28 purchases are more than \$3,000,000.

47.29 (b) In addition to the license fee required under paragraph (a), a grain buyer must pay
47.30 to the commissioner an annual examination fee for each licensed location, as follows:

48.1	<u>Bushel Capacity</u>	<u>Examination</u>
48.2		<u>Fee</u>
48.3	<u>Examinations without a grain measure</u>	\$ 100
48.4	<u>Less than 150,001</u>	\$ 300
48.5	<u>150,001 to 250,000</u>	\$ 425
48.6	<u>250,001 to 500,000</u>	\$ 545
48.7	<u>500,001 to 750,000</u>	\$ 700
48.8	<u>750,001 to 1,000,000</u>	\$ 865
48.9	<u>1,000,001 to 1,200,000</u>	\$ 1,040
48.10	<u>1,200,001 to 1,500,000</u>	\$ 1,205
48.11	<u>1,500,001 to 2,000,000</u>	\$ 1,380
48.12	<u>More than 2,000,000</u>	\$ 1,555

48.13 (c) The fee for any supplemental examination required by the commissioner under section
 48.14 223.23 is \$55 per hour per examiner.

48.15 (d) A licensed grain buyer meeting the annual examination requirements under section
 48.16 223.23 is exempt from the fees under paragraph (b) if the annual examination is conducted
 48.17 by the Agricultural Marketing Service of the United State Department of Agriculture.

48.18 (e) A penalty amount not to exceed ten percent of the fees due may be imposed by the
 48.19 commissioner for each month for which the fees are delinquent.

48.20 (f) There is created the grain buyers and storage account in the agricultural fund. Money
 48.21 collected pursuant to sections 223.15 to ~~223.19~~ 223.23 shall be paid into the state treasury
 48.22 and credited to the grain buyers and storage account and. Money in the account, including
 48.23 interest, is appropriated to the commissioner for the administration and enforcement of
 48.24 sections 223.15 to ~~223.22~~ 223.23.

48.25 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
 48.26 licenses issued on or after that date.

48.27 Sec. 5. Minnesota Statutes 2018, section 223.17, subdivision 4, is amended to read:

48.28 Subd. 4. **Bond.** (a) Except as provided in paragraphs (c) to (e), before a grain buyer's
 48.29 license is issued, the applicant for the license must file with the commissioner a bond in a
 48.30 penal sum prescribed by the commissioner but not less than the following amounts:

48.31 (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;

48.32 (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but
 48.33 not more than \$750,000;

49.1 (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but
49.2 not more than \$1,500,000;

49.3 (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000
49.4 but not more than \$3,000,000;

49.5 (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000
49.6 but not more than \$6,000,000;

49.7 (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000
49.8 but not more than \$12,000,000;

49.9 (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000
49.10 but not more than \$24,000,000; and

49.11 (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

49.12 (b) ~~A grain buyer who has filed a bond with the commissioner prior to July 1, 2004, is~~
49.13 ~~not required to increase the amount of the bond to comply with this section until July 1,~~
49.14 ~~2005. The commissioner may postpone an increase in the amount of the bond until July 1,~~
49.15 ~~2006, if a licensee demonstrates that the increase will impose undue financial hardship on~~
49.16 ~~the licensee, and that producers will not be harmed as a result of the postponement. The~~
49.17 ~~commissioner may impose other restrictions on a licensee whose bond increase has been~~
49.18 ~~postponed.~~ The amount of the bond shall be based on the most recent gross annual grain
49.19 purchase report of the grain buyer.

49.20 (c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the
49.21 commissioner. This bond shall remain in effect for the first year of the license. Thereafter,
49.22 the licensee shall comply with the applicable bonding requirements contained in paragraph
49.23 (a), clauses (1) to (8).

49.24 (d) In lieu of the bond required by this subdivision the applicant may deposit with the
49.25 commissioner of management and budget ~~cash, a certified check, a cashier's check, a postal,~~
49.26 ~~bank, or express money order, assignable bonds or notes of the United States, or an~~
49.27 ~~assignment of a bank savings account or investment certificate or an irrevocable bank letter~~
49.28 ~~of credit as defined in section 336.5-102, in the same amount as would be required for a~~
49.29 bond.

49.30 (e) A grain buyer who purchases grain immediately upon delivery solely with cash; a
49.31 certified check; a cashier's check; or a postal, bank, or express money order is exempt from
49.32 this subdivision if the grain buyer's gross annual purchases are \$100,000 or less.

50.1 ~~(e)~~ (f) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
50.2 90 days' written notice of the bond's termination date to the licensee and the commissioner.

50.3 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
50.4 licenses issued on or after that date.

50.5 Sec. 6. Minnesota Statutes 2018, section 223.17, subdivision 5, is amended to read:

50.6 Subd. 5. **Cash sales; manner of payment.** For a cash sale of a shipment of grain ~~which~~
50.7 ~~is part of a multiple shipment sale,~~ the grain buyer shall tender payment to the seller in cash
50.8 ~~or,~~ by check, or by wiring or mailing payment to the seller's account. The grain buyer must
50.9 tender payment as required under this subdivision not later than ten days after the sale of
50.10 ~~that shipment, except that when the entire sale is completed, payment shall be tendered not~~
50.11 ~~later than~~ the close of business on the next day after the sale of the shipment, or within 48
50.12 hours after the sale of the shipment, whichever is later. ~~For other cash sales the grain buyer,~~
50.13 ~~before the close of business on the next business day after the sale, shall tender payment to~~
50.14 ~~the seller in cash or by check, or shall wire or mail funds to the seller's account in the amount~~
50.15 ~~of at least 80 percent of the value of the grain at the time of delivery. The grain buyer shall~~
50.16 ~~complete final settlement as rapidly as possible through ordinary diligence.~~

50.17 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
50.18 licenses issued on or after that date.

50.19 Sec. 7. Minnesota Statutes 2018, section 223.17, subdivision 6, is amended to read:

50.20 Subd. 6. **Financial statements.** (a) Except as allowed in paragraph (c), a grain buyer
50.21 licensed under this chapter must annually submit to the commissioner ~~may require an annual~~
50.22 ~~a financial statement from a licensee which has been prepared in accordance with generally~~
50.23 ~~accepted accounting principles, and which meets the following requirements~~ The annual
50.24 financial statement required under this subdivision must also:

50.25 (1) ~~the financial statement shall~~ include, but not be limited to the following:

50.26 (i) a balance sheet;

50.27 (ii) a statement of income (profit and loss);

50.28 (iii) a statement of retained earnings;

50.29 (iv) a statement of changes in financial position; and

50.30 (v) a statement of the dollar amount of grain purchased in the previous fiscal year of the
50.31 grain buyer;

51.1 (2) ~~the financial statement shall~~ be accompanied by a compilation report of the financial
51.2 statement that is prepared by a grain commission firm or a management firm approved by
51.3 the commissioner or by an independent public accountant, in accordance with standards
51.4 established by the American Institute of Certified Public Accountants. ~~Grain buyers~~
51.5 ~~purchasing less than 150,000 bushels of grain per calendar year may submit a financial~~
51.6 ~~statement prepared by a public accountant who is not an employee or a relative within the~~
51.7 ~~third degree of kindred according to civil law;~~

51.8 (3) ~~the financial statement shall~~ be accompanied by a certification by the chief executive
51.9 officer or the chief executive officer's designee of the licensee, and where applicable, all
51.10 members of the governing board of directors under penalty of perjury, that the financial
51.11 statement accurately reflects the financial condition of the licensee for the period specified
51.12 in the statement;

51.13 (4) for grain buyers purchasing under \$5,000,000 of grain annually, be reviewed by a
51.14 certified public accountant in accordance with standards established by the American Institute
51.15 of Certified Public Accountants, and must show that the financial statements are free from
51.16 material misstatements; and

51.17 (5) for grain buyers purchasing \$5,000,000 or more of grain annually, be audited by a
51.18 certified public accountant in accordance with standards established by the American Institute
51.19 of Certified Public Accountants and must include an opinion statement from the certified
51.20 public accountant.

51.21 (b) Only one financial statement must be filed for a chain of warehouses owned or
51.22 operated as a single business entity, unless otherwise required by the commissioner. ~~Any~~
51.23 ~~grain buyer having a net worth in excess of \$500,000,000 need not file the financial statement~~
51.24 ~~required by this subdivision but must provide the commissioner with a certified net worth~~
51.25 ~~statement.~~ All financial statements filed with the commissioner are private or nonpublic
51.26 data as provided in section 13.02.

51.27 (c) A grain buyer who purchases grain immediately upon delivery solely with cash; a
51.28 certified check; a cashier's check; or a postal, bank, or express money order is exempt from
51.29 this subdivision if the grain buyer's gross annual purchases are \$100,000 or less.

51.30 (d) The commissioner shall annually provide information on a person's fiduciary duties
51.31 to each licensee. To the extent practicable, the commissioner must direct each licensee to
51.32 provide this information to all persons required to certify the licensee's financial statement
51.33 under paragraph (a), clause (3).

52.1 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
52.2 licenses issued on or after that date.

52.3 Sec. 8. Minnesota Statutes 2018, section 223.177, subdivision 2, is amended to read:

52.4 Subd. 2. **Oral contracts.** Any grain buyer entering into a voluntary extension of credit
52.5 contract orally or by phone shall give or mail to the seller a written confirmation conforming
52.6 to the requirements of section 223.175 ~~before the close of the next business day~~ within ten
52.7 days of entering the voluntary extension of credit contract. Written confirmation of oral
52.8 contracts must meet the requirements of subdivision 3.

52.9 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
52.10 licenses issued on or after that date.

52.11 Sec. 9. Minnesota Statutes 2018, section 223.177, subdivision 3, is amended to read:

52.12 Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must
52.13 be reduced to writing by the grain buyer, ~~and~~ mailed or given to the seller ~~before the close~~
52.14 ~~of the next business day after the contract is entered into or, in the case of an oral or phone~~
52.15 ~~contract, after the written confirmation is received by the seller. Provided, however, that if~~
52.16 ~~a scale ticket has been received by the seller prior to the completion of the grain shipment,~~
52.17 ~~the contract must be reduced to writing within ten days after the sale, but not later than the~~
52.18 ~~close of the next business day after the completion of the entire sale,~~ and signed by both
52.19 buyer and seller within ten days of the date of delivery of the grain. The form of the contract
52.20 shall comply with the requirements of section 223.175. A grain buyer may use an electronic
52.21 version of a voluntary extension of credit contract that contains the same information as a
52.22 written document and that conforms to the requirements of this chapter to which a seller
52.23 has applied an electronic signature in place of a written document. There must not at any
52.24 time be an electronic and paper voluntary extension of credit contract representing the same
52.25 lot of grain.

52.26 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
52.27 licenses issued on or after that date.

52.28 Sec. 10. Minnesota Statutes 2018, section 223.19, is amended to read:

52.29 **223.19 RULES.**

52.30 The commissioner may make rules pursuant to chapter 14 to carry out the provisions of
52.31 sections 223.15 to ~~223.22~~ 223.23.

53.1 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
53.2 licenses issued on or after that date.

53.3 Sec. 11. **[223.23] ANNUAL EXAMINATION REQUIRED; SUPPLEMENTAL**
53.4 **EXAMINATIONS.**

53.5 A licensed grain buyer is subject to an annual examination conducted by the commissioner
53.6 or the Agricultural Marketing Service of the United States Department of Agriculture.
53.7 Examinations must include a measurement of all grain owned and maintained by the grain
53.8 buyer. The commissioner may require supplemental examinations of a grain buyer as the
53.9 commissioner deems necessary.

53.10 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain buyer
53.11 licenses issued on or after that date.

53.12 Sec. 12. Minnesota Statutes 2018, section 232.21, subdivision 7, is amended to read:

53.13 Subd. 7. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed
53.14 form for which a standard has been established by the United States Secretary of Agriculture
53.15 ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or agricultural crops designated
53.16 by the commissioner by rule.

53.17 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain storage
53.18 licenses issued on or after that date.

53.19 Sec. 13. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to
53.20 read:

53.21 Subd. 7a. **Grain bank.** "Grain bank" means a feed-processing plant that receives and
53.22 stores grain it processes and returns to the grain's owner in amounts, at intervals, and with
53.23 added ingredients that are mutually agreeable to the grain's owner and the person operating
53.24 the plant. Grain bank does not include a seed cleaning plant.

53.25 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain storage
53.26 licenses issued on or after that date.

53.27 Sec. 14. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to
53.28 read:

53.29 Subd. 15. **Temporary storage.** "Temporary storage" means grain stored in outdoor piles
53.30 or suitable structures, which are not in use for the entirety of the license period.

54.1 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain storage
 54.2 licenses issued on or after that date.

54.3 Sec. 15. Minnesota Statutes 2018, section 232.22, subdivision 3, is amended to read:

54.4 Subd. 3. **Fees; grain buyers and storage account.** (a) There is created in the agricultural
 54.5 fund an account known as the grain buyers and storage account. The commissioner shall
 54.6 set the fees for examinations, certifications, and licenses under sections 232.20 to 232.24
 54.7 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.24.
 54.8 All money collected pursuant to sections 232.20 to 232.24 shall be paid by the commissioner
 54.9 into the state treasury and credited to the grain buyers and storage account ~~and~~. Money in
 54.10 the account, including interest, is appropriated to the commissioner for the administration
 54.11 and enforcement of sections 232.20 to 232.24.

54.12 (b) All money collected pursuant to chapter 231 shall be paid by the commissioner into
 54.13 the grain buyers and storage account ~~and~~. Money in the account is appropriated to the
 54.14 commissioner for the administration and enforcement of chapter 231.

54.15 (c) The fees for a license to store grain are as follows:

54.16 ~~(a)~~ (1) For a license to store grain, \$110 for each home rule charter or statutory city or
 54.17 town in which a public grain warehouse is operated.

54.18 ~~(b)~~ (2) In addition to the license fee required under clause (1), a person with a license
 54.19 to store grain in a public grain warehouse is subject to an examination fee for each licensed
 54.20 location, ~~based on the following schedule for one examination~~ as follows:

Bushel Capacity	Examination Fee
Less than 150,001	\$ 300
150,001 to 250,000	\$ 425
250,001 to 500,000	\$ 545
500,001 to 750,000	\$ 700
750,001 to 1,000,000	\$ 865
1,000,001 to 1,200,000	\$ 1,040
1,200,001 to 1,500,000	\$ 1,205
1,500,001 to 2,000,000	\$ 1,380
More than 2,000,000	\$ 1,555

54.32 ~~(e)~~ (3) The fee for ~~the second examination~~ supplemental examinations required by the
 54.33 commissioner under section 232.24 is \$55 per hour per examiner ~~for warehouse operators~~
 54.34 ~~who choose to have it performed by the commissioner.~~

55.1 (d) A penalty amount not to exceed ten percent of the fees due may be imposed by the
55.2 commissioner for each month for which the fees are delinquent.

55.3 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain storage
55.4 licenses issued on or after that date.

55.5 Sec. 16. Minnesota Statutes 2018, section 232.22, subdivision 4, is amended to read:

55.6 Subd. 4. **Bonding.** (a) Before a license is issued, except as provided under paragraph
55.7 (c), the applicant for a public grain warehouse operator's license shall file with the
55.8 commissioner a bond in a penal sum prescribed by the commissioner based on the annual
55.9 average storage liability as stated on the statement of grain in storage report or on the gross
55.10 annual grain purchase report, whichever is greater, and applying the following amounts:

55.11 (1) \$10,000 for storages with annual average storage liability of more than \$0 but not
55.12 more than \$25,000;

55.13 (2) \$20,000 for storages with annual average storage liability of more than \$25,001 but
55.14 not more than \$50,000;

55.15 (3) \$30,000 for storages with annual average storage liability of more than \$50,001 but
55.16 not more than \$75,000;

55.17 (4) \$50,000 for storages with annual average storage liability of more than \$75,001 but
55.18 not more than \$100,000;

55.19 (5) \$75,000 for storages with annual average storage liability of more than \$100,001
55.20 but not more than \$200,000;

55.21 (6) \$125,000 for storages with annual average storage liability of more than \$200,001
55.22 but not more than \$300,000;

55.23 (7) \$175,000 for storages with annual average storage liability of more than \$300,001
55.24 but not more than \$400,000;

55.25 (8) \$225,000 for storages with annual average storage liability of more than \$400,001
55.26 but not more than \$500,000;

55.27 (9) \$275,000 for storages with annual average storage liability of more than \$500,001
55.28 but not more than \$600,000;

55.29 (10) \$325,000 for storages with annual average storage liability of more than \$600,001
55.30 but not more than \$700,000;

56.1 (11) \$375,000 for storages with annual average storage liability of more than \$700,001
56.2 but not more than \$800,000;

56.3 (12) \$425,000 for storages with annual average storage liability of more than \$800,001
56.4 but not more than \$900,000;

56.5 (13) \$475,000 for storages with annual average storage liability of more than \$900,001
56.6 but not more than \$1,000,000; and

56.7 (14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

56.8 (b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
56.9 90 days' written notice of the bond's termination date to the licensee and the commissioner.

56.10 (c) In lieu of the bond required by this subdivision, the applicant may deposit with the
56.11 commissioner of management and budget an irrevocable bank letter of credit as defined in
56.12 section 336.5-102, in the same amount as would be required for a bond.

56.13 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain storage
56.14 licenses issued on or after that date.

56.15 Sec. 17. Minnesota Statutes 2018, section 232.23, subdivision 3, is amended to read:

56.16 Subd. 3. **Grain delivered considered stored.** All grain delivered to a public grain
56.17 warehouse operator shall be considered stored at the time of delivery, unless arrangements
56.18 have been made with the public grain warehouse operator prior to or at the time of delivery
56.19 to apply the grain on contract, for shipment or consignment or for cash sale. Grain may be
56.20 held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued
56.21 for all grain held in open storage within six months of delivery to the warehouse unless the
56.22 depositor has signed a statement that the depositor does not desire a warehouse receipt. The
56.23 warehouse operator's tariff applies for any grain that is retained in open storage or under
56.24 warehouse receipt. All grain in temporary storage must be owned and exclusively maintained
56.25 by the licensee. Grain assigned to grain bank is considered stored grain.

56.26 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain storage
56.27 licenses issued on or after that date.

56.28 Sec. 18. Minnesota Statutes 2018, section 232.24, is amended to read:

56.29 **232.24 SCHEDULE OF INSPECTION, FINANCIAL REPORTS.**

56.30 Subdivision 1. **Schedule of examination.** A licensee under sections 232.20 to 232.24
56.31 is subject to ~~two examinations~~ an examination annually conducted by the commissioner or

57.1 the Agricultural Marketing Service of the United States Department of Agriculture. The
57.2 commissioner may, ~~by rule, authorize one examination to be conducted by a qualified~~
57.3 ~~nongovernmental unit~~ require supplemental examinations of a licensee as the commissioner
57.4 deems necessary.

57.5 Subd. 2. **Financial reports.** A licensee under sections 232.20 to 232.24 ~~upon request~~
57.6 must provide to the commissioner a copy of the financial reports of an audit conducted by
57.7 ~~a qualified nongovernmental unit containing information the commissioner requires~~ report
57.8 that satisfies the requirements under section 223.17, subdivision 6.

57.9 **EFFECTIVE DATE.** This section is effective July 1, 2020, and applies to grain storage
57.10 licenses issued on or after that date.

57.11 Sec. 19. **FIDUCIARY INFORMATION; GRAIN BUYING AND STORAGE.**

57.12 The commissioner of agriculture, in consultation with the Minnesota State Bar
57.13 Association, must develop information concerning the fiduciary duties of the chief executive
57.14 officer and, where applicable, the governing board of directors of each licensed grain buyer
57.15 and licensed public grain warehouse. No later than March 1, 2020, the commissioner must
57.16 submit the information to the legislative committees and divisions with jurisdiction over
57.17 agriculture policy and finance.

57.18 **ARTICLE 5**

57.19 **HOUSING FINANCE AGENCY APPROPRIATIONS**

57.20 Section 1. **APPROPRIATIONS.**

57.21 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
57.22 for the purposes specified in this article. The appropriations are from the general fund, or
57.23 another named fund, and are available for the fiscal years indicated for each purpose. The
57.24 figures "2020" and "2021" used in this article mean that the appropriations listed under them
57.25 are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The
57.26 first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is
57.27 fiscal years 2020 and 2021.

57.28 **APPROPRIATIONS**

57.29 **Available for the Year**

57.30 **Ending June 30**

57.31 **2020**

2021

57.32 Sec. 2. **HOUSING FINANCE AGENCY**

58.1	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>64,048,000</u>	<u>\$</u>	<u>56,548,000</u>
58.2	<u>(a) The amounts that may be spent for each</u>				
58.3	<u>purpose are specified in the following</u>				
58.4	<u>subdivisions.</u>				
58.5	<u>(b) Unless otherwise specified, this</u>				
58.6	<u>appropriation is for transfer to the housing</u>				
58.7	<u>development fund for the programs specified</u>				
58.8	<u>in this section. Except as otherwise indicated,</u>				
58.9	<u>this transfer is part of the agency's permanent</u>				
58.10	<u>budget base.</u>				
58.11	<u>Subd. 2. Challenge Program</u>		<u>17,925,000</u>		<u>12,925,000</u>
58.12	<u>(a) This appropriation is for the economic</u>				
58.13	<u>development and housing challenge program</u>				
58.14	<u>under Minnesota Statutes, section 462A.33.</u>				
58.15	<u>(b) Of this amount, \$1,208,000 each year shall</u>				
58.16	<u>be made available during the first 11 months</u>				
58.17	<u>of the fiscal year exclusively for housing</u>				
58.18	<u>projects for American Indians. Any funds not</u>				
58.19	<u>committed to housing projects for American</u>				
58.20	<u>Indians in the first 11 months of the fiscal year</u>				
58.21	<u>shall be available for any eligible activity</u>				
58.22	<u>under Minnesota Statutes, section 462A.33.</u>				
58.23	<u>(c) The base for this program in fiscal year</u>				
58.24	<u>2022 and beyond is \$12,925,000.</u>				
58.25	<u>Subd. 3. Workforce Housing Development</u>		<u>2,000,000</u>		<u>2,000,000</u>
58.26	<u>This appropriation is for the workforce</u>				
58.27	<u>housing development program under</u>				
58.28	<u>Minnesota Statutes, section 462A.39. If</u>				
58.29	<u>requested by the applicant and approved by</u>				
58.30	<u>the agency, funded properties may include a</u>				
58.31	<u>portion of income and rent restricted units.</u>				
58.32	<u>Funded properties may include</u>				
58.33	<u>owner-occupied homes.</u>				

59.1	<u>Subd. 4. Manufactured Home Park</u>		
59.2	<u>Infrastructure Grants</u>	<u>2,000,000</u>	<u>0</u>
59.3	<u>(a) This appropriation is for manufactured</u>		
59.4	<u>home park infrastructure grants under</u>		
59.5	<u>Minnesota Statutes, section 462A.2035,</u>		
59.6	<u>subdivision 1b.</u>		
59.7	<u>(b) The base for this program in fiscal year</u>		
59.8	<u>2022 and beyond is \$1,000,000.</u>		
59.9	<u>Subd. 5. Workforce Homeownership Program</u>	<u>500,000</u>	<u>0</u>
59.10	<u>(a) This appropriation is for the workforce</u>		
59.11	<u>homeownership program under Minnesota</u>		
59.12	<u>Statutes, section 462A.38.</u>		
59.13	<u>(b) The base for this program in fiscal year</u>		
59.14	<u>2022 and beyond is \$250,000.</u>		
59.15	<u>Subd. 6. Housing Trust Fund</u>	<u>11,646,000</u>	<u>11,646,000</u>
59.16	<u>This appropriation is for deposit in the housing</u>		
59.17	<u>trust fund account created under Minnesota</u>		
59.18	<u>Statutes, section 462A.201, and may be used</u>		
59.19	<u>for the purposes provided in that section.</u>		
59.20	<u>Subd. 7. Homework Starts with Home</u>	<u>1,750,000</u>	<u>1,750,000</u>
59.21	<u>This appropriation is for the homework starts</u>		
59.22	<u>with home program under Minnesota Statutes,</u>		
59.23	<u>sections 462A.201, subdivision 2, paragraph</u>		
59.24	<u>(a), clause (4), and 462A.204, subdivision 8,</u>		
59.25	<u>to provide assistance to homeless or highly</u>		
59.26	<u>mobile families with children eligible for</u>		
59.27	<u>enrollment in a prekindergarten through grade</u>		
59.28	<u>12 academic program.</u>		
59.29	<u>Subd. 8. Rental Assistance for Mentally Ill</u>	<u>4,338,000</u>	<u>4,338,000</u>
59.30	<u>This appropriation is for the rental housing</u>		
59.31	<u>assistance program for persons with a mental</u>		
59.32	<u>illness or families with an adult member with</u>		
59.33	<u>a mental illness under Minnesota Statutes,</u>		

60.1	<u>section 462A.2097. Among comparable</u>		
60.2	<u>proposals, the agency shall prioritize those</u>		
60.3	<u>proposals that target, in part, eligible persons</u>		
60.4	<u>who desire to move to more integrated,</u>		
60.5	<u>community-based settings.</u>		
60.6	<u>Subd. 9. Family Homeless Prevention</u>	<u>10,269,000</u>	<u>10,269,000</u>
60.7	<u>This appropriation is for the family homeless</u>		
60.8	<u>prevention and assistance programs under</u>		
60.9	<u>Minnesota Statutes, section 462A.204.</u>		
60.10	<u>Subd. 10. Home Ownership Assistance Fund</u>	<u>885,000</u>	<u>885,000</u>
60.11	<u>This appropriation is for the home ownership</u>		
60.12	<u>assistance program under Minnesota Statutes,</u>		
60.13	<u>section 462A.21, subdivision 8. The agency</u>		
60.14	<u>shall continue to strengthen its efforts to</u>		
60.15	<u>address the disparity gap in the</u>		
60.16	<u>homeownership rate between white</u>		
60.17	<u>households and indigenous American Indians</u>		
60.18	<u>and communities of color. To better</u>		
60.19	<u>understand and address the disparity gap, the</u>		
60.20	<u>agency is required to collect, on a voluntary</u>		
60.21	<u>basis, demographic information regarding</u>		
60.22	<u>race, color, national origin, and sex of</u>		
60.23	<u>applicants for agency programs intended to</u>		
60.24	<u>benefit homeowners and homebuyers.</u>		
60.25	<u>Subd. 11. Affordable Rental Investment Fund</u>	<u>4,218,000</u>	<u>4,218,000</u>
60.26	<u>(a) This appropriation is for the affordable</u>		
60.27	<u>rental investment fund program under</u>		
60.28	<u>Minnesota Statutes, section 462A.21,</u>		
60.29	<u>subdivision 8b, to finance the acquisition,</u>		
60.30	<u>rehabilitation, and debt restructuring of</u>		
60.31	<u>federally assisted rental property and for</u>		
60.32	<u>making equity take-out loans under Minnesota</u>		
60.33	<u>Statutes, section 462A.05, subdivision 39.</u>		

61.1 (b) The owner of federally assisted rental
 61.2 property must agree to participate in the
 61.3 applicable federally assisted housing program
 61.4 and to extend any existing low-income
 61.5 affordability restrictions on the housing for
 61.6 the maximum term permitted. The owner must
 61.7 also enter into an agreement that gives local
 61.8 units of government, housing and
 61.9 redevelopment authorities, and nonprofit
 61.10 housing organizations the right of first refusal
 61.11 if the rental property is offered for sale.
 61.12 Priority must be given among comparable
 61.13 federally assisted rental properties to
 61.14 properties with the longest remaining term
 61.15 under an agreement for federal assistance.
 61.16 Priority must also be given among comparable
 61.17 rental housing developments to developments
 61.18 that are or will be owned by local government
 61.19 units, a housing and redevelopment authority,
 61.20 or a nonprofit housing organization.

61.21 (c) The appropriation also may be used to
 61.22 finance the acquisition, rehabilitation, and debt
 61.23 restructuring of existing supportive housing
 61.24 properties and naturally occurring affordable
 61.25 housing as determined by the commissioner.
 61.26 For purposes of this paragraph, "supportive
 61.27 housing" means affordable rental housing with
 61.28 links to services necessary for individuals,
 61.29 youth, and families with children to maintain
 61.30 housing stability.

61.31 **Subd. 12. Owner-Occupied Housing**
 61.32 **Rehabilitation**

2,772,000

2,772,000

61.33 (a) This appropriation is for the rehabilitation
 61.34 of owner-occupied housing under Minnesota

62.1	<u>Statutes, section 462A.05, subdivisions 14 and</u>		
62.2	<u>14a.</u>		
62.3	<u>(b) Notwithstanding any law to the contrary,</u>		
62.4	<u>grants or loans under this subdivision may be</u>		
62.5	<u>made without rent or income restrictions of</u>		
62.6	<u>owners or tenants. To the extent practicable,</u>		
62.7	<u>grants or loans must be made available</u>		
62.8	<u>statewide.</u>		
62.9	<u>Subd. 13. Rental Housing Rehabilitation</u>	<u>3,743,000</u>	<u>3,743,000</u>
62.10	<u>(a) This appropriation is for the rehabilitation</u>		
62.11	<u>of eligible rental housing under Minnesota</u>		
62.12	<u>Statutes, section 462A.05, subdivision 14. In</u>		
62.13	<u>administering a rehabilitation program for</u>		
62.14	<u>rental housing, the agency may apply the</u>		
62.15	<u>processes and priorities adopted for</u>		
62.16	<u>administration of the economic development</u>		
62.17	<u>and housing challenge program under</u>		
62.18	<u>Minnesota Statutes, section 462A.33, and may</u>		
62.19	<u>provide grants or forgivable loans if approved</u>		
62.20	<u>by the agency.</u>		
62.21	<u>(b) Notwithstanding any law to the contrary,</u>		
62.22	<u>grants or loans under this subdivision may be</u>		
62.23	<u>made without rent or income restrictions of</u>		
62.24	<u>owners or tenants. To the extent practicable,</u>		
62.25	<u>grants or loans must be made available</u>		
62.26	<u>statewide.</u>		
62.27	<u>Subd. 14. Homeownership Education,</u>		
62.28	<u>Counseling, and Training</u>	<u>857,000</u>	<u>857,000</u>
62.29	<u>This appropriation is for the homeownership</u>		
62.30	<u>education, counseling, and training program</u>		
62.31	<u>under Minnesota Statutes, section 462A.209.</u>		
62.32	<u>Subd. 15. Capacity-Building Grants</u>	<u>645,000</u>	<u>645,000</u>
62.33	<u>This appropriation is for nonprofit</u>		
62.34	<u>capacity-building grants under Minnesota</u>		

63.1 Statutes, section 462A.21, subdivision 3b. Of
63.2 this amount, \$125,000 each year is for support
63.3 of the Homeless Management Information
63.4 System (HMIS).

63.5 Subd. 16. **Build Wealth MN** 500,000 500,000

63.6 This appropriation is for a grant to Build
63.7 Wealth Minnesota to provide a family
63.8 stabilization plan program including program
63.9 outreach, financial literacy education, and
63.10 budget and debt counseling.

63.11 Subd. 17. **Availability and Transfer of Funds**

63.12 Money appropriated in the first year in this
63.13 article is available the second year. The
63.14 commissioner may shift or transfer money in
63.15 the second year in subdivisions 2, 3, 4, 5, 12,
63.16 and 13 to address high-priority housing needs.

63.17 **ARTICLE 6**
63.18 **HOUSING POLICY**

63.19 Section 1. Minnesota Statutes 2018, section 299D.085, is amended by adding a subdivision
63.20 to read:

63.21 Subd. 3a. **Trailer use.** A vehicle or a combination of vehicles may tow a trailer during
63.22 the movement of an overdimensional load if:

63.23 (1) the party involved is a building mover licensed by the commissioner of transportation
63.24 under section 221.81;

63.25 (2) the building being moved is not a temporary structure;

63.26 (3) the overdimensional load is a manufactured home, as defined under section 327.31;

63.27 or

63.28 (4) the overdimensional load is a modular home, as defined under section 297A.668,
63.29 subdivision 8, paragraph (b).

64.1 Sec. 2. Minnesota Statutes 2018, section 326B.815, subdivision 1, is amended to read:

64.2 Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092,
64.3 an initial or renewed residential contractor, residential remodeler, or residential roofer license
64.4 is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured
64.5 home installers under section 327B.041 is ~~\$300~~ \$180 for a three-year period.

64.6 (b) All initial and renewal licenses, except for manufactured home installer licenses,
64.7 shall be effective for two years and shall expire on March 31 of the year after the year in
64.8 which the application is made.

64.9 (c) The commissioner shall in a manner determined by the commissioner, without the
64.10 need for any rulemaking under chapter 14, phase in the renewal of residential contractor,
64.11 residential remodeler, and residential roofer licenses from one year to two years. By June
64.12 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer
64.13 licenses shall be two-year licenses.

64.14 Sec. 3. Minnesota Statutes 2018, section 327.31, is amended by adding a subdivision to
64.15 read:

64.16 Subd. 23. **Modular home.** For the purposes of this section, "modular home" means a
64.17 single-family dwelling constructed in accordance with applicable standards adopted in
64.18 Minnesota Rules, chapter 1360 or 1361, and attached to a foundation designed to the State
64.19 Building Code.

64.20 Sec. 4. **[327.335] PLACEMENT OF MODULAR HOMES.**

64.21 A modular home may be placed in a manufactured home park as defined in section
64.22 327.14, subdivision 3. A modular home placed in a manufactured home park is a
64.23 manufactured home for purposes of chapters 327, 327C, and 504B, and all rights, obligations,
64.24 and duties under those chapters apply. A modular home may not be placed in a manufactured
64.25 home park without prior written approval of the park owner. Nothing in this section shall
64.26 be construed to inhibit the application of zoning, subdivision, architectural, or esthetic
64.27 requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes
64.28 and manufactured home parks. A modular home placed in a manufactured home park under
64.29 this section shall be assessed and taxed as a manufactured home.

65.1 Sec. 5. Minnesota Statutes 2018, section 327B.041, is amended to read:

65.2 **327B.041 MANUFACTURED HOME INSTALLERS.**

65.3 (a) Manufactured home installers are subject to all of the fees in section 326B.092 and
65.4 the requirements of sections 326B.802 to 326B.885, except for the following:

65.5 (1) manufactured home installers are not subject to the continuing education requirements
65.6 of sections 326B.0981, 326B.099, and 326B.821, but are subject to the continuing education
65.7 requirements established in rules adopted under section 327B.10;

65.8 (2) the examination requirement of section 326B.83, subdivision 3, for manufactured
65.9 home installers shall be satisfied by successful completion of a written examination
65.10 administered and developed specifically for the examination of manufactured home installers.
65.11 The examination must be administered and developed by the commissioner. The
65.12 commissioner and the state building official shall seek advice on the grading, monitoring,
65.13 and updating of examinations from the Minnesota Manufactured Housing Association;

65.14 (3) a local government unit may not place a surcharge on a license fee, and may not
65.15 charge a separate fee to installers;

65.16 (4) a dealer or distributor who does not install or repair manufactured homes is exempt
65.17 from licensure under sections 326B.802 to 326B.885;

65.18 (5) the exemption under section 326B.805, subdivision 6, clause (5), does not apply;
65.19 and

65.20 (6) manufactured home installers are not subject to the contractor recovery fund in
65.21 section 326B.89.

65.22 (b) The commissioner may waive all or part of the requirements for licensure as a
65.23 manufactured home installer for any individual who holds an unexpired license or certificate
65.24 issued by any other state or other United States jurisdiction if the licensing requirements of
65.25 that jurisdiction meet or exceed the corresponding licensing requirements of the department
65.26 and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. ~~For the~~
65.27 ~~purposes of calculating fees under section 326B.092, licensure as a manufactured home~~
65.28 ~~installer is a business license.~~

65.29 Sec. 6. Minnesota Statutes 2018, section 327C.01, is amended by adding a subdivision to
65.30 read:

65.31 Subd. 8a. **Representative acting on behalf of residents.** "Representative acting on
65.32 behalf of residents" means a representative who is authorized to represent residents in the

66.1 purchase of property for the purposes of this chapter, and has gained that authorization by
66.2 obtaining the signature of support from at least one resident who is a homeowner-signatory
66.3 to the home's lot lease agreement as defined by section 327C.01, subdivision 9, from at
66.4 least 51 percent of the occupied homes in a manufactured home park. The signature of a
66.5 resident who is a signatory to the home's lot lease agreement asserting that they are a resident
66.6 of that manufactured home park shall be presumptive evidence of the claim that the
66.7 representative is authorized to act on behalf of the resident and shall be exclusive to only
66.8 one representative acting on behalf of residents.

66.9 Sec. 7. Minnesota Statutes 2018, section 327C.095, subdivision 1, is amended to read:

66.10 Subdivision 1. **Conversion of use; minimum notice.** (a) At least ~~nine~~ 12 months before
66.11 the conversion of all or a portion of a manufactured home park to another use, or before
66.12 closure of a manufactured home park or cessation of use of the land as a manufactured home
66.13 park, the park owner must prepare a closure statement and provide a copy to the
66.14 commissioners of health and the housing finance agency, the local planning agency, and a
66.15 resident of each manufactured home where the residential use is being converted. The
66.16 closure statement must include the following language in a font no smaller than 14 point:
66.17 "YOU MAY BE ENTITLED TO COMPENSATION FROM THE MINNESOTA
66.18 MANUFACTURED HOME RELOCATION TRUST FUND ADMINISTERED BY THE
66.19 MINNESOTA HOUSING FINANCE AGENCY." A resident may not be required to vacate
66.20 until ~~60~~ 90 days after the conclusion of the public hearing required under subdivision 4. If
66.21 a lot is available in another section of the park that will continue to be operated as a park,
66.22 the park owner must allow the resident to relocate the home to that lot unless the home,
66.23 because of its size or local ordinance, is not compatible with that lot.

66.24 (b) Closure statements issued more than 24 months prior to the park closure must contain
66.25 a closure date. If the closure does not take place within 24 months and the original statement
66.26 does not contain a closure date, the statement must be reissued to the commissioners of
66.27 health and the Housing Finance Agency, the local planning agency, and a resident of each
66.28 manufactured home where the residential use is being converted.

66.29 Sec. 8. Minnesota Statutes 2018, section 327C.095, subdivision 2, is amended to read:

66.30 Subd. 2. **Notice of hearing; proposed change in land use.** If the planned conversion
66.31 or cessation of operation requires a variance or zoning change, the ~~municipality~~ local
66.32 government authority must mail a notice at least ten days before the hearing to a resident
66.33 of each manufactured home in the park stating the time, place, and purpose of the public

67.1 hearing. The park owner shall provide the ~~municipality~~ local government authority with a
67.2 list of the names and addresses of at least one resident of each manufactured home in the
67.3 park at the time application is made for a variance or zoning change.

67.4 Sec. 9. Minnesota Statutes 2018, section 327C.095, subdivision 3, is amended to read:

67.5 Subd. 3. **Closure statement.** Upon receipt of the closure statement from the park owner,
67.6 the local planning agency shall submit the closure statement to the governing body of the
67.7 ~~municipality~~ local government authority and request the governing body to schedule a public
67.8 hearing. The ~~municipality~~ local government authority must mail a notice at least ten days
67.9 before the hearing to a resident of each manufactured home in the park stating the time,
67.10 place, and purpose of the public hearing. The park owner shall provide the ~~municipality~~
67.11 local government authority with a list of the names and addresses of at least one resident
67.12 of each manufactured home in the park at the time the closure statement is submitted to the
67.13 local planning agency.

67.14 Sec. 10. Minnesota Statutes 2018, section 327C.095, subdivision 4, is amended to read:

67.15 Subd. 4. **Public hearing; relocation compensation; neutral third party.** (a) Within
67.16 90 days after receiving notice of a closure statement, the governing body of the affected
67.17 ~~municipality~~ local government authority shall hold a public hearing to review the closure
67.18 statement and any impact that the park closing may have on the displaced residents and the
67.19 park owner. At the time of, and in the notice for, the public hearing, displaced residents
67.20 must be informed that they may be eligible for payments from the Minnesota manufactured
67.21 home relocation trust fund under section 462A.35 as compensation for reasonable relocation
67.22 costs under subdivision 13, paragraphs (a) and (e).

67.23 (b) The governing body of the ~~municipality~~ local government authority may also require
67.24 that other parties, including the ~~municipality~~ local government authority, but excluding the
67.25 park owner or its purchaser, involved in the park closing provide additional compensation
67.26 to residents to mitigate the adverse financial impact of the park closing upon the residents.

67.27 (c) At the public hearing, the ~~municipality~~ local government authority shall appoint a
67.28 qualified neutral third party, to be agreed upon by both the manufactured home park owner
67.29 and manufactured home owners, whose hourly cost must be reasonable and paid from the
67.30 Minnesota manufactured home relocation trust fund. The neutral third party shall act as a
67.31 paymaster and arbitrator, with decision-making authority to resolve any questions or disputes
67.32 regarding any contributions or disbursements to and from the Minnesota manufactured
67.33 home relocation trust fund by either the manufactured home park owner or the manufactured

68.1 home owners. If the parties cannot agree on a neutral third party, the ~~municipality will make~~
68.2 ~~a determination~~ local government authority shall determine who shall act as the neutral third
68.3 party.

68.4 (d) The qualified neutral third party shall be familiar with manufactured housing and
68.5 the requirements of this section. The neutral third party shall keep an overall receipts and
68.6 cost summary together with a detailed accounting, for each manufactured lot, of the payments
68.7 received by the manufactured home park owner, and expenses approved and payments
68.8 disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well
68.9 as a record of all services and hours it provided and at what hourly rate it charged to the
68.10 Minnesota manufactured home trust fund. This detailed accounting shall be provided to the
68.11 manufactured home park owner, the municipality, and the Minnesota Housing Finance
68.12 Agency to be included in its yearly October 15 report as required in subdivision 13, paragraph
68.13 (h), not later than 30 days after the expiration of the 12-month notice provided in the closure
68.14 statement.

68.15 (e) At the public hearing, the governing body of the local government authority shall
68.16 determine if any ordinance was in effect on May 26, 2007, that would provide compensation
68.17 to displaced residents and provide this information to the third party neutral to determine
68.18 the applicable amount of compensation under subdivision 13, paragraph (f).

68.19 Sec. 11. Minnesota Statutes 2018, section 327C.095, subdivision 6, is amended to read:

68.20 Subd. 6. **Intent to convert use of park at time of purchase.** (a) Before the execution
68.21 of an agreement to purchase a manufactured home park, the purchaser must notify the park
68.22 owner, in writing, if the purchaser intends to close the manufactured home park or convert
68.23 it to another use within one year of the execution of the agreement. If so, the park owner
68.24 shall provide a resident of each manufactured home with a 45-day written notice of the
68.25 purchaser's intent to close the park or convert it to another use and may not enter into a
68.26 purchase agreement for the sale of the park other than with a representative acting on behalf
68.27 of residents, until the 45 days have expired. The notice must state that the park owner will
68.28 promptly provide information on the cash price and the terms and conditions of the
68.29 purchaser's offer to residents requesting the information. The notice must be sent by first
68.30 class mail to a resident of each manufactured home in the park and made available in
68.31 alternative formats or translations if requested by a resident and the request is a reasonable
68.32 accommodation due to a disability of an adult resident or because there is not an adult
68.33 resident who is able to speak the language the notice is provided in. The notice period begins
68.34 on the postmark date affixed to the notice and ends 45 days after it begins. During the notice

69.1 period required in this subdivision, ~~the owners of at least 51 percent of the manufactured~~
 69.2 ~~homes in the park or a nonprofit organization which has the written permission of the owners~~
 69.3 ~~of at least 51 percent of the manufactured homes in the park to represent them in the~~
 69.4 ~~acquisition of the park~~ a representative acting on behalf of residents shall have the right to
 69.5 make an offer to meet the cash price and execute an agreement to purchase the park for the
 69.6 purposes of keeping the park as a manufactured housing community to agree to material
 69.7 terms and conditions set forth in the purchaser's offer and to execute an agreement to purchase
 69.8 the park for the purposes of keeping the park as a manufactured housing community. The
 69.9 park owner must ~~accept the offer if it meets~~ in good faith negotiate a purchase agreement
 69.10 meeting the cash price and the same terms and conditions set forth in the purchaser's offer
 69.11 except that the seller is not obligated to provide owner financing. For purposes of this
 69.12 section, cash price means the cash price offer or equivalent cash offer as defined in section
 69.13 500.245, subdivision 1, paragraph (d). The purchase agreement must permit the representative
 69.14 a commercially reasonable due diligence period with access by the representative to all
 69.15 information reasonably necessary to make an informed decision regarding the purchase.
 69.16 The representative may be required to enter into a confidentiality agreement regarding the
 69.17 information.

69.18 (b) A representative acting on behalf of residents must provide ten percent of the offer
 69.19 price as earnest money upon gaining the required number of signatures to represent the
 69.20 residents in the purchase of a manufactured home park. The earnest money is refundable
 69.21 after six months; however, the earnest money may become nonrefundable if the representative
 69.22 acting on behalf of residents is unable to complete the purchase, and the original purchaser
 69.23 withdraws the offer during the 45-day period in paragraph (a), and the manufactured home
 69.24 park is sold to another purchaser for a lower price within six months of the notice to residents
 69.25 in paragraph (a), then the park owner will be compensated from the earnest money for the
 69.26 difference between the offer made by the original purchaser and the actual lower purchase
 69.27 price.

69.28 (c) In the event of a sale to a representative acting on behalf of residents, the
 69.29 representative must certify to the commissioner of commerce that the property will be
 69.30 preserved as a manufactured home park for ten years from the date of the sale.

69.31 Sec. 12. Minnesota Statutes 2018, section 327C.095, subdivision 7, is amended to read:

69.32 Subd. 7. ~~Intent to convert~~ Conversion of use of park after purchase. If the purchaser
 69.33 residents of a manufactured home park ~~decides to convert the park to another use within~~
 69.34 one year after the purchase of the park, the purchaser must offer the park for purchase by

70.1 ~~the residents of the park~~ have not been provided the written notice of intent to close the park
 70.2 ~~required by subdivision 6, the purchaser may not provide residents with the notice required~~
 70.3 ~~by subdivision 1 until 12 months after the date of purchase.~~ For purposes of this subdivision,
 70.4 the date of purchase is the date of the transfer of the title to the purchaser. ~~The purchaser~~
 70.5 ~~must provide a resident of each manufactured home with a written notice of the intent to~~
 70.6 ~~close the park and all of the owners of at least 51 percent of the manufactured homes in the~~
 70.7 ~~park or a nonprofit organization which has the written permission of the owners of at least~~
 70.8 ~~51 percent of the manufactured homes in the park to represent them in the acquisition of~~
 70.9 ~~the park shall have 45 days to execute an agreement for the purchase of the park at a cash~~
 70.10 ~~price equal to the original purchase price paid by the purchaser plus any documented expenses~~
 70.11 ~~relating to the acquisition and improvement of the park property, together with any increase~~
 70.12 ~~in value due to appreciation of the park. The purchaser must execute the purchase agreement~~
 70.13 ~~at the price specified in this subdivision and pay the cash price within 90 days of the date~~
 70.14 ~~of the purchase agreement. The notice must be sent by first class mail to a resident of each~~
 70.15 ~~manufactured home in the park. The notice period begins on the postmark date affixed to~~
 70.16 ~~the notice and ends 45 days after it begins.~~

70.17 Sec. 13. Minnesota Statutes 2018, section 327C.095, subdivision 9, is amended to read:

70.18 Subd. 9. **Effect of noncompliance.** If a manufactured home park is finally sold or
 70.19 converted to another use in violation of subdivision 6 or 7, the residents ~~do not have any~~
 70.20 ~~continuing right to purchase the park as a result of that sale or conversion. A violation of~~
 70.21 ~~subdivision 6 or 7 is subject to~~ have a right to any remedy provided in section 8.31, ~~except~~
 70.22 ~~that relief shall be limited so that questions of marketability of title shall not be affected.~~

70.23 Sec. 14. Minnesota Statutes 2018, section 327C.095, subdivision 11, is amended to read:

70.24 Subd. 11. **Affidavit of compliance.** After a park is sold, a park owner or other person
 70.25 ~~with personal knowledge~~ bona fide purchaser acting in good faith may record an affidavit
 70.26 with the county recorder or registrar of titles in the county in which the park is located
 70.27 certifying compliance with subdivision 6 ~~or 7~~ or that subdivisions ~~subdivision~~ 6 and 7 are
 70.28 is not applicable. The affidavit may be used as ~~proof of the facts stated in the affidavit.~~ A
 70.29 person acquiring an interest in a park or a title insurer or attorney who prepares, furnishes,
 70.30 or examines evidence of title may rely on the truth and accuracy of statements made in the
 70.31 affidavit and is not required to inquire further as to the park owner's compliance with
 70.32 subdivisions 6 and 7. When an affidavit is recorded, the right to purchase provided under
 70.33 subdivisions 6 and 7 terminate, and if registered property, the registrar of titles shall delete

71.1 ~~the memorials of the notice and affidavit from future certificates of title~~ presumptive evidence
71.2 of compliance.

71.3 Sec. 15. Minnesota Statutes 2018, section 327C.095, subdivision 12, is amended to read:

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

71.5 If a manufactured home owner is required to move due to the conversion of all or a portion
71.6 of a manufactured home park to another use, the closure of a park, or cessation of use of
71.7 the land as a manufactured home park, the manufactured park owner shall, upon the change
71.8 in use, pay to the commissioner of management and budget for deposit in the Minnesota
71.9 manufactured home relocation trust fund under section 462A.35, the lesser amount of the
71.10 actual costs of moving or purchasing the manufactured home approved by the neutral third
71.11 party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph
71.12 (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each
71.13 multisection manufactured home, for which a manufactured home owner has made
71.14 application for payment of relocation costs under subdivision 13, paragraph (c). The
71.15 manufactured home park owner shall make payments required under this section to the
71.16 Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice
71.17 from the neutral third party.

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

71.21 (1) the manufactured home park owner relocates the manufactured home owner to
71.22 another space in the manufactured home park or to another manufactured home park at the
71.23 park owner's expense;

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

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

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

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

72.5 (6) the owner of the manufactured home is not a resident of the manufactured home
 72.6 park, as defined in section 327C.01, subdivision 9; ~~or~~; the owner of the manufactured home
 72.7 is a resident, but came to reside in the manufactured home park after the mailing date of
 72.8 the closure statement under subdivision 1; or the owner of the manufactured home has not
 72.9 paid the \$15 assessment when due under paragraph (c).

72.10 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
 72.11 is less than ~~\$1,000,000~~ \$2,000,000 as of June 30 of each year, the commissioner of
 72.12 management and budget shall assess each manufactured home park owner by mail the total
 72.13 amount of \$15 for each licensed lot in their park, payable on or before ~~September~~ December
 72.14 15 of that year. ~~The commissioner of management and budget shall deposit~~ Failure to notify and budget shall deposit
 72.15 any payments in the Minnesota timely assess the manufactured home relocation trust fund.
 72.16 On or before July 15 of ~~park owner by July 31 of any year shall waive the assessment and~~
 72.17 payment obligations of the manufactured home park owner for that year. Together with said
 72.18 assessment notice, each year, the commissioner of management and budget shall prepare
 72.19 and distribute to park owners a letter explaining whether funds are being collected for that
 72.20 year, information about the collection, an invoice for all licensed lots, a notice for distribution
 72.21 to the residents, and a sample form for the park owners to collect information on which park
 72.22 residents and lots have been accounted for. In a font no smaller than 14-point, the notice
 72.23 provided by management and budget for distribution to residents by the park owner will
 72.24 include the payment deadline of November 30 and the following language: "THIS IS NOT
 72.25 AN OPTIONAL FEE. IF YOU OWN A MANUFACTURED HOME ON A LOT YOU
 72.26 RENT IN A MANUFACTURED HOME PARK, AND YOU RESIDE IN THAT HOME,
 72.27 YOU MUST PAY WHEN PROVIDED NOTICE." If assessed under this paragraph, the
 72.28 park owner may recoup the cost of the \$15 assessment as a lump sum or as a monthly fee
 72.29 of no more than \$1.25 collected from park residents together with monthly lot rent as
 72.30 provided in section 327C.03, subdivision 6. ~~Park owners~~ If, by September 15, a park owner
 72.31 provides the notice to residents for the \$15 lump sum, a park owner may adjust payment
 72.32 for lots in their park that are vacant or otherwise not eligible for contribution to the trust
 72.33 fund under section 327C.095, subdivision 12, paragraph (b), and for park residents who
 72.34 have not paid the \$15 assessment when due to the park owner by November 30, and deduct
 72.35 from the assessment accordingly. The commissioner of management and budget shall deposit

73.1 any payments in the Minnesota manufactured home relocation trust fund and provide to the
73.2 Minnesota Housing Finance Agency by December 31, a record for each manufactured home
73.3 park of the amount received for that park and the number of deductions made for each of
73.4 the following reasons: vacant lots, ineligible lots, and uncollected fees.

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

73.9 Sec. 16. Minnesota Statutes 2018, section 327C.095, subdivision 13, is amended to read:

73.10 Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a
73.11 manufactured home owner is required to relocate due to the conversion of all or a portion
73.12 of a manufactured home park to another use, the closure of a manufactured home park, or
73.13 cessation of use of the land as a manufactured home park under subdivision 1, and the
73.14 manufactured home owner complies with the requirements of this section, the manufactured
73.15 home owner is entitled to payment from the Minnesota manufactured home relocation trust
73.16 fund equal to the manufactured home owner's actual relocation costs for relocating the
73.17 manufactured home to a new location within a ~~25~~ 50-mile radius of the park that is being
73.18 closed, up to a maximum of \$7,000 for a single-section and \$12,500 for a multisection
73.19 manufactured home. The actual relocation costs must include the reasonable cost of taking
73.20 down, moving, and setting up the manufactured home, including equipment rental, utility
73.21 connection and disconnection charges, minor repairs, modifications necessary for
73.22 transportation of the home, necessary moving permits and insurance, moving costs for any
73.23 appurtenances, which meet applicable local, state, and federal building and construction
73.24 codes.

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

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

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

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

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

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

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

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

74.12 (d) The neutral third party shall promptly process all payments for completed applications
74.13 within 14 days. If the neutral third party has acted reasonably and does not approve or deny
74.14 payment within 45 days after receipt of the information set forth in paragraph (c), the
74.15 payment is deemed approved. Upon approval and request by the neutral third party, the
74.16 Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent
74.17 of the contract price payable to the mover and towing contractor for relocating the
74.18 manufactured home in the amount of the actual relocation cost, plus a check to the home
74.19 owner for additional certified costs associated with third-party vendors, that were necessary
74.20 in relocating the manufactured home. The moving or towing contractor shall receive 50
74.21 percent upon execution of the contract and 50 percent upon completion of the relocation
74.22 and approval by the manufactured home owner. The moving or towing contractor may not
74.23 apply the funds to any other purpose other than relocation of the manufactured home as
74.24 provided in the contract. A copy of the approval must be forwarded by the neutral third
74.25 party to the park owner with an invoice for payment of the amount specified in subdivision
74.26 12, paragraph (a).

74.27 (e) In lieu of collecting a relocation payment from the Minnesota manufactured home
74.28 relocation trust fund under paragraph (a), the manufactured home owner may collect an
74.29 amount from the fund after reasonable efforts to relocate the manufactured home have failed
74.30 due to the age or condition of the manufactured home, or because there are no manufactured
74.31 home parks willing or able to accept the manufactured home within a 25-mile radius. A
74.32 manufactured home owner may tender title of the manufactured home in the manufactured
74.33 home park to the manufactured home park owner, and collect an amount to be determined
74.34 by an independent appraisal. The appraiser must be agreed to by both the manufactured

75.1 home park owner and the manufactured home owner. If the appraised market value cannot
 75.2 be determined, the tax market value, averaged over a period of five years, can be used as a
 75.3 substitute. The maximum amount that may be reimbursed under the fund is \$8,000 for a
 75.4 single-section and \$14,500 for a multisection manufactured home. The minimum amount
 75.5 that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a
 75.6 multisection manufactured home. The manufactured home owner shall deliver to the
 75.7 manufactured home park owner the current certificate of title to the manufactured home
 75.8 duly endorsed by the owner of record, and valid releases of all liens shown on the certificate
 75.9 of title, and a statement from the county where the manufactured home is located evidencing
 75.10 that the personal property taxes have been paid. The manufactured home owner's application
 75.11 for funds under this paragraph must include a document certifying that the manufactured
 75.12 home cannot be relocated, that the lot rental is current, that the annual \$15 payments to the
 75.13 Minnesota manufactured home relocation trust fund have been paid when due, that the
 75.14 manufactured home owner has chosen to tender title under this section, and that the park
 75.15 owner agrees to make a payment to the commissioner of management and budget in the
 75.16 amount established in subdivision 12, paragraph (a), less any documented costs submitted
 75.17 to the neutral third party, required for demolition and removal of the home, and any debris
 75.18 or refuse left on the lot, not to exceed ~~\$1,000~~ \$1,500. The manufactured home owner must
 75.19 also provide a copy of the certificate of title endorsed by the owner of record, and certify
 75.20 to the neutral third party, with a copy to the park owner, that none of the exceptions to
 75.21 receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the
 75.22 manufactured home owner, and that the home owner will vacate the home within 60 days
 75.23 after receipt of payment or the date of park closure, whichever is earlier, provided that the
 75.24 monthly lot rent is kept current.

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

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

76.1 (h)(1) By October 15, 2019, the Minnesota Housing Finance Agency shall post on its
76.2 website and report to the chairs of the senate Finance Committee and house of representatives
76.3 Ways and Means Committee on the Minnesota manufactured home relocation trust fund,
76.4 including the account balance, payments to claimants, the amount of any advances to the
76.5 fund, the amount of any insufficiencies encountered during the previous calendar year, and
76.6 any itemized administrative charges or expenses deducted from the trust fund balance. If
76.7 sufficient funds become available, the Minnesota Housing Finance Agency shall pay the
76.8 manufactured home owner whose unpaid claim is the earliest by time and date of approval.

76.9 ~~(h)~~ (2) Beginning in 2019, the Minnesota Housing Finance Agency shall post on its
76.10 website and report to the chairs of the senate Finance Committee and house of representatives
76.11 Ways and Means Committee by ~~January~~ October 15 of each year on the Minnesota
76.12 manufactured home relocation trust fund, including the aggregate account balance, the
76.13 aggregate assessment payments received, summary information regarding each closed park
76.14 including the total payments to claimants and payments received from each closed park,
76.15 the amount of any advances to the fund, the amount of any insufficiencies encountered
76.16 during the previous ~~calendar~~ fiscal year, reports of neutral third parties provided pursuant
76.17 to subdivision 4, and any itemized administrative charges or expenses deducted from the
76.18 trust fund balance, all of which should be reconciled to the previous year's trust fund balance.
76.19 If sufficient funds become available, the Minnesota Housing Finance Agency shall pay the
76.20 manufactured home owner whose unpaid claim is the earliest by time and date of approval.

76.21 Sec. 17. Minnesota Statutes 2018, section 327C.095, is amended by adding a subdivision
76.22 to read:

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

76.31 Sec. 18. Minnesota Statutes 2018, section 428A.11, subdivision 4, is amended to read:

76.32 Subd. 4. **Housing improvements.** "Housing improvements" has the meaning given in
76.33 the city's enabling ordinance. Housing improvements may include improvements to common

77.1 elements of a condominium or other common interest community or to a manufactured
77.2 home park.

77.3 Sec. 19. Minnesota Statutes 2018, section 428A.11, subdivision 6, is amended to read:

77.4 Subd. 6. **Housing unit.** "Housing unit" means real property and improvements thereon
77.5 consisting of a one-dwelling unit, or an apartment or unit as described in chapter 515, 515A,
77.6 or 515B, respectively, or a manufactured home in a manufactured home park that is occupied
77.7 by a person or family for use as a residence.

77.8 Sec. 20. Minnesota Statutes 2018, section 462A.2035, subdivision 1a, is amended to read:

77.9 Subd. 1a. **Individual assistance grants.** Eligible recipients may use individual assistance
77.10 grants and loans under this program to:

77.11 (1) provide current residents of manufactured home parks with buy-out assistance not
77.12 to exceed \$4,000 per home with preference given to older manufactured homes; and

77.13 (2) provide down-payment assistance for the purchase of new and preowned manufactured
77.14 homes that comply with the current version of the ~~State Building~~ United States Department
77.15 of Housing and Urban Development's Manufactured Housing Code in effect at the time of
77.16 the sale, not to exceed \$10,000 per home.

77.17 Sec. 21. Minnesota Statutes 2018, section 462A.2035, subdivision 1b, is amended to read:

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

77.20 (1) acquisition of and improvements in manufactured home parks; and

77.21 (2) infrastructure, including storm shelters and community facilities.

77.22 Sec. 22. Minnesota Statutes 2018, section 462A.209, subdivision 8, is amended to read:

77.23 Subd. 8. **Report.** (a) By January 10 of every year, each nonprofit organization or political
77.24 subdivision that delivers services under this section and capacity building under section
77.25 462A.21, subdivision 3b, if the grant recipient has subgrantees, must submit a report to the
77.26 agency ~~that summarizes the number of people served and the sources and amounts of nonstate~~
77.27 ~~money used to fund the services.~~ The report must include, at a minimum, the following
77.28 information:

77.29 (1) details of program costs;

78.1 (2) the number of staff, both within the organization and any outside organization;

78.2 (3) the number of program participants;

78.3 (4) the demographic information including, but not limited to, race, age, gender, and
78.4 income of program participants, if available;

78.5 (5) a list of any and all subgrantees receiving funds from the program, as well as the
78.6 amount of funding received;

78.7 (6) information about other sources of program funding including other public or private
78.8 funding or in-kind donations;

78.9 (7) evidence that the organization administering a program or a subgrantee of a program
78.10 is in good standing with the Minnesota Secretary of State and has provided an affidavit
78.11 stating the organization and subgrantee, if any, has met all applicable requirements under
78.12 chapter 289A;

78.13 (8) a short description of what each program does; and

78.14 (9) to the extent practicable, quantifiable measures of program success.

78.15 (b) The agency shall annually submit a report containing the information received from
78.16 nonprofit organizations and political subdivisions under paragraph (a) to the legislature
78.17 members of the legislative housing policy and finance committees and divisions by February
78.18 15.

78.19 **EFFECTIVE DATE.** This section is effective July 1, 2020.

78.20 Sec. 23. Minnesota Statutes 2018, section 462A.22, subdivision 9, is amended to read:

78.21 Subd. 9. **Biennial report.** The agency shall also submit a biennial report of its activities
78.22 and receipts, and a plan for the next biennium, to the governor and the legislature on or
78.23 before February 15 in each odd-numbered year. The report shall include: (1) the distribution
78.24 of money under each agency program by county, except for counties containing a city of
78.25 the first class, where the distribution shall be reported by municipality; and (2) the cost per
78.26 unit of housing and the cost per square foot of housing financed under each agency program.

78.27 In addition, the report shall include the cost to the agency of the issuance of its bonds
78.28 for each issue in the biennium, along with comparable information for other state housing
78.29 finance agencies.

79.1 Sec. 24. Minnesota Statutes 2018, section 462A.222, subdivision 3, is amended to read:

79.2 Subd. 3. **Allocation procedure.** (a) Projects will be awarded tax credits in two
79.3 competitive rounds on an annual basis. The date for applications for each round must be
79.4 determined by the agency. No allocating agency may award tax credits prior to the application
79.5 dates established by the agency.

79.6 (b) Each allocating agency must meet the requirements of section 42(m) of the Internal
79.7 Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax
79.8 credits and the selection of projects.

79.9 (c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4)
79.10 of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the
79.11 project satisfies the requirements of the allocating agency's qualified allocation plan. For
79.12 projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the
79.13 Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds
79.14 for the project, or the issuer of the bonds for the project is located outside the jurisdiction
79.15 of a city or county that has received reserved tax credits, the applicable allocation plan is
79.16 the agency's qualified allocation plan.

79.17 (d)~~(1)~~ To maximize the resources available for and increase the supply of affordable
79.18 housing in Minnesota by leveraging the benefits to Minnesota from the use of tax-exempt
79.19 bonds to finance multifamily housing and to allow local units of government more flexibility
79.20 to address specific affordable housing needs in their communities, the agency shall make
79.21 residential rental housing projects financed with an allocation of tax-exempt bonds under
79.22 chapter 474A the highest strategic priority for tax credits under the agency's qualified
79.23 allocation plan under section 42(m)(1)(D) of the Internal Revenue Code of 1986, as amended.

79.24 ~~(2) For projects eligible for an allocation of tax credits under section 42(h)(4) of the~~
79.25 ~~Internal Revenue Code of 1986, as amended, the agency's qualified allocation plan and~~
79.26 ~~other related agency guidance and requirements:~~

79.27 ~~(i) shall not include any selection criteria other than (A) the criteria of section 42(m)(1)(C)~~
79.28 ~~of the Internal Revenue Code of 1986, as amended, and (B) whether the project has received~~
79.29 ~~an allocation of tax-exempt bonds under chapter 474A, with subitem (B) as the most~~
79.30 ~~important criteria;~~

79.31 ~~(ii) shall grant projects receiving an allocation of tax-exempt bonds under chapter 474A~~
79.32 ~~the highest possible preference and, to the extent applicable, ahead of any preference~~
79.33 ~~described in section 42(m)(1)(B) of the Internal Revenue Code of 1986, as amended;~~

80.1 ~~(iii) shall exclude any per-unit cost limitations, cost reasonableness, or other similar~~
80.2 ~~restrictions for residential rental housing projects financed with an allocation of tax-exempt~~
80.3 ~~bonds under chapter 474A; and~~

80.4 ~~(iv) shall not adopt or impose any additional rules, requirements, regulations, or~~
80.5 ~~restrictions other than those required by section 42 of the Internal Revenue Code of 1986,~~
80.6 ~~as amended, regarding the allocation of credits.~~

80.7 ~~Each developer of a residential rental housing project that has received an allocation of~~
80.8 ~~tax-exempt bonds under chapter 474A and the proposed issuer of such tax-exempt bonds~~
80.9 ~~shall have standing to challenge the agency's qualified allocation plan for failure to comply~~
80.10 ~~with this clause.~~

80.11 ~~In the event of any conflict or inconsistency between this paragraph and section 462A.04,~~
80.12 ~~the provisions of this paragraph shall govern and control. The provisions of paragraph (d)~~
80.13 ~~shall not apply to any allocating agency other than the agency.~~

80.14 (e) For applications submitted for the first round, an allocating agency may allocate tax
80.15 credits only to the following types of projects:

80.16 (1) in the metropolitan area:

80.17 (i) new construction or substantial rehabilitation of projects in which, for the term of the
80.18 extended use period, at least 75 percent of the total tax credit units are single-room
80.19 occupancy, efficiency, or one bedroom units and which are affordable by households whose
80.20 income does not exceed 30 percent of the median income;

80.21 (ii) new construction or substantial rehabilitation family housing projects that are not
80.22 restricted to persons who are 55 years of age or older and in which, for the term of the
80.23 extended use period, at least 75 percent of the tax credit units contain two or more bedrooms
80.24 and at least one-third of the 75 percent contain three or more bedrooms; or

80.25 (iii) substantial rehabilitation projects in neighborhoods targeted by the city for
80.26 revitalization;

80.27 (2) outside the metropolitan area, projects which meet a locally identified housing need
80.28 and which are in short supply in the local housing market as evidenced by credible data
80.29 submitted with the application;

80.30 (3) projects that are not restricted to persons of a particular age group and in which, for
80.31 the term of the extended use period, a percentage of the units are set aside and rented to
80.32 persons:

81.1 (i) with a serious and persistent mental illness as defined in section 245.462, subdivision
81.2 20, paragraph (c);

81.3 (ii) with a developmental disability as defined in United States Code, title 42, section
81.4 6001, paragraph (5), as amended through December 31, 1990;

81.5 (iii) who have been assessed as drug dependent persons as defined in section 254A.02,
81.6 subdivision 5, and are receiving or will receive care and treatment services provided by an
81.7 approved treatment program as defined in section 254A.02, subdivision 2;

81.8 (iv) with a brain injury as defined in section 256B.093, subdivision 4, paragraph (a); or

81.9 (v) with permanent physical disabilities that substantially limit one or more major life
81.10 activities, if at least 50 percent of the units in the project are accessible as provided under
81.11 Minnesota Rules, chapter 1340;

81.12 (4) projects, whether or not restricted to persons of a particular age group, which preserve
81.13 existing subsidized housing, if the use of tax credits is necessary to prevent conversion to
81.14 market rate use or to remedy physical deterioration of the project which would result in loss
81.15 of existing federal subsidies; or

81.16 (5) projects financed by the Farmers Home Administration, or its successor agency,
81.17 which meet statewide distribution goals.

81.18 (f) Before the date for applications for the final round, the allocating agencies other than
81.19 the agency shall return all uncommitted and unallocated tax credits to a unified pool for
81.20 allocation by the agency on a statewide basis.

81.21 (g) Unused portions of the state ceiling for low-income housing tax credits reserved to
81.22 cities and counties for allocation may be returned at any time to the agency for allocation.

81.23 (h) If an allocating agency determines, at any time after the initial commitment or
81.24 allocation for a specific project, that a project is no longer eligible for all or a portion of the
81.25 low-income housing tax credits committed or allocated to the project, the credits must be
81.26 transferred to the agency to be reallocated pursuant to the procedures established in
81.27 paragraphs (f) to (h); provided that if the tax credits for which the project is no longer eligible
81.28 are from the current year's annual ceiling and the allocating agency maintains a waiting list,
81.29 the allocating agency may continue to commit or allocate the credits until not later than the
81.30 date of applications for the final round, at which time any uncommitted credits must be
81.31 transferred to the agency.

81.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

82.1 Sec. 25. Minnesota Statutes 2018, section 462A.24, is amended to read:

82.2 **462A.24 CONSTRUCTION; GRANTS AND LOANS; PRIORITIES.**

82.3 (a) This chapter is necessary for the welfare of the state of Minnesota and its inhabitants;
82.4 therefore, it shall be liberally construed to effect its purpose.

82.5 (b) To the extent practicable, the agency shall award grant and loan amounts with a
82.6 reasonable balance between nonmetropolitan and metropolitan areas of the state.

82.7 (c) Beginning with applications made in response to requests for proposals issued after
82.8 July 1, 2020, after final decisions are made on applications for programs of the agency, the
82.9 results of any quantitative scoring system used to rank applications shall be posted on the
82.10 agency website.

82.11 Sec. 26. Minnesota Statutes 2018, section 462A.33, subdivision 1, is amended to read:

82.12 Subdivision 1. **Created.** (a) The economic development and housing challenge program
82.13 is created to be administered by the agency. Notwithstanding section 462A.24, this section
82.14 shall be construed based on the specific language within this section and within an
82.15 appropriation pursuant to this section.

82.16 ~~(a)~~ (b) The program shall provide grants or loans for the purpose of construction,
82.17 acquisition, rehabilitation, demolition or removal of existing structures, construction
82.18 financing, permanent financing, interest rate reduction, refinancing, and gap financing of
82.19 housing to support economic development and redevelopment activities or job creation or
82.20 job preservation within a community or region by meeting locally identified housing needs.

82.21 Gap financing is either:

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

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

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

82.31 ~~(c)~~ (d) If a grant or loan is used for demolition or removal of existing structures, the
82.32 cleared land must be used for the construction of housing to be owned or rented by persons

83.1 who meet the income limits of this section or for other housing-related purposes that primarily
83.2 benefit the persons residing in the adjacent housing. In making selections for grants or loans
83.3 for projects that demolish affordable housing units, the agency must review the potential
83.4 displacement of residents and consider the extent to which displacement of residents is
83.5 minimized.

83.6 **EFFECTIVE DATE.** This section is effective July 1, 2020.

83.7 Sec. 27. **[462A.355] ADVANCES TO MINNESOTA MANUFACTURED HOME**
83.8 **RELOCATION TRUST FUND.**

83.9 (a) The Minnesota Housing Finance Agency or Department of Management and Budget
83.10 as determined by the commissioner of management and budget, is authorized to advance
83.11 up to \$400,000 from state appropriations or other resources to the Minnesota manufactured
83.12 home relocation trust fund established under section 462A.35 if the account balance in the
83.13 Minnesota manufactured home relocation trust fund is insufficient to pay the amounts
83.14 claimed under section 327C.095, subdivision 13.

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

83.20 Sec. 28. Minnesota Statutes 2018, section 462A.38, subdivision 1, is amended to read:

83.21 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
83.22 program is established to award homeownership development grants to cities, tribal
83.23 governments, nonprofit organizations, cooperatives created under chapter 308A or 308B,
83.24 and community land trusts created for the purposes outlined in section 462A.31, subdivision
83.25 1, for development of workforce and affordable homeownership projects. The purpose of
83.26 the program is to increase the supply of workforce and affordable, owner-occupied
83.27 multifamily or single-family housing throughout Minnesota.

83.28 Sec. 29. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
83.29 to read:

83.30 Subd. 1a. **Aggregate bond limitation.** "Aggregate bond limitation" means up to 55
83.31 percent of the reasonably expected aggregate basis of a residential rental project and the
83.32 land on which the project is or will be located.

84.1 **EFFECTIVE DATE.** This section is effective January 1, 2020.

84.2 Sec. 30. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
84.3 to read:

84.4 Subd. 1b. **AMI.** "AMI" means the area median income for the applicable county or
84.5 metropolitan area as published by the Department of Housing and Urban Development, as
84.6 adjusted for household size.

84.7 **EFFECTIVE DATE.** This section is effective January 1, 2020.

84.8 Sec. 31. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
84.9 to read:

84.10 Subd. 12a. **LIHTC.** "LIHTC" means low-income housing tax credits under section 42
84.11 of the Internal Revenue Code of 1986, as amended.

84.12 **EFFECTIVE DATE.** This section is effective January 1, 2020.

84.13 Sec. 32. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
84.14 to read:

84.15 Subd. 21a. **Preservation project.** "Preservation project" means any residential rental
84.16 project, regardless of whether or not the project is restricted to persons of a certain age or
84.17 older, that is expected to generate low-income housing tax credits under section 42 of the
84.18 Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental
84.19 assistance, or (2) is funded through a loan from or guaranteed by the United States
84.20 Department of Agriculture's Rural Development Program. In addition, to qualify as a
84.21 preservation project, the amount of bonds requested in the application must not exceed the
84.22 aggregate bond limitation.

84.23 **EFFECTIVE DATE.** This section is effective January 1, 2020.

84.24 Sec. 33. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
84.25 to read:

84.26 Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential
84.27 rental project" means a residential rental project that does not otherwise qualify as a
84.28 preservation project, is expected to generate low-income housing tax credits under section
84.29 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential
84.30 units, and in which:

- 85.1 (1) all the residential units of the project:
- 85.2 (i) are reserved for tenants whose income, on average, is 30 percent of AMI or less;
- 85.3 (ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code
- 85.4 of 1986, as amended; and
- 85.5 (iii) are subject to rent and income restrictions for a period of not less than 30 years; or
- 85.6 (2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision
- 85.7 2, and within a county or metropolitan area that has a current median area gross income
- 85.8 that is less than the statewide area median income for Minnesota;
- 85.9 (ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2)
- 85.10 of the Internal Revenue Code of 1986, as amended; and
- 85.11 (iii) all of the units of the project are subject to the applicable rent and income restrictions
- 85.12 for a period of not less than 30 years.

85.13 In addition, to qualify as a 30 percent AMI residential project, the amount of bonds

85.14 requested in the application must not exceed the aggregate bond limitation.

85.15 For purposes of this subdivision, "on average" means the average of the applicable

85.16 income limitation level for a project determined on a unit-by-unit basis for example, a project

85.17 with one-half of its units subject to income limitations of not greater than 20 percent AMI

85.18 and one-half subject to income limitations of not greater than 40 percent AMI would be

85.19 subject to an income limitation on average of not greater than 30 percent AMI.

85.20 **EFFECTIVE DATE.** This section is effective January 1, 2020.

85.21 Sec. 34. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision

85.22 to read:

85.23 **Subd. 31. 50 percent AMI residential rental project.** "50 percent AMI residential

85.24 rental project" means a residential rental project that does not qualify as a preservation

85.25 project or 30 percent AMI residential rental project, is expected to generate low-income

85.26 housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended,

85.27 from 100 percent of its residential units, and in which all the residential units of the project:

85.28 (1) are reserved for tenants whose income, on average, is 50 percent of AMI or less;

85.29 (2) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code

85.30 of 1986, as amended; and

85.31 (3) are subject to rent and income restrictions for a period of not less than 30 years.

86.1 In addition, to qualify as a 50 percent AMI residential rental project, the amount of bonds
86.2 requested in the application must not exceed the aggregate bond limitation.

86.3 For purposes of this subdivision, "on average" means the average of the applicable
86.4 income limitation level for a project determined on a unit-by-unit basis for example, a project
86.5 with one-half of its units subject to income limitations of not greater than 40 percent AMI
86.6 and one-half subject to income limitations of not greater than 60 percent AMI would be
86.7 subject to an income limitation on average of not greater than 50 percent AMI.

86.8 **EFFECTIVE DATE.** This section is effective January 1, 2020.

86.9 Sec. 35. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
86.10 to read:

86.11 Subd. 32. **100 percent LIHTC project.** "100 percent LIHTC project" means a residential
86.12 rental project that is expected to generate low-income housing tax credits under section 42
86.13 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units
86.14 and does not otherwise qualify as a preservation project, 30 percent AMI residential rental
86.15 project, or 50 percent AMI residential rental project. In addition, to qualify as a 100 percent
86.16 LIHTC project, the amount of bonds requested in the application must not exceed the
86.17 aggregate bond limitation.

86.18 **EFFECTIVE DATE.** This section is effective January 1, 2020.

86.19 Sec. 36. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
86.20 to read:

86.21 Subd. 33. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential
86.22 rental project that is expected to generate low-income housing tax credits under section 42
86.23 of the Internal Revenue Code of 1986, as amended, from at least 20 percent of its residential
86.24 units and does not otherwise qualify as a preservation project, 30 percent AMI residential
86.25 rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project. In
86.26 addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the
86.27 application must not exceed the aggregate bond limitation.

86.28 **EFFECTIVE DATE.** This section is effective January 1, 2020.

86.29 Sec. 37. Minnesota Statutes 2018, section 474A.03, subdivision 1, is amended to read:

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

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

87.3 (1) \$74,530,000 to the small issue pool;

87.4 (2) \$122,060,000 to the housing pool, of which ~~31~~ 27 percent of the adjusted allocation
87.5 is reserved until the last Monday in ~~July~~ June each year until 2021 for single-family housing
87.6 programs, after which 31 percent of the adjusted allocation is reserved until the last Monday
87.7 in June for single-family programs;

87.8 (3) \$12,750,000 to the public facilities pool; and

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

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

87.14 **EFFECTIVE DATE.** This section is effective January 1, 2020.

87.15 Sec. 38. Minnesota Statutes 2018, section 474A.04, subdivision 1a, is amended to read:

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

87.21 **EFFECTIVE DATE.** This section is effective January 1, 2020.

87.22 Sec. 39. Minnesota Statutes 2018, section 474A.061, subdivision 1, is amended to read:

87.23 Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a)
87.24 For any requested allocations from the small issue pool and the public facilities pool, an
87.25 issuer may apply for an allocation under this section by submitting to the department an
87.26 application on forms provided by the department, accompanied by (1) a preliminary
87.27 resolution, (2) a statement of bond counsel that the proposed issue of obligations requires
87.28 an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified
87.29 bonds to be issued, (4) an application deposit in the amount of one percent of the requested
87.30 allocation before the last Monday in ~~July~~ June, or in the amount of two percent of the
87.31 requested allocation on or after the last Monday in ~~July~~ June, and (5) a public purpose

88.1 scoring worksheet for manufacturing project and enterprise zone facility project applications;
 88.2 ~~and (6) for residential rental projects, a statement from the applicant or bond counsel as to~~
 88.3 ~~whether the project preserves existing federally subsidized housing for residential rental~~
 88.4 ~~project applications and whether the project is restricted to persons who are 55 years of age~~
 88.5 ~~or older.~~ The issuer must pay the application deposit by a check made payable to the
 88.6 Department of Management and Budget. The Minnesota Housing Finance Agency, the
 88.7 Minnesota Rural Finance Authority, and the Minnesota Office of Higher Education may
 88.8 apply for and receive an allocation under this section without submitting an application
 88.9 deposit.

88.10 (b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~
 88.11 under this subdivision unless it has either permanently issued bonds equal to the amount of
 88.12 its entitlement allocation for the current year plus any amount of bonding authority carried
 88.13 forward from previous years or returned for reallocation all of its unused entitlement
 88.14 allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool~~
 88.15 ~~unless it either has permanently issued bonds equal to any amount of bonding authority~~
 88.16 ~~carried forward from a previous year or has returned for reallocation any unused bonding~~
 88.17 ~~authority carried forward from a previous year.~~ For purposes of this subdivision, its
 88.18 entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.
 88.19 ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency~~
 88.20 ~~for an allocation under subdivision 2a for cities who choose to have the agency issue bonds~~
 88.21 ~~on their behalf.~~

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

88.26 **EFFECTIVE DATE.** This section is effective January 1, 2020.

88.27 Sec. 40. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision
 88.28 to read:

88.29 Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from
 88.30 the housing pool, an issuer may apply for an allocation under this section by submitting to
 88.31 the department an application on forms provided by the department, accompanied by (1) a
 88.32 preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations
 88.33 requires an allocation under this chapter and the Internal Revenue Code, (3) an application
 88.34 deposit in the amount of two percent of the requested allocation, (4) a sworn statement from

89.1 the applicant identifying the project as either a preservation project, 30 percent AMI
89.2 residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC
89.3 project, 20 percent LIHTC project, or any other residential rental project, and (5) a
89.4 certification from the applicant or its accountant stating that the requested allocation does
89.5 not exceed the aggregate bond limitation. The issuer must pay the application deposit to the
89.6 Department of Management and Budget. The Minnesota Housing Finance Agency may
89.7 apply for and receive an allocation under this section without submitting an application
89.8 deposit.

89.9 (b) An entitlement issuer may not apply for an allocation from the housing pool unless
89.10 it either has permanently issued bonds equal to any amount of bonding authority carried
89.11 forward from a previous year or has returned for reallocation any unused bonding authority
89.12 carried forward from a previous year. For purposes of this subdivision, its entitlement
89.13 allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph
89.14 does not apply to an application from the Minnesota Housing Finance Agency for an
89.15 allocation under subdivision 2a for cities who choose to have the agency issue bonds on the
89.16 city's behalf.

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

89.21 **EFFECTIVE DATE.** This section is effective January 1, 2020.

89.22 Sec. 41. Minnesota Statutes 2018, section 474A.061, subdivision 2a, is amended to read:

89.23 Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January
89.24 and continuing on each Monday through ~~July 15~~ the last Monday in June, the commissioner
89.25 shall allocate available bonding authority from the housing pool to applications received
89.26 on or before the Monday of the preceding week for residential rental projects that meet the
89.27 eligibility criteria under section 474A.047. Allocations of available bonding authority from
89.28 the housing pool for eligible residential rental projects shall be awarded in the following
89.29 order of priority: ~~(1) projects that preserve existing federally subsidized housing; (2) projects~~
89.30 ~~that are not restricted to persons who are 55 years of age or older; and (3) other residential~~
89.31 ~~rental projects. Prior to May 15, no allocation shall be made to a project restricted to persons~~
89.32 ~~who are 55 years of age or older.~~

89.33 (1) preservation projects;

90.1 (2) 30 percent AMI residential rental projects;

90.2 (3) 50 percent AMI residential rental projects;

90.3 (4) 100 percent LIHTC projects;

90.4 (5) 20 percent LIHTC projects; and

90.5 (6) other residential rental projects for which the amount of bonds requested in their
90.6 respective applications do not exceed the aggregate bond limitation.

90.7 ~~If an issuer that receives an allocation under this paragraph does not issue obligations equal~~
90.8 ~~to all or a portion of the allocation received within 120 days of the allocation or returns the~~
90.9 ~~allocation to the commissioner, the amount of the allocation is canceled and returned for~~
90.10 ~~reallocation through the housing pool or to the unified pool after July 15. If there are two~~
90.11 or more applications for residential rental projects at the same priority level and there is
90.12 insufficient bonding authority to provide allocations for all the projects in any one allocation
90.13 period, available bonding authority shall be randomly awarded by lot but only for projects
90.14 that can receive the full amount of their respective requested allocations. If a residential
90.15 rental project does not receive any of its requested allocation pursuant to this paragraph and
90.16 the project applies for an allocation of bonds again in the same calendar year or to the next
90.17 successive housing pool, the project shall be fully funded up to its original application
90.18 request for bonding authority before any new project, applying in the same allocation period,
90.19 that has an equal priority shall receive bonding authority. An issuer that receives an allocation
90.20 under this paragraph must issue obligations equal to all or a portion of the allocation received
90.21 on or before 180 days of the allocation. If an issuer that receives an allocation under this
90.22 paragraph does not issue obligations equal to all or a portion of the allocation received
90.23 within the time period provided in this paragraph or returns the allocation to the
90.24 commissioner, the amount of the allocation is canceled and returned for reallocation through
90.25 the housing pool or to the unified pool after July 1.

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

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

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

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

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

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

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

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

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

91.31 (d) The total amount of allocation for mortgage bonds for one city is limited to the lesser
91.32 of: (i) the amount requested, or (ii) the product of the total amount available for mortgage
91.33 bonds from the housing pool, multiplied by the ratio of each applicant's population as
91.34 determined by the most recent estimate of the city's population released by the state

92.1 demographer's office to the total of all the applicants' population, except that each applicant
 92.2 shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount
 92.3 determined under the formula in clause (ii). If a city applying for an allocation is located
 92.4 within a county that has also applied for an allocation, the city's population will be deducted
 92.5 from the county's population in calculating the amount of allocations under this paragraph.

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

92.10 Total allocations from the housing pool for single-family housing programs may not
 92.11 exceed ~~34~~ 27 percent of the adjusted allocation to the housing pool until after ~~July~~ June 15
 92.12 in 2020 and 2021, after which the allocations may not exceed 31 percent of the adjusted
 92.13 allocation to the housing pool until after June 15.

92.14 (e) The agency may issue bonds on behalf of participating cities. The agency shall request
 92.15 an allocation from the commissioner for all applicants who choose to have the agency issue
 92.16 bonds on their behalf and the commissioner shall allocate the requested amount to the
 92.17 agency. The agency may request an allocation at any time after the second Tuesday in
 92.18 January and through the last Monday in ~~July~~ June. After awarding an allocation and receiving
 92.19 a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the
 92.20 commissioner shall transfer the application deposits to the Minnesota Housing Finance
 92.21 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency
 92.22 shall return any application deposit to a city that paid an application deposit under paragraph
 92.23 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph
 92.24 (d).

92.25 (f) A city may choose to issue bonds on its own behalf or through a joint powers
 92.26 agreement and may request an allocation from the commissioner by forwarding an application
 92.27 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
 92.28 application deposit to the commissioner no later than the Monday of the week preceding
 92.29 an allocation. If the total amount requested by all applicants exceeds the amount available
 92.30 in the pool, the city may not receive a greater allocation than the amount it would have
 92.31 received under the list forwarded by the Minnesota Housing Finance Agency to the
 92.32 commissioner. No city may request or receive an allocation from the commissioner until
 92.33 the list under paragraph (d) has been forwarded to the commissioner. A city must request
 92.34 an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city
 92.35 may receive an allocation from the housing pool for mortgage bonds which has not first

93.1 applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the
93.2 requested amount to the city or cities subject to the limitations under this paragraph.

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

93.10 (g) No entitlement city or county or city in an entitlement county may apply for or be
93.11 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
93.12 housing pool. No city in an entitlement county may apply for or be allocated authority to
93.13 issue residential rental bonds from the housing pool or the unified pool.

93.14 (h) A city that does not use at least 50 percent of its allotment by the date applications
93.15 are due for the first allocation that is made from the housing pool for single-family housing
93.16 programs in the immediately succeeding calendar year may not apply to the housing pool
93.17 for a single-family mortgage bond or mortgage credit certificate program allocation that
93.18 exceeds the amount of its allotment for the preceding year that was used by the city in the
93.19 immediately preceding year or receive an allotment from the housing pool in the succeeding
93.20 calendar year that exceeds the amount of its allotment for the preceding year that was used
93.21 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
93.22 ~~July~~ June 15, regardless of the amount used in the preceding calendar year, except that a
93.23 city whose allocation in the preceding year was the minimum amount of \$100,000 and who
93.24 did not use at least 50 percent of its allocation from the preceding year is ineligible for an
93.25 allocation in the immediate succeeding calendar year. Each local government unit in a
93.26 consortium must meet the requirements of this paragraph.

93.27 **EFFECTIVE DATE.** This section is effective January 1, 2020.

93.28 Sec. 42. Minnesota Statutes 2018, section 474A.061, subdivision 2b, is amended to read:

93.29 Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January
93.30 and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner
93.31 shall allocate available bonding authority from the small issue pool to applications received
93.32 on or before the Monday of the preceding week for manufacturing projects and enterprise
93.33 zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~
93.34 June, the commissioner shall reserve \$5,000,000 of the available bonding authority from

94.1 the small issue pool for applications for agricultural development bond loan projects of the
94.2 Minnesota Rural Finance Authority.

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

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

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

94.21 **EFFECTIVE DATE.** This section is effective January 1, 2020.

94.22 Sec. 43. Minnesota Statutes 2018, section 474A.061, subdivision 2c, is amended to read:

94.23 Subd. 2c. **Public facilities pool allocation.** From the beginning of the calendar year and
94.24 continuing for a period of 120 days, the commissioner shall reserve \$5,000,000 of the
94.25 available bonding authority from the public facilities pool for applications for public facilities
94.26 projects to be financed by the Western Lake Superior Sanitary District. Commencing on
94.27 the second Tuesday in January and continuing on each Monday through the last Monday
94.28 in ~~July~~ June, the commissioner shall allocate available bonding authority from the public
94.29 facilities pool to applications for eligible public facilities projects received on or before the
94.30 Monday of the preceding week. If there are two or more applications for public facilities
94.31 projects from the pool and there is insufficient available bonding authority to provide
94.32 allocations for all projects in any one week, the available bonding authority shall be awarded
94.33 by lot unless otherwise agreed to by the respective issuers.

95.1 **EFFECTIVE DATE.** This section is effective January 1, 2020.

95.2 Sec. 44. Minnesota Statutes 2018, section 474A.061, subdivision 4, is amended to read:

95.3 Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities**
95.4 **pool.** (a) For any requested allocations from the small issue pool or the public facilities
95.5 pool, if an issuer that receives an allocation under this section determines that it will not
95.6 issue obligations equal to all or a portion of the allocation received under this section within
95.7 120 days of allocation or within the time period permitted by federal tax law, whichever is
95.8 less, the issuer must notify the department. If the issuer notifies the department or the 120-day
95.9 period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of
95.10 allocation is canceled and returned for reallocation through the pool from which it was
95.11 originally allocated. If the issuer notifies the department or the 120-day period since allocation
95.12 has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled
95.13 and returned for reallocation through the unified pool. If the issuer notifies the department
95.14 after the last Monday in November, the amount of allocation is canceled and returned for
95.15 reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
95.16 application process, the commissioner shall reserve, for new applications, the amount of
95.17 allocation that is canceled and returned for reallocation under this section for a minimum
95.18 of seven calendar days.

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

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

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

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

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

95.30 **EFFECTIVE DATE.** This section is effective January 1, 2020.

96.1 Sec. 45. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision
96.2 to read:

96.3 Subd. 7. **Return of allocation; deposit refund for housing pool.** (a) For any requested
96.4 allocations from the housing pool, if an issuer that receives an allocation under this section
96.5 determines that it will not permanently issue obligations equal to all or a portion of the
96.6 allocation received under this section within the time period provided under section
96.7 474A.061, subdivision 2a, paragraph (a), or within the time period permitted by federal tax
96.8 law, whichever is less, the issuer must notify the department. If the issuer notifies the
96.9 department or the time period provided under section 474A.061, subdivision 2a, paragraph
96.10 (a), has expired prior to the last Monday in June, the amount of allocation is canceled and
96.11 returned for reallocation through the housing pool. If the issuer notifies the department or
96.12 the time period provided under section 474A.061, subdivision 2a, paragraph (a), has expired
96.13 on or after the last Monday in June, the amount of allocation is canceled and returned for
96.14 reallocation through the unified pool. If the issuer notifies the department after the last
96.15 Monday in November, the amount of allocation is canceled and returned for reallocation
96.16 to the Minnesota Housing Finance Agency. To encourage a competitive application process,
96.17 the commissioner shall reserve, for new applications, the amount of allocation that is canceled
96.18 and returned for reallocation under this section for a minimum of seven calendar days.

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

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

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

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

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

96.30 **EFFECTIVE DATE.** This section is effective January 1, 2020.

97.1 Sec. 46. Minnesota Statutes 2018, section 474A.062, is amended to read:

97.2 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION ~~120-DAY~~ ISSUANCE**
97.3 **EXEMPTION.**

97.4 The Minnesota Office of Higher Education is exempt from ~~the 120-day~~ any time
97.5 limitation on issuance requirements of bonds set forth in this chapter and may carry forward
97.6 allocations for student loan bonds, subject to carryforward notice requirements of section
97.7 474A.131, subdivision 2.

97.8 **EFFECTIVE DATE.** This section is effective January 1, 2020.

97.9 Sec. 47. Minnesota Statutes 2018, section 474A.091, subdivision 1, is amended to read:

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

97.14 **EFFECTIVE DATE.** This section is effective January 1, 2020.

97.15 Sec. 48. Minnesota Statutes 2018, section 474A.091, subdivision 2, is amended to read:

97.16 Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an
97.17 allocation for residential rental bonds under this section by submitting to the department an
97.18 application on forms provided by the department accompanied by:

97.19 (1) a preliminary resolution;₂

97.20 (2) a statement of bond counsel that the proposed issue of obligations requires an
97.21 allocation under this chapter and the Internal Revenue Code;₂

97.22 (3) ~~the type of qualified bonds to be issued,~~ (4) an application deposit in the amount of
97.23 two percent of the requested allocation, ~~(5) a public purpose scoring worksheet for~~
97.24 ~~manufacturing and enterprise zone applications, and (6) for residential rental projects, a~~
97.25 ~~statement from the applicant or bond counsel as to whether the project preserves existing~~
97.26 ~~federally subsidized housing and whether the project is restricted to persons who are 55~~
97.27 ~~years of age or older;~~₂

97.28 (4) a sworn statement from the applicant identifying the project as a preservation project,
97.29 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
97.30 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
97.31 and

98.1 (5) a certification from the applicant or its accountant stating that the requested allocation
98.2 does not exceed the aggregate bond limitation.

98.3 The issuer must pay the application deposit ~~by check to the Department of Management~~
98.4 and Budget. An entitlement issuer may not apply for an allocation for ~~public facility bonds,~~
98.5 ~~residential rental project bonds, or mortgage bonds~~ under this section unless it has either
98.6 permanently issued bonds equal to the amount of its entitlement allocation for the current
98.7 year plus any amount carried forward from previous years or returned for reallocation all
98.8 of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation
98.9 includes an amount obtained under section 474A.04, subdivision 6.

98.10 (b) An issuer that receives an allocation under this subdivision must permanently issue
98.11 obligations equal to all or a portion of the allocation received on or before 180 days of the
98.12 allocation. If an issuer that receives an allocation under this subdivision does not permanently
98.13 issue obligations equal to all or a portion of the allocation received within the time period
98.14 provided in this paragraph or returns the allocation to the commissioner, the amount of the
98.15 allocation is canceled and returned for reallocation through the unified pool.

98.16 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
98.17 ~~the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds~~
98.18 ~~under this section prior to the first Monday in October, but may be awarded allocations for~~
98.19 ~~mortgage bonds from the unified pool on or after the first Monday in October.~~ The Minnesota
98.20 Housing Finance Agency, ~~the Minnesota Office of Higher Education, and the Minnesota~~
98.21 ~~Rural Finance Authority~~ may apply for and receive an allocation under this section without
98.22 submitting an application deposit.

98.23 **EFFECTIVE DATE.** This section is effective January 1, 2020.

98.24 Sec. 49. Minnesota Statutes 2018, section 474A.091, is amended by adding a subdivision
98.25 to read:

98.26 Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply
98.27 for an allocation for all types of qualified bonds other than residential rental bonds under
98.28 this section by submitting to the department an application on forms provided by the
98.29 department accompanied by:

98.30 (1) a preliminary resolution;

98.31 (2) a statement of bond counsel that the proposed issue of obligations requires an
98.32 allocation under this chapter and the Internal Revenue Code;

98.33 (3) the type of qualified bonds to be issued;

99.1 (4) an application deposit in the amount of two percent of the requested allocation; and
99.2 (5) a public purpose scoring worksheet for manufacturing and enterprise zone
99.3 applications.

99.4 The issuer must pay the application deposit to the Department of Management and Budget.
99.5 An entitlement issuer may not apply for an allocation for public facility bonds or mortgage
99.6 bonds under this section unless it has either permanently issued bonds equal to the amount
99.7 of its entitlement allocation for the current year plus any amount carried forward from
99.8 previous years or returned for reallocation all of its unused entitlement allocation. For
99.9 purposes of this subdivision, an entitlement allocation includes an amount obtained under
99.10 section 474A.04, subdivision 6.

99.11 (b) An issuer that receives an allocation under this subdivision must permanently issue
99.12 obligations equal to all or a portion of the allocation received on or before 120 days of the
99.13 allocation. If an issuer that receives an allocation under this subdivision does not permanently
99.14 issue obligations equal to all or a portion of the allocation received within the time period
99.15 provided in this paragraph or returns the allocation to the commissioner, the amount of the
99.16 allocation is canceled and returned for reallocation through the unified pool.

99.17 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
99.18 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
99.19 under this section prior to the first Monday in October, but may be awarded allocations for
99.20 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
99.21 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
99.22 Rural Finance Authority may apply for and receive an allocation under this section without
99.23 submitting an application deposit.

99.24 **EFFECTIVE DATE.** This section is effective January 1, 2020.

99.25 Sec. 50. Minnesota Statutes 2018, section 474A.091, subdivision 3, is amended to read:

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

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

- 100.1 (1) applications for residential rental project bonds;
- 100.2 (2) applications for small issue bonds for manufacturing projects; and
- 100.3 (3) applications for small issue bonds for agricultural development bond loan projects.
- 100.4 (c) On the first Monday in October through the last Monday in November, allocations
- 100.5 shall be awarded from the unified pool in the following order of priority:
- 100.6 (1) applications for student loan bonds issued by or on behalf of the Minnesota Office
- 100.7 of Higher Education;
- 100.8 (2) applications for mortgage bonds;
- 100.9 (3) applications for public facility projects funded by public facility bonds;
- 100.10 (4) applications for small issue bonds for manufacturing projects;
- 100.11 (5) applications for small issue bonds for agricultural development bond loan projects;
- 100.12 (6) applications for residential rental project bonds;
- 100.13 (7) applications for enterprise zone facility bonds;
- 100.14 (8) applications for governmental bonds; and
- 100.15 (9) applications for redevelopment bonds.
- 100.16 (d) If there are two or more applications for manufacturing projects from the unified
- 100.17 pool and there is insufficient bonding authority to provide allocations for all manufacturing
- 100.18 projects in any one allocation period, the available bonding authority shall be awarded based
- 100.19 on the number of points awarded a project under section 474A.045 with those projects
- 100.20 receiving the greatest number of points receiving allocation first. If two or more applications
- 100.21 for manufacturing projects receive an equal amount of points, available bonding authority
- 100.22 shall be awarded by lot unless otherwise agreed to by the respective issuers.
- 100.23 (e) If there are two or more applications for enterprise zone facility projects from the
- 100.24 unified pool and there is insufficient bonding authority to provide allocations for all enterprise
- 100.25 zone facility projects in any one allocation period, the available bonding authority shall be
- 100.26 awarded based on the number of points awarded a project under section 474A.045 with
- 100.27 those projects receiving the greatest number of points receiving allocation first. If two or
- 100.28 more applications for enterprise zone facility projects receive an equal amount of points,
- 100.29 available bonding authority shall be awarded by lot unless otherwise agreed to by the
- 100.30 respective issuers.

101.1 (f) If there are two or more applications for residential rental projects from the unified
 101.2 pool and there is insufficient bonding authority to provide allocations for all residential
 101.3 rental projects in any one allocation period, the available bonding authority shall be awarded
 101.4 in the following order of priority: (1) ~~projects that preserve existing federally subsidized~~
 101.5 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~
 101.6 ~~(3) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI~~
 101.7 residential rental projects for which the amount of bonds requested in their respective
 101.8 applications do not exceed the aggregate bond limitations; (4) 100 percent LIHTC projects;
 101.9 (5) 20 percent LIHTC projects; and (6) other residential rental projects. If there are two or
 101.10 more applications for residential rental projects at the same priority level and there is
 101.11 insufficient bonding authority to provide allocations for all the projects in any one allocation
 101.12 period, available bonding authority shall be randomly awarded by lot but only for projects
 101.13 that can receive the full amount of their respective requested allocations. If a residential
 101.14 rental project does not receive any of its requested allocation pursuant to this paragraph and
 101.15 the project applies in the next successive housing pool or the next successive unified pool
 101.16 for an allocation of bonds, the project shall be fully funded up to its original application
 101.17 request for bonding authority before any new project, applying in the same allocation period,
 101.18 that has an equal priority shall receive bonding authority.

101.19 (g) From the first Monday in ~~August~~ July through the last Monday in November,
 101.20 \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding
 101.21 authority allocated to the small issue pool under section 474A.03, subdivision 1, less the
 101.22 amount allocated to issuers from the small issue pool for that year, whichever is less, is
 101.23 reserved within the unified pool for small issue bonds to the extent ~~such~~ the amounts are
 101.24 available within the unified pool.

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

- 101.27 (1) \$10,000,000 for any one city; or
- 101.28 (2) \$20,000,000 for any number of cities in any one county.

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

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

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

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

102.6 **EFFECTIVE DATE.** This section is effective January 1, 2020.

102.7 Sec. 51. Minnesota Statutes 2018, section 474A.091, subdivision 5, is amended to read:

102.8 Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation
102.9 under this section determines that it will not permanently issue obligations equal to all or a
102.10 portion of the allocation received under this section within ~~120~~ the applicable number of
102.11 ~~days~~ after the allocation required in this chapter or within the time period permitted by
102.12 federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies
102.13 the department or the ~~120-day~~ applicable period since allocation has expired prior to the
102.14 last Monday in November, the amount of allocation is canceled and returned for reallocation
102.15 through the unified pool. If the issuer notifies the department on or after the last Monday
102.16 in November, the amount of allocation is canceled and returned for reallocation to the
102.17 Minnesota Housing Finance Agency. To encourage a competitive application process, the
102.18 commissioner shall reserve, for new applications, the amount of allocation that is canceled
102.19 and returned for reallocation under this section for a minimum of seven calendar days.

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

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

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

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

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

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

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

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

103.7 ~~(e)~~ (d) No refund of the application deposit shall be available for allocations returned
103.8 on or after the last Monday in November.

103.9 **EFFECTIVE DATE.** This section is effective January 1, 2020.

103.10 Sec. 52. Minnesota Statutes 2018, section 474A.131, subdivision 1, is amended to read:

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

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

103.15 (2) the title of the issue;

103.16 (3) the principal amount of the bonds;

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

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

103.19 and

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

103.22 For obligations that are issued as a part of a series of obligations, a notice must be
103.23 provided for each series. A penalty of one-half of the amount of the application deposit not
103.24 to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not
103.25 provided to the department within five business days after issuance or before 4:30 p.m. on
103.26 the last business day in December, whichever occurs first. Within 30 days after receipt of
103.27 a notice of issue the department shall refund a portion of the application deposit equal to
103.28 one percent of the amount of the bonding authority actually issued if a one percent application
103.29 deposit was made, or equal to two percent of the amount of the bonding authority actually
103.30 issued if a two percent application deposit was made, less any penalty amount.

104.1 (b) If an issuer that receives an allocation under this chapter for a residential rental project
104.2 issues obligations as provided in this chapter, the commissioner shall refund 50 percent of
104.3 any application deposit previously paid within 30 days of the issuance of the obligations
104.4 and the remaining 50 percent will be refunded within 30 days after the date on which:

104.5 (1) final Internal Revenue Service Forms 8609 are provided to the commissioner with
104.6 respect to preservation projects, 30 percent AMI residential rental projects, 50 percent AMI
104.7 residential rental projects, 100 percent LIHTC projects, or 20 percent LIHTC projects, or

104.8 (2) the issuer provides a certification and any other reasonable documentation requested
104.9 by the commissioner evidencing that construction of the project has been completed.

104.10 If the issuer receives an allocation under this chapter for a residential rental project and
104.11 fails to issue the bonds within the time permitted by federal law, the application deposit
104.12 shall be forfeited.

104.13 **EFFECTIVE DATE.** This section is effective January 1, 2020.

104.14 Sec. 53. Minnesota Statutes 2018, section 474A.131, subdivision 1b, is amended to read:

104.15 Subd. 1b. **Deadline for issuance of qualified bonds.** If an issuer fails to notify the
104.16 department before 4:30 p.m. on the last business day in December of the permanent issuance
104.17 of obligations pursuant to an allocation received for any qualified bond project or issuance
104.18 of an entitlement allocation, the allocation is canceled and the bonding authority is allocated
104.19 to the Minnesota Housing Finance Agency for carryforward by the commissioner under
104.20 section 474A.091, subdivision 6.

104.21 **EFFECTIVE DATE.** This section is effective January 1, 2020.

104.22 Sec. 54. Minnesota Statutes 2018, section 474A.14, is amended to read:

104.23 **474A.14 NOTICE OF AVAILABLE AUTHORITY.**

104.24 The department shall provide at its official website a written notice of the amount of
104.25 bonding authority in the housing, small issue, and public facilities pools as soon after January
104.26 1 as possible. The department shall provide at its official website a written notice of the
104.27 amount of bonding authority available for allocation in the unified pool as soon after ~~August~~
104.28 July 1 as possible.

104.29 **EFFECTIVE DATE.** This section is effective January 1, 2020.

105.1 Sec. 55. Minnesota Statutes 2018, section 474A.21, is amended to read:

105.2 **474A.21 APPROPRIATION; RECEIPTS.**

105.3 Any fees collected by the department under sections 474A.01 to 474A.21 must be
105.4 deposited in a separate account in the general fund. The amount necessary to refund
105.5 application deposits is appropriated to the department from the separate account in the
105.6 general fund for that purpose. The interest accruing on application deposits and any
105.7 application deposit not refunded as provided under section 474A.061, subdivision 4 or 7,
105.8 or 474A.091, subdivision 5, or forfeited as provided under section 474A.131, subdivision
105.9 1, paragraph (b), or subdivision 2, must be deposited in the housing trust fund account under
105.10 section 462A.201.

105.11 **EFFECTIVE DATE.** This section is effective January 1, 2020.

105.12 Sec. 56. Minnesota Statutes 2018, section 504B.111, is amended to read:

105.13 **504B.111 WRITTEN LEASE REQUIRED; PENALTY.**

105.14 A landlord of a residential building with 12 or more residential units must have a written
105.15 lease for each unit rented to a residential tenant. The written lease must identify the specific
105.16 unit the residential tenant will occupy before the residential tenant signs the lease.
105.17 Notwithstanding any other state law or city ordinance to the contrary, a landlord may ask
105.18 for the tenant's full name and date of birth on the lease and application. A landlord who fails
105.19 to provide a lease, as required under this section, is guilty of a petty misdemeanor.

105.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
105.21 applies to leases entered into or renewed on or after that date.

105.22 Sec. 57. **[504B.146] LEASE DURATION NOTICE.**

105.23 A written lease for a residential unit must identify the lease start date and lease end date.
105.24 If the lease requires the tenant to move in or out of the residential unit on a date other than
105.25 the first or last day of the month, and the rent is prorated, then the lease must indicate the
105.26 amount of the prorated rent for the relevant months. The information required by this section
105.27 must be provided on the first page of the lease.

105.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and
105.29 applies to leases entered into or renewed on or after that date.

106.1 Sec. 58. **[504B.147] TIME PERIOD FOR NOTICE TO QUIT OR RENT INCREASE.**

106.2 Subdivision 1. **Application.** This section applies to a residential lease that provides a
106.3 time period for the landlord to give notice to quit the premises or notice of a rent increase
106.4 that is different than the time period the tenant is required to give for notice of intention to
106.5 quit the premises. For purposes of this section, "notice to quit" includes a notice of
106.6 nonrenewal of a lease.

106.7 Subd. 2. **Tenant option to choose notice period.** The tenant may give notice of an
106.8 intention to quit the premises using either:

106.9 (1) the time period provided in the lease for the tenant to give a notice of intention to
106.10 quit the premises; or

106.11 (2) the time period provided in the lease for the landlord to give a notice to quit the
106.12 premises or notice of a rent increase.

106.13 Subd. 3. **Landlord notice requirements.** The landlord may not give a notice to quit the
106.14 premises or notice of a rent increase that is shorter than the time period the lease provides
106.15 for the tenant to give notice of an intention to quit the premises.

106.16 Subd. 4. **No waiver.** The requirements of this section may not be waived or modified
106.17 by the parties to a residential lease. Any provision, whether oral or written, of a lease or
106.18 other agreement by which any provision of this section is waived by a tenant is contrary to
106.19 public policy and void.

106.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
106.21 applies to leases entered into or renewed on or after that date.

106.22 Sec. 59. Minnesota Statutes 2018, section 504B.206, subdivision 3, is amended to read:

106.23 **Subd. 3. **Liability for rent; termination of tenancy.**** (a) A tenant who is a sole tenant
106.24 and is terminating a lease under subdivision 1 is responsible for the rent payment for the
106.25 full month in which the tenancy terminates. The tenant forfeits all claims for the return of
106.26 the security deposit under section 504B.178 and is relieved of any other contractual obligation
106.27 for payment of rent or any other charges for the remaining term of the lease, except as
106.28 provided in this section. In a sole tenancy, the tenancy terminates on the date specified in
106.29 the notice provided to the landlord as required under subdivision 1.

106.30 (b) In a tenancy with multiple tenants, one of whom is terminating the lease under
106.31 subdivision 1, any lease governing all tenants is terminated at the ~~latter~~ later of the end of
106.32 the month or the end of the rent interval in which one tenant terminates the lease under

107.1 subdivision 1. All tenants are responsible for the rent payment for the full month in which
107.2 the tenancy terminates. Upon termination, all tenants forfeit all claims for the return of the
107.3 security deposit under section 504B.178 and are relieved of any other contractual obligation
107.4 for payment of rent or any other charges for the remaining term of the lease, except as
107.5 provided in this section. Any tenant whose tenancy was terminated under this paragraph
107.6 may reapply to enter into a new lease with the landlord.

107.7 (c) This section does not affect a tenant's liability for delinquent, unpaid rent or other
107.8 amounts owed to the landlord before the lease was terminated by the tenant under this
107.9 section.

107.10 **Sec. 60. ITASCA COUNTY; CERTAIN FEES MAY BE REGULATED.**

107.11 Itasca County may adopt an ordinance to regulate license fee increases that may be
107.12 imposed on a homeowner by the owner or licensor of the underlying land on which the
107.13 house is located. If the county adopts an ordinance under this section, the ordinance must
107.14 limit any license fee increase to no more than ten percent of the license fee charged in the
107.15 preceding 12-month period. In addition, the ordinance must not allow more than one increase
107.16 in a 12-month period. "License fee" means a fee paid by a licensee pursuant to a license
107.17 agreement granting the licensee permission to use, enter, or occupy an owner's or licensor's
107.18 property. The ordinance adopted may only apply to fees imposed pursuant to license
107.19 agreements entered into or renewed on or after the effective date of the ordinance.

107.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

107.21 **Sec. 61. REPEALER.**

107.22 Minnesota Statutes 2018, section 327C.095, subdivision 8, is repealed.

107.23 **ARTICLE 7**

107.24 **BROADBAND DEVELOPMENT**

107.25 Section 1. **BROADBAND DEVELOPMENT APPROPRIATIONS.**

107.26 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
107.27 and for the purposes specified in this article. The appropriations are from the general fund,
107.28 or another named fund, and are available for the fiscal years indicated for each purpose.
107.29 The figures "2020" and "2021" used in this article mean that the appropriations listed under
107.30 them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.
107.31 "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
107.32 is fiscal years 2020 and 2021.

108.1	<u>APPROPRIATIONS</u>	
108.2	<u>Available for the Year</u>	
108.3	<u>Ending June 30</u>	
108.4	<u>2020</u>	<u>2021</u>
108.5	Sec. 2. <u>DEPARTMENT OF EMPLOYMENT</u>	
108.6	<u>AND ECONOMIC DEVELOPMENT</u>	<u>\$ 20,250,000</u>
108.7	<u>(a) \$250,000 each year is for the Broadband</u>	<u>\$ 20,250,000</u>
108.8	<u>Development Office.</u>	
108.9	<u>(b) \$20,000,000 in fiscal year 2020 and</u>	
108.10	<u>\$20,000,000 in fiscal year 2021 are</u>	
108.11	<u>appropriated from the general fund to the</u>	
108.12	<u>commissioner of employment and economic</u>	
108.13	<u>development for deposit in the</u>	
108.14	<u>border-to-border broadband fund account</u>	
108.15	<u>under Minnesota Statutes, section 116J.396.</u>	
108.16	<u>The appropriation is onetime and must be used</u>	
108.17	<u>for grants and the purposes specified under</u>	
108.18	<u>Minnesota Statutes, section 116J.395."</u>	
108.19	Delete the title and insert:	
108.20	"A bill for an act	
108.21	relating to state government; establishing a budget for the Department of	
108.22	Agriculture, the Board of Animal Health, the Agricultural Utilization Research	
108.23	Institute, the Housing Finance Agency, and broadband development; making policy	
108.24	and technical changes to various provisions related to agriculture, food, rural	
108.25	development, and housing, including provisions related to grants, loans, pesticides,	
108.26	fertilizer, hemp, pastures, bioincentive programs, grain buyers, grain warehouses,	
108.27	manufactured homes, Housing Finance Agency loans and grants, Minnesota Bond	
108.28	Allocation Act, and residential leases; authorizing rulemaking; requiring reports;	
108.29	providing penalties and fees; appropriating money; amending Minnesota Statutes	
108.30	2018, sections 17.041, subdivision 1; 17.118, subdivision 2; 18B.07, subdivision	
108.31	2; 18C.425, subdivision 6; 18C.70, subdivision 5; 18C.71, subdivisions 1, 4;	
108.32	18C.80, subdivision 2; 18K.02, subdivision 3; 18K.03; 28A.16; 41A.15,	
108.33	subdivisions 2, 10, by adding a subdivision; 41A.16, subdivisions 1, 2, 4; 41A.17,	
108.34	subdivisions 1, 2, 3; 41A.18, subdivisions 1, 2, 3; 41B.02, subdivision 10a, as	
108.35	amended; 41B.045; 41B.055, subdivision 4; 116.06, by adding a subdivision;	
108.36	116.07, subdivisions 7, 7d; 223.16, subdivisions 1, 2a, 4; 223.17, subdivisions 3,	
108.37	4, 5, 6; 223.177, subdivisions 2, 3; 223.19; 232.21, subdivision 7, by adding	
108.38	subdivisions; 232.22, subdivisions 3, 4; 232.23, subdivision 3; 232.24; 299D.085,	
108.39	by adding a subdivision; 326B.815, subdivision 1; 327.31, by adding a subdivision;	
108.40	327B.041; 327C.01, by adding a subdivision; 327C.095, subdivisions 1, 2, 3, 4,	
108.41	6, 7, 9, 11, 12, 13, by adding a subdivision; 428A.11, subdivisions 4, 6; 462A.2035,	
108.42	subdivisions 1a, 1b; 462A.209, subdivision 8; 462A.22, subdivision 9; 462A.222,	
108.43	subdivision 3; 462A.24; 462A.33, subdivision 1; 462A.38, subdivision 1; 474A.02,	
108.44	by adding subdivisions; 474A.03, subdivision 1; 474A.04, subdivision 1a;	

109.1 474A.061, subdivisions 1, 2a, 2b, 2c, 4, by adding subdivisions; 474A.062;
109.2 474A.091, subdivisions 1, 2, 3, 5, by adding a subdivision; 474A.131, subdivisions
109.3 1, 1b; 474A.14; 474A.21; 504B.111; 504B.206, subdivision 3; Laws 2015, First
109.4 Special Session chapter 4, article 1, section 2, subdivision 4, as amended; Laws
109.5 2017, chapter 88, article 1, section 2, subdivisions 2, 4; proposing coding for new
109.6 law in Minnesota Statutes, chapters 18D; 223; 327; 462A; 504B; repealing
109.7 Minnesota Statutes 2018, sections 41A.15, subdivisions 2a, 2b; 327C.095,
109.8 subdivision 8."

110.1 We request the adoption of this report and repassage of the bill.

110.2 Senate Conferees:

110.3

110.4 Torrey N. Westrom Bill Weber

110.5

110.6 Michael P. Goggin Rich Draheim

110.7

110.8 Kari Dziejic

110.9 House Conferees:

110.10

110.11 Jeanne Poppe Alice Hausman

110.12

110.13 Gene Pelowski Jr. Todd Lippert

110.14

110.15 Bob Gunther