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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **4289**

03/29/2018 Authored by Garofalo
The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance
04/23/2018 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to state government; appropriating money for jobs and energy;

1.3 appropriating money for the Department of Employment and Economic

1.4 Development, Housing Finance Agency, Department of Commerce, Public Facilities

1.5 Authority, and Department of Labor and Industry; making changes to energy

1.6 provisions; authorizing carbon reduction facilities; modifying the renewable

1.7 development account; establishing grant programs; regulating modular and

1.8 manufactured homes; requiring legislative review of certain rules; modifying

1.9 housing bond allocation; modifying the minimum wage for employees receiving

1.10 gratuities; making OSHA federal conformity changes; authorizing management

1.11 of Lake Winona; authorizing a satellite broadband pilot project; modifying the

1.12 taconite economic development fund; amending Minnesota Statutes 2016, sections

1.13 116J.394; 116J.395, subdivisions 2, 5, 7; 177.24, subdivision 1; 182.666,

1.14 subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 216A.03, by adding a

1.15 subdivision; 216B.16, by adding a subdivision; 216B.243, subdivision 8; 216E.03,

1.16 subdivision 9; 216E.04, subdivisions 2, 7; 216F.01, subdivision 2; 298.28,

1.17 subdivision 9a; 299D.085, by adding a subdivision; 326B.805, subdivision 3;

1.18 326B.815, subdivision 1; 327.31, by adding a subdivision; 327B.041; 327C.095,

1.19 subdivisions 4, 6, 12, 13, by adding a subdivision; 462A.222, subdivision 3;

1.20 474A.02, by adding subdivisions; 474A.03, subdivision 1; 474A.04, subdivision

1.21 1a; 474A.047, subdivisions 1, 2; 474A.061; 474A.062; 474A.091; 474A.131;

1.22 474A.14; Minnesota Statutes 2017 Supplement, sections 116C.779, subdivision

1.23 1; 116C.7792; 216B.164, subdivision 5; 216B.1691, subdivision 2f; 298.227; Laws

1.24 2014, chapter 312, article 2, section 14, as amended; Laws 2017, chapter 94, article

1.25 1, sections 2, subdivision 2, as amended; 4, subdivisions 3, 5; article 10, sections

1.26 28; 29; proposing coding for new law in Minnesota Statutes, chapters 14; 116C;

1.27 216B; 216C; 327; repealing Minnesota Statutes 2016, sections 177.24, subdivision

1.28 2; 216B.2423; 471.9996, subdivision 2.

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

1.30 **ARTICLE 1**

1.31 **JOBS AND ENERGY APPROPRIATIONS**

1.32 Section 1. **APPROPRIATIONS**

2.1 The sums shown in the columns under "Appropriations" are added to appropriations in
 2.2 Laws 2017, chapter 94, or other law to the specified agencies. The appropriations are from
 2.3 the general fund, or another named fund, and are available for the fiscal years indicated for
 2.4 each purpose. The figures "2018" and "2019" used in this article mean that the appropriations
 2.5 listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019,
 2.6 respectively. Appropriations for the fiscal year ending June 30, 2018, are effective the day
 2.7 following final enactment. Reductions may be taken in either fiscal year.

2.8 **APPROPRIATIONS**

2.9 **Available for the Year**

2.10 **Ending June 30**

2.11 **2018**

2019

2.12 **Sec. 2. DEPARTMENT OF EMPLOYMENT**
 2.13 **AND ECONOMIC DEVELOPMENT**

2.14 **Subdivision 1. Total Appropriation** \$ **0** \$ **20,320,000**

2.15 **Appropriations by Fund**

2.16 **General** -0- **\$19,720,000**

2.17 **Renewable**
 2.18 **Development** -0- **\$600,000**

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

2.22 **Subd. 2. Business and Community Development** 0 **5,320,000**

2.23 **Appropriations by Fund**

2.24 **General** -0- **\$4,720,000**

2.25 **Renewable**
 2.26 **Development** -0- **\$600,000**

2.27 (a) \$50,000 in fiscal year 2019 is for a grant
 2.28 to Advocating Change Together to address
 2.29 barriers to employment for people with
 2.30 disabilities and provide skills training. This
 2.31 appropriation is available until June 30, 2021.

2.32 (b) \$400,000 in fiscal year 2019 is for a grant
 2.33 to Project Build Minnesota for a statewide
 2.34 public awareness campaign to encourage
 2.35 middle school and high school students to

3.1 consider careers in the construction industry,
3.2 with a special emphasis on reaching
3.3 individuals and groups that are economically
3.4 disadvantaged or historically underrepresented
3.5 in the construction industry. Grant funds must
3.6 be used to develop educational resources,
3.7 including a Web site; perform outreach to
3.8 students, parents, guidance counselors, and
3.9 others about opportunities in the construction
3.10 industry; and partner with educational
3.11 institutions and nonprofits to offer technical
3.12 training. This is a onetime appropriation.

3.13 (c) \$1,500,000 in fiscal year 2019 is for a grant
3.14 to the city of Cambridge for costs associated
3.15 with relocating and constructing a propane
3.16 distribution facility and for costs associated
3.17 with demolition, cleanup and restoration of
3.18 the existing propane facility. Eligible costs
3.19 include: land acquisition, site preparation and
3.20 improvements, moving expenses, building
3.21 construction, rail construction, rail switch
3.22 construction, demolition, environmental
3.23 remediation, engineering, and other necessary
3.24 site improvements. This is a onetime
3.25 appropriation and is available until the project
3.26 is completed or abandoned subject to
3.27 Minnesota Statutes, section 16A.642.

3.28 (d) \$590,000 in fiscal year 2019 is for grants
3.29 to centers for independent living under
3.30 Minnesota Statutes, section 268A.11. The
3.31 grant money under this paragraph must be
3.32 used to hire eight full-time employees to
3.33 provide services to veterans. This is a onetime
3.34 appropriation and is available until June 30,
3.35 2021.

4.1 (e) \$150,000 in fiscal year 2019 is for transfer
4.2 to the Cook County Higher Education Board
4.3 to provide educational programming and
4.4 academic support services to remote regions
4.5 in northeastern Minnesota. This is a onetime
4.6 appropriation.

4.7 (f) \$250,000 in fiscal year 2019 is for a grant
4.8 to Logistic Specialties, Inc. to create a pilot
4.9 workforce and development program in the
4.10 east metropolitan area focused on government
4.11 contract procurement and targeted to low- and
4.12 moderate-income communities of color. Every
4.13 six months, beginning on December 15, 2019,
4.14 the commissioner of employment and
4.15 economic development must submit a brief
4.16 update on the progress of the pilot project to
4.17 the chairs and ranking minority members of
4.18 the legislative committees with jurisdiction
4.19 over economic development. A final report
4.20 on pilot outcomes must be submitted to the
4.21 chairs and ranking minority members of the
4.22 legislative committees with jurisdiction over
4.23 economic development by February 15, 2020.
4.24 This is a onetime appropriation and funds are
4.25 available until June 30, 2020.

4.26 (g) \$500,000 in fiscal year 2019 is for job
4.27 training grants under Minnesota Statutes,
4.28 section 116L.42. This is a onetime
4.29 appropriation.

4.30 (h) \$250,000 in fiscal year 2019 is for a grant
4.31 to the Hallie Q. Brown Community Center,
4.32 Inc., for youth intervention services through
4.33 the community ambassadors and youth
4.34 employment program. This is a onetime
4.35 appropriation.

5.1 (i) Notwithstanding Minnesota Statutes,
5.2 section 116C.779, subdivision 1, paragraph
5.3 (k), \$600,000 in fiscal year 2019 is from the
5.4 renewable development account in the special
5.5 revenue fund established in Minnesota
5.6 Statutes, section 116C.779, subdivision 1, for
5.7 a grant to the Board of Regents of the
5.8 University of Minnesota for academic and
5.9 applied research through MnDRIVE at the
5.10 Natural Resources Research Institute. Of this
5.11 amount, \$300,000 is to develop and
5.12 demonstrate biomass conversion technology
5.13 for higher value fuels and \$300,000 is to
5.14 develop and demonstrate advanced biogas
5.15 technologies for clean methane fuels. Both
5.16 programs must focus on translation and
5.17 deployment of technologies developed in
5.18 partnerships between industry and the
5.19 University of Minnesota. This is a onetime
5.20 appropriation.

5.21 (j) \$230,000 in fiscal year 2019 is for a grant
5.22 to a city of the second class that is designated
5.23 as an economically depressed area by the
5.24 United States Department of Commerce. The
5.25 grant is for economic development,
5.26 redevelopment, and job creation programs and
5.27 projects. This is a onetime appropriation and
5.28 is available until June 30, 2021.

5.29 (k)(1) \$300,000 in fiscal year 2019 for a grant
5.30 to the Minnesota Environmental Science and
5.31 Economic Review Board (MESERB) to
5.32 review water quality regulation and national
5.33 pollutant discharge elimination system permits
5.34 (NPDES). This grant is subject to Minnesota
5.35 Statutes, section 16B.98. MESERB may select

6.1 the water quality regulations and permits to
6.2 be reviewed but must give preference to
6.3 reviewing any draft NPDES permit that has
6.4 new effluent limit requirements for a publicly
6.5 owned wastewater treatment facility outside
6.6 the seven county metropolitan area. Any
6.7 permit review must analyze the technical
6.8 accuracy of the permit and the impact on both
6.9 business and residential rates, the water quality
6.10 benefit of permit compliance, and the
6.11 anticipated funding for the permittee from
6.12 federal and state sources. This is a onetime
6.13 appropriation and is available until June 30,
6.14 2021.

6.15 (2) Upon completion of the permit review,
6.16 MESERB must provide a copy of the review
6.17 to the permittee and the commissioner of the
6.18 Pollution Control Agency. MESERB must
6.19 also submit a report summarizing its findings
6.20 in each permit review performed in the
6.21 previous calendar year to the chairs and
6.22 ranking minority members of the legislative
6.23 committees with jurisdiction over capital
6.24 investment, environmental policy and finance,
6.25 and economic development.

6.26 (1) \$500,000 in fiscal year 2019 is for a grant
6.27 to Comunidades Latinas Unidas en Servicio
6.28 (CLUES) to acquire property and to construct,
6.29 furnish, and equip a new education and
6.30 technology institute connected to CLUES
6.31 headquarters in St. Paul to provide education
6.32 and community gathering space. This
6.33 appropriation is available when the
6.34 commissioner of management and budget
6.35 determines that sufficient resources have been

7.1 committed to complete the project, as required
 7.2 by Minnesota Statutes, section 16A.502. This
 7.3 appropriation is onetime and available until
 7.4 the project is completed or abandoned, subject
 7.5 to Minnesota Statutes, section 16A.642.

7.6 **Subd. 3. Broadband Development** 0 15,000,000

7.7 (a) \$15,000,000 in fiscal year 2019 is for
 7.8 transfer to the border-to-border broadband
 7.9 fund account in the special revenue fund
 7.10 established under Minnesota Statutes, section
 7.11 116J.396 and may be used for purposes
 7.12 provided in Minnesota Statutes, section
 7.13 116J.395. This appropriation is onetime and
 7.14 is available until spent. Of this appropriation,
 7.15 up to three percent is for costs incurred by the
 7.16 commissioner to administer Minnesota
 7.17 Statutes, section 116J.395. Administrative
 7.18 costs may include the following activities
 7.19 related to measuring progress toward the
 7.20 state's broadband goals established in
 7.21 Minnesota Statutes, section 237.012:

7.22 (1) collecting broadband deployment data from
 7.23 Minnesota providers, verifying its accuracy
 7.24 through on-the-ground testing, and creating
 7.25 state and county maps available to the public
 7.26 showing the availability of broadband service
 7.27 at various upload and download speeds
 7.28 throughout Minnesota;

7.29 (2) analyzing the deployment data collected
 7.30 to help inform future investments in broadband
 7.31 infrastructure; and

7.32 (3) conducting business and residential surveys
 7.33 that measure broadband adoption and use in
 7.34 the state.

8.1 Data provided by a broadband provider under
 8.2 this subdivision is nonpublic data under
 8.3 Minnesota Statutes, section 13.02, subdivision
 8.4 9. Maps produced under this subdivision are
 8.5 public data under Minnesota Statutes, section
 8.6 13.03.

8.7 (b) Of the amount appropriated in paragraph
 8.8 (a), \$750,000 is for grants to satellite
 8.9 broadband providers under Minnesota
 8.10 Statutes, section 116J.395.

8.11 **Sec. 3. HOUSING FINANCE AGENCY \$ 0 \$ 1,880,000**

8.12 (a) \$1,000,000 in fiscal year 2019 is for
 8.13 transfer to the housing development fund for
 8.14 the programs in Minnesota Statutes, sections
 8.15 462A.201, subdivision 2, paragraph (a), clause
 8.16 (4), and 462A.204, subdivision 8. The agency
 8.17 may allocate this appropriation as necessary
 8.18 to these two programs to facilitate the
 8.19 Homework Starts with Home program. This
 8.20 is a onetime appropriation.

8.21 (b) \$500,000 in fiscal year 2019 is for park
 8.22 infrastructure grants under Minnesota Statutes,
 8.23 section 462A.2035, subdivision 1b. This is a
 8.24 onetime appropriation.

8.25 (c) \$380,000 in fiscal year 2019 is for grants
 8.26 to organizations to provide lead risk
 8.27 assessments by a lead inspector or a lead risk
 8.28 assessor licensed by the commissioner
 8.29 pursuant to Minnesota Statutes, section
 8.30 144.9505, to test residential units for the
 8.31 presence of lead hazards. Grant programs
 8.32 receiving funding under this section must
 8.33 provide funding for lead risk assessments for
 8.34 properties built before 1978 to:

9.1 (1) landlords of residential buildings for
 9.2 testing on units where the tenant's income does
 9.3 not exceed 60 percent of area median income;
 9.4 or
 9.5 (2) tenants with an income that does not
 9.6 exceed 60 percent of area median income.

9.7 The commissioner shall award grant funding
 9.8 to target grant resources to landlords and
 9.9 tenants where there are high concentrations
 9.10 of lead poisoning in children based on the
 9.11 information provided from the commissioner
 9.12 of health. Up to ten percent of the grant may
 9.13 be used to administer the grant and provide
 9.14 education and outreach about lead health
 9.15 hazards. This is a onetime appropriation.

9.16 **Sec. 4. DEPARTMENT OF COMMERCE \$ 0 \$ 7,100,000**

9.17 This appropriation is from the renewable
 9.18 development fund.

9.19 (a) Notwithstanding Minnesota Statutes,
 9.20 section 116C.779, subdivision 1, paragraph
 9.21 (k), \$3,000,000 in fiscal year 2019 is from the
 9.22 renewable development account in the special
 9.23 revenue fund under Minnesota Statutes,
 9.24 section 116C.779, subdivision 1, for the local
 9.25 government emerald ash borer removal grant
 9.26 program under Minnesota Statutes, section
 9.27 216C.437. This appropriation is onetime and
 9.28 available until June 30, 2021.

9.29 (b)(1) \$1,000,000 in fiscal year 2019 is from
 9.30 the renewable development account in the
 9.31 special revenue fund under Minnesota
 9.32 Statutes, section 116C.779, subdivision 1, to
 9.33 fund grants for demonstration projects that
 9.34 assess the technical and economic

10.1 effectiveness of deploying energy storage
10.2 systems to restore electrical energy to critical
10.3 health care facilities following electrical
10.4 outages due to storms or other catastrophic
10.5 events. This is a onetime appropriation.

10.6 (2) The commissioner of commerce shall
10.7 endeavor to make grant awards under this
10.8 section for projects at critical health care
10.9 facilities located in all regions of the state.

10.10 (3) For the purposes of this paragraph, "energy
10.11 storage system" means a commercially
10.12 available technology capable of (i) absorbing
10.13 and storing electrical energy, and (ii)
10.14 dispatching sorted electrical energy for use at
10.15 a later time.

10.16 (c) \$1,100,000 in fiscal year 2019 is from the
10.17 renewable development account in the special
10.18 revenue fund under Minnesota Statutes,
10.19 section 116C.779, subdivision 1, for the
10.20 residential biomass heating system grant
10.21 program under Minnesota Statutes, section
10.22 216C.419. This is a onetime appropriation and
10.23 available until June 30, 2020.

10.24 (d) Notwithstanding Minnesota Statutes,
10.25 section 116C.779, subdivision 1, paragraph
10.26 (k), \$2,000,000 in fiscal year 2019 is
10.27 appropriated from the renewable development
10.28 account in the special revenue fund established
10.29 in Minnesota Statutes, section 116C.779,
10.30 subdivision 1, to the commissioner for a grant
10.31 to the public utility that owns the Prairie Island
10.32 nuclear generation plant, for the following
10.33 purposes:

11.1 (1) \$1,000,000 is to conduct a study to
11.2 determine the most rapid, safe, and economical
11.3 methods to remove spent nuclear fuel from
11.4 the independent spent fuel storage installations
11.5 at the Prairie Island and Monticello nuclear
11.6 electric generating plants, including, but not
11.7 limited to, an evaluation of alternative modes
11.8 of transport, possible routes, and infrastructure
11.9 needs; and

11.10 (2) \$1,000,000 is to support the preparation
11.11 of applications by independent private parties
11.12 seeking a license from the Nuclear Regulatory
11.13 Commission to establish a consolidated
11.14 interim storage facility that could store spent
11.15 nuclear fuel currently stored at the independent
11.16 spent fuel storage installations at the
11.17 Monticello and Prairie Island nuclear electric
11.18 generating plants.

11.19 By July 15, 2019, the public utility that owns
11.20 the Prairie Island nuclear electric generating
11.21 plant must submit a report to the chairs and
11.22 ranking minority members of the legislative
11.23 committees with jurisdiction over electric
11.24 utilities and to the commissioner describing
11.25 the activities on which funds have been
11.26 expended under this paragraph, the results or
11.27 progress of any study or initiative, and future
11.28 planned uses of the funds. The public utility
11.29 must submit updated reports to the same
11.30 persons each succeeding July 15 until all funds
11.31 have been expended or unexpended funds have
11.32 been returned to the account. Any funds not
11.33 expended at the time of the final report must
11.34 be returned to the account. This is a onetime
11.35 appropriation.

13.1 the project is completed or abandoned subject
 13.2 to Minnesota Statutes, section 16A.642.
 13.3 (d) \$1,100,000 in fiscal year 2019 is for a
 13.4 grant to the Big Lake Area Sanitary District
 13.5 to construct a pressure sewer system and force
 13.6 main to convey sewage to the Western Lake
 13.7 Superior Sanitary District connection in the
 13.8 city of Cloquet. This is a onetime
 13.9 appropriation and is available until the project
 13.10 is completed or abandoned subject to
 13.11 Minnesota Statutes, section 16A.642.

13.12 Sec. 6. Laws 2017, chapter 94, article 1, section 2, subdivision 2, as amended by Laws
 13.13 2017, First Special Session chapter 7, section 2, is amended to read:

13.14			<u>40,935,000</u>
13.15	Subd. 2. Business and Community Development	\$ 46,074,000	\$ <u>30,585,000</u>

13.16	Appropriations by Fund		
13.17			<u>\$38,424,000</u>
13.18	General	\$43,363,000	<u>\$28,074,000</u>
13.19	Remediation	\$700,000	\$700,000
13.20	Workforce		
13.21	Development	\$1,861,000	\$1,811,000
13.22	Special Revenue	\$150,000	-0-

13.23 (a) \$4,195,000 each year is for the Minnesota
 13.24 job skills partnership program under
 13.25 Minnesota Statutes, sections 116L.01 to
 13.26 116L.17. If the appropriation for either year
 13.27 is insufficient, the appropriation for the other
 13.28 year is available. This appropriation is
 13.29 available until spent.

13.30 (b) \$750,000 each year is for grants to the
 13.31 Neighborhood Development Center for small
 13.32 business programs:

- 13.33 (1) training, lending, and business services;
- 13.34 (2) model outreach and training in greater
- 13.35 Minnesota; and

- 14.1 (3) development of new business incubators.
- 14.2 This is a onetime appropriation.
- 14.3 (c) \$1,175,000 each year is for a grant to the
- 14.4 Metropolitan Economic Development
- 14.5 Association (MEDA) for statewide business
- 14.6 development and assistance services, including
- 14.7 services to entrepreneurs with businesses that
- 14.8 have the potential to create job opportunities
- 14.9 for unemployed and underemployed people,
- 14.10 with an emphasis on minority-owned
- 14.11 businesses. This is a onetime appropriation.
- 14.12 (d) \$125,000 each year is for a grant to the
- 14.13 White Earth Nation for the White Earth Nation
- 14.14 Integrated Business Development System to
- 14.15 provide business assistance with workforce
- 14.16 development, outreach, technical assistance,
- 14.17 infrastructure and operational support,
- 14.18 financing, and other business development
- 14.19 activities. This is a onetime appropriation.
- 14.20 (e)(1) \$12,500,000 each year is in fiscal year
- 14.21 2018 and \$7,500,000 in fiscal year 2019 are
- 14.22 for the Minnesota investment fund under
- 14.23 Minnesota Statutes, section 116J.8731. Of this
- 14.24 amount, the commissioner of employment and
- 14.25 economic development may use up to three
- 14.26 percent for administration and monitoring of
- 14.27 the program. This appropriation is available
- 14.28 until spent. In fiscal year 2020, the base
- 14.29 amount is \$12,500,000. For fiscal year 2021
- 14.30 and beyond, the base amount is \$9,500,000.
- 14.31 (2) Of the amount appropriated in fiscal year
- 14.32 2018, \$4,000,000 is for a loan to construct and
- 14.33 equip a wholesale electronic component
- 14.34 distribution center investing a minimum of

15.1 \$200,000,000 and constructing a facility at
15.2 least 700,000 square feet in size. Loan funds
15.3 may be used for purchases of materials,
15.4 supplies, and equipment for the construction
15.5 of the facility and are available from July 1,
15.6 2017, to June 30, 2021. The commissioner of
15.7 employment and economic development shall
15.8 forgive the loan after verification that the
15.9 project has satisfied performance goals and
15.10 contractual obligations as required under
15.11 Minnesota Statutes, section 116J.8731.

15.12 (3) Of the amount appropriated in fiscal year
15.13 2018, \$700,000 is for a loan to extend an
15.14 effluent pipe that will deliver reclaimed water
15.15 to an innovative waste-to-biofuel project
15.16 investing a minimum of \$150,000,000 and
15.17 constructing a facility that is designed to
15.18 process approximately 400,000 tons of waste
15.19 annually. Loan funds are available until June
15.20 30, 2021.

15.21 (4) Of the amount appropriated in fiscal year
15.22 2019, \$2,000,000 is for one or more grants to
15.23 Florence Township in Goodhue County to
15.24 predesign, design, engineer, construct, and
15.25 install infrastructure for storm water
15.26 protection, wells, roads, public safety, and
15.27 power access in southeastern Minnesota, in
15.28 partnership with a tribal government and a
15.29 nonprofit organization, to enable future
15.30 economic development and increase economic
15.31 activity in southeastern Minnesota. The grant
15.32 recipient must provide a nonstate contribution
15.33 in an amount at least equal to the grant. This
15.34 portion of the appropriation is available until

- 16.1 the project is completed or abandoned subject
16.2 to Minnesota Statutes, section 16A.642.
- 16.3 (5) Of the amount appropriated in fiscal year
16.4 2019, \$500,000 is for a grant to Mille Lacs
16.5 County to provide loans as described in
16.6 Minnesota Statutes, section 116J.8731, for
16.7 eligible projects located within one of the
16.8 following municipalities surrounding Lake Mille
16.9 Lacs:
- 16.10 (i) in Crow Wing County, the city of Garrison,
16.11 township of Garrison, or township of
16.12 Roosevelt;
- 16.13 (ii) in Aitkin County, the township of
16.14 Hazelton, township of Wealthwood, township
16.15 of Malmo, or township of Lakeside; or
- 16.16 (iii) in Mille Lacs County, the city of Isle, city
16.17 of Wahkon, city of Onamia, township of East
16.18 Side, township of Isle Harbor, township of
16.19 South Harbor, or township of Kathio.
- 16.20 (6) Of the amount appropriated in fiscal year
16.21 2019, \$500,000 is for a grant to the city of
16.22 Minnetonka for a high-risk, high-return jobs
16.23 retention and creation initiative to be
16.24 conducted by a local organization that
16.25 produces lactic acid/lactate, to help grow and
16.26 expand the bioeconomy in Minnesota. The
16.27 grant under this clause is not subject to the
16.28 limitations under Minnesota Statutes, section
16.29 116J.8731, subdivision 5, or the performance
16.30 goals and contractual obligations under
16.31 Minnesota Statutes, section 116J.8731,
16.32 subdivision 7.
- 16.33 (7) Of the amount appropriated in fiscal year
16.34 2019, \$500,000 is for a loan to a paper mill in

17.1 Duluth to support the operation and
17.2 manufacture of packaging paper grades. The
17.3 company that owns the paper mill must spend
17.4 \$15,000,000 on expansion activities by
17.5 December 31, 2019, in order to be eligible to
17.6 receive funds under this appropriation.
17.7 Appropriation funds may be used for the mill's
17.8 equipment, materials, supplies, and other
17.9 operating expenses. The commissioner of
17.10 employment and economic development shall
17.11 forgive a portion of the loan each year after
17.12 verification that the mill has retained 195
17.13 full-time jobs over a period of five years and
17.14 has satisfied other performance goals and
17.15 contractual obligations as required under
17.16 Minnesota Statutes, section 116J.8731.

17.17 (f) \$8,500,000 each year is in fiscal year 2018
17.18 and \$1,500,000 in fiscal year 2019 are for the
17.19 Minnesota job creation fund under Minnesota
17.20 Statutes, section 116J.8748. Of this amount,
17.21 the commissioner of employment and
17.22 economic development may use up to three
17.23 percent for administrative expenses. This
17.24 appropriation is available until expended. In
17.25 fiscal year 2020 ~~and beyond~~, the base amount
17.26 is \$8,000,000. In fiscal year 2021 and beyond,
17.27 the base amount is \$5,000,000.

17.28 (g) \$1,647,000 each year is for contaminated
17.29 site cleanup and development grants under
17.30 Minnesota Statutes, sections 116J.551 to
17.31 116J.558. This appropriation is available until
17.32 spent. In fiscal year 2020 and beyond, the base
17.33 amount is \$1,772,000.

17.34 (h) \$12,000 each year is for a grant to the
17.35 Upper Minnesota Film Office.

18.1 (i) \$163,000 each year is for the Minnesota
18.2 Film and TV Board. The appropriation in each
18.3 year is available only upon receipt by the
18.4 board of \$1 in matching contributions of
18.5 money or in-kind contributions from nonstate
18.6 sources for every \$3 provided by this
18.7 appropriation, except that each year up to
18.8 \$50,000 is available on July 1 even if the
18.9 required matching contribution has not been
18.10 received by that date.

18.11 (j) \$500,000 each year is from the general fund
18.12 for a grant to the Minnesota Film and TV
18.13 Board for the film production jobs program
18.14 under Minnesota Statutes, section 116U.26.
18.15 This appropriation is available until June 30,
18.16 2021.

18.17 (k) \$139,000 each year is for a grant to the
18.18 Rural Policy and Development Center under
18.19 Minnesota Statutes, section 116J.421.

18.20 (l)(1) \$1,300,000 each year is in fiscal year
18.21 2018 and \$2,200,000 in fiscal year 2019 are
18.22 for the greater Minnesota business
18.23 development public infrastructure grant
18.24 program under Minnesota Statutes, section
18.25 116J.431. This appropriation is available until
18.26 spent. If the appropriation for either year is
18.27 insufficient, the appropriation for the other
18.28 year is available. In fiscal year 2020 and
18.29 beyond, the base amount is \$1,787,000. Funds
18.30 available under this paragraph may be used
18.31 for site preparation of property owned and to
18.32 be used by private entities.

18.33 (2) Of the amounts appropriated, \$1,600,000
18.34 in fiscal year 2018 is for a grant to the city of
18.35 Thief River Falls to support utility extensions,

19.1 roads, and other public improvements related
19.2 to the construction of a wholesale electronic
19.3 component distribution center at least 700,000
19.4 square feet in size and investing a minimum
19.5 of \$200,000,000. Notwithstanding Minnesota
19.6 Statutes, section 116J.431, a local match is
19.7 not required. Grant funds are available from
19.8 July 1, 2017, to June 30, 2021.

19.9 (m) \$876,000 the first year and \$500,000 the
19.10 second year are for the Minnesota emerging
19.11 entrepreneur loan program under Minnesota
19.12 Statutes, section 116M.18. Funds available
19.13 under this paragraph are for transfer into the
19.14 emerging entrepreneur program special
19.15 revenue fund account created under Minnesota
19.16 Statutes, chapter 116M, and are available until
19.17 spent. Of this amount, up to four percent is for
19.18 administration and monitoring of the program.
19.19 In fiscal year 2020 and beyond, the base
19.20 amount is \$1,000,000.

19.21 (n) \$875,000 each year is for a grant to
19.22 Enterprise Minnesota, Inc. for the small
19.23 business growth acceleration program under
19.24 Minnesota Statutes, section 116O.115. This
19.25 is a onetime appropriation.

19.26 (o) \$250,000 in fiscal year 2018 is for a grant
19.27 to the Minnesota Design Center at the
19.28 University of Minnesota for the greater
19.29 Minnesota community design pilot project.

19.30 (p) \$275,000 in fiscal year 2018 is from the
19.31 general fund to the commissioner of
19.32 employment and economic development for
19.33 a grant to Community and Economic
19.34 Development Associates (CEDA) for an
19.35 economic development study and analysis of

20.1 the effects of current and projected economic
20.2 growth in southeast Minnesota. CEDA shall
20.3 report on the findings and recommendations
20.4 of the study to the committees of the house of
20.5 representatives and senate with jurisdiction
20.6 over economic development and workforce
20.7 issues by February 15, 2019. All results and
20.8 information gathered from the study shall be
20.9 made available for use by cities in southeast
20.10 Minnesota by March 15, 2019. This
20.11 appropriation is available until June 30, 2020.

20.12 (q) \$2,000,000 in fiscal year 2018 is for a
20.13 grant to Pillsbury United Communities for
20.14 construction and renovation of a building in
20.15 north Minneapolis for use as the "North
20.16 Market" grocery store and wellness center,
20.17 focused on offering healthy food, increasing
20.18 health care access, and providing job creation
20.19 and economic opportunities in one place for
20.20 children and families living in the area. To the
20.21 extent possible, Pillsbury United Communities
20.22 shall employ individuals who reside within a
20.23 five mile radius of the grocery store and
20.24 wellness center. This appropriation is not
20.25 available until at least an equal amount of
20.26 money is committed from nonstate sources.
20.27 This appropriation is available until the project
20.28 is completed or abandoned, subject to
20.29 Minnesota Statutes, section 16A.642.

20.30 (r) \$1,425,000 each year is for the business
20.31 development competitive grant program. Of
20.32 this amount, up to five percent is for
20.33 administration and monitoring of the business
20.34 development competitive grant program. All

- 21.1 grant awards shall be for two consecutive
21.2 years. Grants shall be awarded in the first year.
- 21.3 (s) \$875,000 each year is for the host
21.4 community economic development grant
21.5 program established in Minnesota Statutes,
21.6 section 116J.548.
- 21.7 (t) \$700,000 each year is from the remediation
21.8 fund for contaminated site cleanup and
21.9 development grants under Minnesota Statutes,
21.10 sections 116J.551 to 116J.558. This
21.11 appropriation is available until spent.
- 21.12 (u) \$161,000 each year is from the workforce
21.13 development fund for a grant to the Rural
21.14 Policy and Development Center. This is a
21.15 onetime appropriation.
- 21.16 (v) \$300,000 each year is from the workforce
21.17 development fund for a grant to Enterprise
21.18 Minnesota, Inc. This is a onetime
21.19 appropriation.
- 21.20 (w) \$50,000 in fiscal year 2018 is from the
21.21 workforce development fund for a grant to
21.22 Fighting Chance for behavioral intervention
21.23 programs for at-risk youth.
- 21.24 (x) \$1,350,000 each year is from the
21.25 workforce development fund for job training
21.26 grants under Minnesota Statutes, section
21.27 116L.42.
- 21.28 (y)(1) \$519,000 in fiscal year 2018 ~~is~~ and
21.29 \$750,000 in fiscal year 2019 are for grants to
21.30 local communities to increase the supply of
21.31 quality child care providers in order to support
21.32 economic development. At least 60 percent of
21.33 grant funds must go to communities located
21.34 outside of the seven-county metropolitan area,

22.1 as defined under Minnesota Statutes, section
22.2 473.121, subdivision 2. Grant recipients must
22.3 obtain a 50 percent nonstate match to grant
22.4 funds in either cash or in-kind contributions.
22.5 Grant funds available under this paragraph
22.6 must be used to implement solutions to reduce
22.7 the child care shortage in the state including
22.8 but not limited to funding for child care
22.9 business start-ups or expansions, training,
22.10 facility modifications or improvements
22.11 required for licensing, and assistance with
22.12 licensing and other regulatory requirements.
22.13 In awarding grants, the commissioner must
22.14 give priority to communities that have
22.15 documented a shortage of child care providers
22.16 in the area. At least half of the money
22.17 appropriated in fiscal year 2019 is reserved
22.18 for new grant recipients. The base amount in
22.19 fiscal year 2020 and beyond is \$0.

22.20 (2) Within one year of receiving grant funds,
22.21 grant recipients must report to the
22.22 commissioner on the outcomes of the grant
22.23 program including but not limited to the
22.24 number of new providers, the number of
22.25 additional child care provider jobs created, the
22.26 number of additional child care slots, and the
22.27 amount of local funds invested.

22.28 (3) By January 1 of each year, starting in 2019,
22.29 the commissioner must report to the standing
22.30 committees of the legislature having
22.31 jurisdiction over child care and economic
22.32 development on the outcomes of the program
22.33 to date.

22.34 (z) \$319,000 in fiscal year 2018 is from the
22.35 general fund for a grant to the East Phillips

23.1 Improvement Coalition to create the East
23.2 Phillips Neighborhood Institute (EPNI) to
23.3 expand culturally tailored resources that
23.4 address small business growth and create
23.5 green jobs. The grant shall fund the
23.6 collaborative work of Tamales y Bicicletas,
23.7 Little Earth of the United Tribes, a nonprofit
23.8 serving East Africans, and other coalition
23.9 members towards developing EPNI as a
23.10 community space to host activities including,
23.11 but not limited to, creation and expansion of
23.12 small businesses, culturally specific
23.13 entrepreneurial activities, indoor urban
23.14 farming, job training, education, and skills
23.15 development for residents of this low-income,
23.16 environmental justice designated
23.17 neighborhood. Eligible uses for grant funds
23.18 include, but are not limited to, planning and
23.19 start-up costs, staff and consultant costs,
23.20 building improvements, rent, supplies, utilities,
23.21 vehicles, marketing, and program activities.
23.22 The commissioner shall submit a report on
23.23 grant activities and quantifiable outcomes to
23.24 the committees of the house of representatives
23.25 and the senate with jurisdiction over economic
23.26 development by December 15, 2020. This
23.27 appropriation is available until June 30, 2020.
23.28 (aa) \$150,000 the first year is from the
23.29 renewable development account in the special
23.30 revenue fund established in Minnesota
23.31 Statutes, section 116C.779, subdivision 1, to
23.32 conduct the biomass facility closure economic
23.33 impact study.
23.34 (bb)(1)\$300,000 in fiscal year 2018 is for a
23.35 grant to East Side Enterprise Center (ESEC)

24.1 to expand culturally tailored resources that
24.2 address small business growth and job
24.3 creation. This appropriation is available until
24.4 June 30, 2020. The appropriation shall fund
24.5 the work of African Economic Development
24.6 Solutions, the Asian Economic Development
24.7 Association, the Dayton's Bluff Community
24.8 Council, and the Latino Economic
24.9 Development Center in a collaborative
24.10 approach to economic development that is
24.11 effective with smaller, culturally diverse
24.12 communities that seek to increase the
24.13 productivity and success of new immigrant
24.14 and minority populations living and working
24.15 in the community. Programs shall provide
24.16 minority business growth and capacity
24.17 building that generate wealth and jobs creation
24.18 for local residents and business owners on the
24.19 East Side of St. Paul.

24.20 (2) In fiscal year 2019 ESEC shall use funds
24.21 to share its integrated service model and
24.22 evolving collaboration principles with civic
24.23 and economic development leaders in greater
24.24 Minnesota communities which have diverse
24.25 populations similar to the East Side of St. Paul.
24.26 ESEC shall submit a report of activities and
24.27 program outcomes, including quantifiable
24.28 measures of success annually to the house of
24.29 representatives and senate committees with
24.30 jurisdiction over economic development.

24.31 (cc) \$150,000 in fiscal year 2018 is for a grant
24.32 to Mille Lacs County for the purpose of
24.33 reimbursement grants to small resort
24.34 businesses located in the city of Isle with less
24.35 than \$350,000 in annual revenue, at least four

25.1 rental units, which are open during both
25.2 summer and winter months, and whose
25.3 business was adversely impacted by a decline
25.4 in walleye fishing on Lake Mille Lacs.

25.5 (dd)(1) \$250,000 in fiscal year 2018 is for a
25.6 grant to the Small Business Development
25.7 Center hosted at Minnesota State University,
25.8 Mankato, for a collaborative initiative with
25.9 the Regional Center for Entrepreneurial
25.10 Facilitation. Funds available under this section
25.11 must be used to provide entrepreneur and
25.12 small business development direct professional
25.13 business assistance services in the following
25.14 counties in Minnesota: Blue Earth, Brown,
25.15 Faribault, Le Sueur, Martin, Nicollet, Sibley,
25.16 Watonwan, and Waseca. For the purposes of
25.17 this section, "direct professional business
25.18 assistance services" must include, but is not
25.19 limited to, pre-venture assistance for
25.20 individuals considering starting a business.
25.21 This appropriation is not available until the
25.22 commissioner determines that an equal amount
25.23 is committed from nonstate sources. Any
25.24 balance in the first year does not cancel and
25.25 is available for expenditure in the second year.

25.26 (2) Grant recipients shall report to the
25.27 commissioner by February 1 of each year and
25.28 include information on the number of
25.29 customers served in each county; the number
25.30 of businesses started, stabilized, or expanded;
25.31 the number of jobs created and retained; and
25.32 business success rates in each county. By April
25.33 1 of each year, the commissioner shall report
25.34 the information submitted by grant recipients
25.35 to the chairs of the standing committees of the

26.1 house of representatives and the senate having
 26.2 jurisdiction over economic development
 26.3 issues.

26.4 (ee) \$500,000 in fiscal year 2018 is for the
 26.5 central Minnesota opportunity grant program
 26.6 established under Minnesota Statutes, section
 26.7 116J.9922. This appropriation is available until
 26.8 June 30, 2022.

26.9 (ff) \$25,000 each year is for the administration
 26.10 of state aid for the Destination Medical Center
 26.11 under Minnesota Statutes, sections 469.40 to
 26.12 469.47.

26.13 Sec. 7. Laws 2017, chapter 94, article 1, section 4, subdivision 3, is amended to read:

26.14			<u>3,668,000</u>
26.15	Subd. 3. Labor Standards and Apprenticeship	3,645,000	<u>3,868,000</u>

26.16	Appropriations by Fund		
26.17			<u>1,790,000</u>
26.18	General	1,776,000	<u>1,990,000</u>
26.19	Workforce		
26.20	Development	1,869,000	1,878,000

26.21 (a) ~~\$500,000 each year is from the general~~
 26.22 ~~fund~~ in fiscal year 2018 and \$700,000 in fiscal
 26.23 year 2019 are for wage theft prevention under
 26.24 the division of labor standards.

26.25 (b) \$100,000 each year is from the workforce
 26.26 development fund for labor education and
 26.27 advancement program grants under Minnesota
 26.28 Statutes, section 178.11, to expand and
 26.29 promote registered apprenticeship training for
 26.30 minorities and women.

26.31 (c) \$300,000 each year is from the workforce
 26.32 development fund for the PIPELINE program.

26.33 (d) \$200,000 each year is from the workforce
 26.34 development fund for grants to the

27.1 Construction Careers Foundation for the
 27.2 Helmets to Hardhats Minnesota initiative.
 27.3 Grant funds must be used to recruit, retain,
 27.4 assist, and support National Guard, reserve,
 27.5 and active duty military members' and
 27.6 veterans' participation into apprenticeship
 27.7 programs registered with the Department of
 27.8 Labor and Industry and connect them with
 27.9 career training and employment in the building
 27.10 and construction industry. The recruitment,
 27.11 selection, employment, and training must be
 27.12 without discrimination due to race, color,
 27.13 creed, religion, national origin, sex, sexual
 27.14 orientation, marital status, physical or mental
 27.15 disability, receipt of public assistance, or age.
 27.16 This is a onetime appropriation.

27.17 (e) \$1,029,000 each year is from the workforce
 27.18 development fund for the apprenticeship
 27.19 program under Minnesota Statutes, chapter
 27.20 178.

27.21 (f) \$150,000 each year is from the workforce
 27.22 development fund for prevailing wage
 27.23 enforcement.

27.24 Sec. 8. Laws 2017, chapter 94, article 1, section 4, subdivision 5, is amended to read:

27.25 **Subd. 5. General Support** 6,239,000 6,539,000

27.26	Appropriations by Fund		
27.27	Workforce		
27.28	Development Fund	200,000	500,000
27.29	Workers'		
27.30	Compensation	6,039,000	6,039,000

27.31 (a) Except as provided in paragraphs (b) and
 27.32 (c), this appropriation is from the workers'
 27.33 compensation fund.

28.1 (b) \$200,000 in fiscal year 2018 is from the
28.2 workforce development fund for the
28.3 commissioner of labor and industry to convene
28.4 and collaborate with stakeholders as provided
28.5 under Minnesota Statutes, section 175.46,
28.6 subdivision 3, and to develop youth skills
28.7 training competencies for approved
28.8 occupations. This is a onetime appropriation.

28.9 (c) \$500,000 in fiscal year 2019 is from the
28.10 workforce development fund to administer the
28.11 youth skills training program under Minnesota
28.12 Statutes, section 175.46. The commissioner
28.13 shall award up to five grants each year to local
28.14 partnerships located throughout the state, not
28.15 to exceed \$100,000 per local partnership grant.
28.16 The commissioner may use a portion of this
28.17 appropriation for administration of the grant
28.18 program. The base amount for this program
28.19 is ~~\$500,000~~ \$750,000 each year beginning in
28.20 fiscal year 2020.

28.21 **ARTICLE 2**

28.22 **ECONOMIC DEVELOPMENT**

28.23 Section 1. Minnesota Statutes 2017 Supplement, section 298.227, is amended to read:

28.24 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

28.25 An amount equal to that distributed pursuant to each taconite producer's taxable
28.26 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the
28.27 commissioner of Iron Range resources and rehabilitation in a separate taconite economic
28.28 development fund for each taconite and direct reduced ore producer. Money from the fund
28.29 for each producer shall be released by the commissioner after review by a joint committee
28.30 consisting of an equal number of representatives of the salaried employees and the
28.31 nonsalaried production and maintenance employees of that producer. The District 11 director
28.32 of the United States Steelworkers of America, on advice of each local employee president,
28.33 shall select the employee members. In nonorganized operations, the employee committee
28.34 shall be elected by the nonsalaried production and maintenance employees. The review

29.1 must be completed no later than six months after the producer presents a proposal for
29.2 expenditure of the funds to the committee. The funds held pursuant to this section may be
29.3 released only for workforce development ~~and associated public facility improvement,~~
29.4 concurrent reclamation, ~~or for acquisition of~~ plant and stationary mining equipment and
29.5 facilities for the producer or for research and development in Minnesota on new mining, or
29.6 taconite, iron, or steel production technology, but only if the producer provides a matching
29.7 expenditure equal to the amount of the distribution to be used for the same purpose ~~beginning~~
29.8 ~~with distributions in 2014. Effective for proposals for expenditures of money from the fund~~
29.9 ~~beginning May 26, 2007, the commissioner may not release the funds before the next~~
29.10 ~~scheduled meeting of the board.~~ If a proposed expenditure is not approved by the
29.11 commissioner, after consultation with the advisory board, the funds must be deposited in
29.12 the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a taconite
29.13 production facility is sold after operations at the facility had ceased, any money remaining
29.14 in the fund for the former producer may be released to the purchaser of the facility on the
29.15 terms otherwise applicable to the former producer under this section. If a producer fails to
29.16 provide matching funds for a proposed expenditure within six months after the commissioner
29.17 approves release of the funds, the funds ~~are available for release to another producer in~~
29.18 ~~proportion to the distribution provided and under the conditions of this section~~ may be
29.19 released by the commissioner for deposit in the taconite area environmental protection fund
29.20 created in section 298.223. Any portion of the fund which is not released by the commissioner
29.21 within one year of its deposit in the fund shall be ~~divided between~~ distributed to the taconite
29.22 environmental protection fund ~~created in section 298.223 and the Douglas J. Johnson~~
29.23 ~~economic protection trust fund created in section 298.292 for placement in their respective~~
29.24 ~~special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite~~
29.25 ~~environmental protection fund and one-third to the Douglas J. Johnson economic protection~~
29.26 ~~trust fund.~~

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

29.28 Sec. 2. Minnesota Statutes 2016, section 298.28, subdivision 9a, is amended to read:

29.29 Subd. 9a. **Taconite economic development fund.** (a) 25.1 cents per ton for distributions
29.30 in 2002 and thereafter must be paid to the taconite economic development fund. No
29.31 distribution shall be made under this paragraph in 2004 or any subsequent year in which
29.32 total industry production falls below 30 million tons. Distribution shall only be made to a
29.33 Minnesota taconite pellet producer's fund under section 298.227 if the producer timely pays
29.34 its tax under section 298.24 by the dates provided under section 298.27, or pursuant to the
29.35 due dates provided by an administrative agreement with the commissioner.

30.1 (b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold
30.2 in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed
30.3 pellets shall be paid to the taconite economic development fund. The amount paid shall not
30.4 exceed \$700,000 annually for all ~~companies~~ Minnesota taconite pellet producers. If the
30.5 initial amount to be paid to the fund exceeds this amount, each ~~company's~~ Minnesota taconite
30.6 pellet producer's payment shall be prorated so the total does not exceed \$700,000.

30.7 **EFFECTIVE DATE.** This section is effective retroactively from December 31, 2016.

30.8 **Sec. 3. TRANSFER 2018 DISTRIBUTION ONLY.**

30.9 For the 2018 distribution, the fund established under Minnesota Statutes, section 298.28,
30.10 subdivision 7, shall receive ten cents per ton of any excess of the balance remaining after
30.11 distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6.

30.12 **EFFECTIVE DATE.** This section is effective for the 2018 distribution, and the transfer
30.13 must be made within ten days of the August 2018 payment.

30.14 **Sec. 4. DISLOCATED WORKER RAPID RESPONSE ACTIVITY.**

30.15 Notwithstanding anything to the contrary, of the money appropriated to the Job Skills
30.16 Partnership Board for the purposes of Minnesota Statutes, section 116L.17, under Minnesota
30.17 Statutes, section 116L.20, subdivision 2, at least \$650,000 in fiscal year 2019 must be used
30.18 for rapid response activities under Minnesota Statutes, section 116L.17, subdivision 10, at
30.19 Career Solutions in St. Cloud, to address the substantial anticipated job losses at the
30.20 Electrolux plant and in related industries affected by its closure. Grant funds may be used
30.21 for, but are not limited to, GED programs, English language courses, computer literacy
30.22 efforts, and training in the manufacturing and construction trades. In addition, the
30.23 commissioner of employment and economic development is directed to take all necessary
30.24 steps, including application for any required federal waivers, to begin providing services
30.25 to affected workers before December 31, 2018.

30.26 **Sec. 5. USE OF LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

30.27 Notwithstanding Minnesota Statutes, section 116J.8731, and any law to the contrary, a
30.28 home rule charter or statutory city, county, or town may, before July 1, 2018, commit money
30.29 received from the repayment of funds awarded under Minnesota Statutes, section 116J.8731,
30.30 to a business revolving loan fund partially funded by the federal government. Once
30.31 committed, funds may be used for any purpose allowed by the federal program.

30.32 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

31.1 Sec. 6. REVISOR'S INSTRUCTION; MIF NAME CHANGE TO N-SODA.

31.2 In Minnesota Statutes, the revisor of statutes shall change the term "Minnesota investment
 31.3 fund" to "North Star Opportunity and Development Account" wherever it is apparent from
 31.4 context that the term "Minnesota investment fund" refers to the program under Minnesota
 31.5 Statutes, section 116J.8731.

31.6 **ARTICLE 3**31.7 **ENERGY**

31.8 Section 1. Minnesota Statutes 2017 Supplement, section 116C.779, subdivision 1, is
 31.9 amended to read:

31.10 Subdivision 1. **Renewable development account.** (a) The renewable development
 31.11 account is established as a separate account in the special revenue fund in the state treasury.
 31.12 Appropriations and transfers to the account shall be credited to the account. Earnings, such
 31.13 as interest, dividends, and any other earnings arising from assets of the account, shall be
 31.14 credited to the account. Funds remaining in the account at the end of a fiscal year are not
 31.15 canceled to the general fund but remain in the account until expended. The account shall
 31.16 be administered by the commissioner of management and budget as provided under this
 31.17 section.

31.18 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
 31.19 plant must transfer all funds in the renewable development account previously established
 31.20 under this subdivision and managed by the public utility to the renewable development
 31.21 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
 31.22 that have not yet been expended and unencumbered funds required to be paid in calendar
 31.23 year 2017 under paragraphs (e) and (f) and (g), and sections 116C.7792 and 216C.41, are
 31.24 not subject to transfer under this paragraph.

31.25 (c) ~~Except as provided in subdivision 1a,~~ Beginning January 15, 2018, and continuing
 31.26 each January 15 thereafter, the public utility that owns the Prairie Island and Monticello
 31.27 nuclear generating plant plants must transfer to the renewable development account \$500,000
 31.28 ~~each year for each dry cask containing spent fuel that is located at the Prairie Island power~~
 31.29 ~~plant for \$20,000,000 each year the either plant is in operation, and \$7,500,000 each year~~
 31.30 ~~the plant is not in operation,~~ if ordered by the commission pursuant to paragraph ~~(i)~~ (h),
 31.31 \$7,500,000 each year the Prairie Island plant is not in operation and \$5,250,000 each year
 31.32 the Monticello plant is not in operation. The fund transfer must be made if nuclear waste is

32.1 stored in a dry cask at the independent spent-fuel storage facility at Prairie Island or
32.2 Monticello for any part of a year.

32.3 ~~(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing~~
32.4 ~~each January 15 thereafter, the public utility that owns the Monticello nuclear generating~~
32.5 ~~plant must transfer to the renewable development account \$350,000 each year for each dry~~
32.6 ~~cask containing spent fuel that is located at the Monticello nuclear power plant for each~~
32.7 ~~year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered~~
32.8 ~~by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear~~
32.9 ~~waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for~~
32.10 ~~any part of a year.~~

32.11 ~~(e)~~ (d) Each year, the public utility shall withhold from the funds transferred to the
32.12 renewable development account under ~~paragraphs~~ paragraph (c) and (d) the amount necessary
32.13 to pay its obligations under paragraphs (e), (f) and (g), (k), and (n), and sections 116C.7792
32.14 and 216C.41, for that calendar year.

32.15 ~~(f)~~ (e) If the commission approves a new or amended power purchase agreement, the
32.16 termination of a power purchase agreement, or the purchase and closure of a facility under
32.17 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
32.18 the public utility subject to this section shall enter into a contract with the city in which the
32.19 poultry litter plant is located to provide grants to the city for the purposes of economic
32.20 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
32.21 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
32.22 by the public utility from funds withheld from the transfer to the renewable development
32.23 account, as provided in paragraphs (b) and ~~(e)~~ (d).

32.24 ~~(g)~~ (f) If the commission approves a new or amended power purchase agreement, or the
32.25 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
32.26 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
32.27 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
32.28 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
32.29 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
32.30 30 days after the commission approves the new or amended power purchase agreement, or
32.31 the termination of the power purchase agreement, and on each June 1 thereafter through
32.32 2021, to assist the transition required by the new, amended, or terminated power purchase
32.33 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
32.34 to the renewable development account as provided in paragraphs (b) and ~~(e)~~ (d).

33.1 ~~(h)~~ (g) The collective amount paid under the grant contracts awarded under paragraphs
33.2 (e) and (f) and ~~(g)~~ is limited to the amount deposited into the renewable development account,
33.3 and its predecessor, the renewable development account, established under this section, that
33.4 was not required to be deposited into the account under Laws 1994, chapter 641, article 1,
33.5 section 10.

33.6 ~~(i)~~ (h) After discontinuation of operation of the Prairie Island nuclear plant or the
33.7 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
33.8 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
33.9 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
33.10 facility for any year in which the commission finds, by the preponderance of the evidence,
33.11 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored
33.12 at the facility to a permanent or interim storage site out of the state. This determination shall
33.13 be made at least every two years.

33.14 (i) The public utility shall file annually with the commission a petition to recover all
33.15 funds required to be transferred or withheld under paragraphs (c) to (f) for the next year
33.16 through a rider mechanism. The commission shall approve a reasonable cost recovery
33.17 schedule for all such funds.

33.18 (j) On or before January 15 of each year, the public utility shall file a petition with the
33.19 commission setting forth the amounts withheld by the public utility the prior year under
33.20 paragraph (d) and the amount actually paid the prior year for obligations identified in
33.21 paragraph (d). If the amount actually paid is less than the amount withheld, the public utility
33.22 shall deduct the surplus from the amount withheld for the current year under paragraph (d).
33.23 If the amount actually paid is more than the amount withheld, the public utility shall add
33.24 the deficiency amount to the amount withheld for the current year under paragraph (d). Any
33.25 surplus remaining in the account after all programs identified in paragraph (d) are terminated
33.26 must be returned to the customers of the public utility.

33.27 ~~(j)~~ (k) Funds in the account may be expended only for any of the following purposes:

33.28 (1) to stimulate research and development of renewable electric energy technologies;

33.29 (2) to encourage grid modernization, including, but not limited to, projects that implement
33.30 electricity storage, load control, and smart meter technology; and

33.31 (3) to stimulate other innovative energy projects that reduce demand and increase system
33.32 efficiency and flexibility.

34.1 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
34.2 from the utility that owns a nuclear-powered electric generating plant in this state or the
34.3 Prairie Island Indian community or its members.

34.4 The utility that owns a nuclear generating plant is eligible to apply for grants under this
34.5 subdivision.

34.6 ~~(k)~~ (l) For the purposes of paragraph ~~(j)~~ (k), the following terms have the meanings
34.7 given:

34.8 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
34.9 (c), clauses (1), (2), (4), and (5); and

34.10 (2) "grid modernization" means:

34.11 (i) enhancing the reliability of the electrical grid;

34.12 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
34.13 and

34.14 (iii) increasing energy conservation opportunities by facilitating communication between
34.15 the utility and its customers through the use of two-way meters, control technologies, energy
34.16 storage and microgrids, technologies to enable demand response, and other innovative
34.17 technologies.

34.18 ~~(k)~~ (m) A renewable development account advisory group that includes, among others,
34.19 representatives of the public utility and its ratepayers, and includes at least one representative
34.20 of the Prairie Island Indian community appointed by that community's tribal council, shall
34.21 develop recommendations on account expenditures. Members of the advisory group shall
34.22 be chosen by the public utility. The advisory group must design a request for proposal and
34.23 evaluate projects submitted in response to a request for proposals. The advisory group must
34.24 utilize an independent third-party expert to evaluate proposals submitted in response to a
34.25 request for proposal, including all proposals made by the public utility. A request for proposal
34.26 for research and development under paragraph ~~(j)~~ (k), clause (1), may be limited to or include
34.27 a request to higher education institutions located in Minnesota for multiple projects authorized
34.28 under paragraph ~~(j)~~ (k), clause (1). The request for multiple projects may include a provision
34.29 that exempts the projects from the third-party expert review and instead provides for project
34.30 evaluation and selection by a merit peer review grant system. In the process of determining
34.31 request for proposal scope and subject and in evaluating responses to request for proposals,
34.32 the advisory group must strongly consider, where reasonable, potential benefit to Minnesota
34.33 citizens and businesses and the utility's ratepayers.

35.1 (n) The cost of acquiring the services of the independent third-party expert described in
35.2 paragraph (m) and any other reasonable costs incurred to administer the advisory group and
35.3 its actions as required by this section shall be paid from funds withheld by the public utility
35.4 under paragraph (d).

35.5 ~~(m)~~ (o) The advisory group shall submit funding recommendations to the public utility,
35.6 which has full and sole authority to determine which expenditures shall be submitted by
35.7 the advisory group to the ~~legislature~~ commission. The commission may approve proposed
35.8 expenditures, may disapprove proposed expenditures that it finds not to be in compliance
35.9 with this subdivision or otherwise not in the public interest, and may, if agreed to by the
35.10 public utility, modify proposed expenditures. The commission shall, by order, submit its
35.11 funding recommendations to the legislature as provided under paragraph ~~(n)~~ (p).

35.12 ~~(n)~~ (p) The commission shall present its recommended appropriations from the account
35.13 to the senate and house of representatives committees with jurisdiction over energy policy
35.14 and finance annually by February 15. Expenditures from the account must be appropriated
35.15 by law. In enacting appropriations from the account, the legislature:

35.16 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
35.17 a project recommended by the commission; and

35.18 (2) may not appropriate money for a project the commission has not recommended
35.19 funding.

35.20 ~~(o)~~ (q) A request for proposal for renewable energy generation projects must, when
35.21 feasible and reasonable, give preference to projects that are most cost-effective for a particular
35.22 energy source.

35.23 ~~(p)~~ (r) The advisory group must annually, by February 15, report to the chairs and ranking
35.24 minority members of the legislative committees with jurisdiction over energy policy on
35.25 projects funded by the account under paragraph (k) for the prior year and all previous years.
35.26 The report must, to the extent possible and reasonable, itemize the actual and projected
35.27 financial benefit to the public utility's ratepayers of each project.

35.28 (s) By June 1, 2018, and each June 1 thereafter, the public utility that owns the Prairie
35.29 Island Nuclear Electric Generating Plant must submit to the commissioner of management
35.30 and budget an estimate of the amount the public utility will deposit into the account the
35.31 following January 15, based on the provisions of paragraphs (c) to (h) and any appropriations
35.32 made from the fund during the most recent legislative sessions.

36.1 ~~(q)~~ (t) By ~~February 1~~ June 30, 2018, and each ~~February 1~~ June 30 thereafter, the
 36.2 commissioner of management and budget shall estimate the balance in the account as of
 36.3 the following January 31, taking into account the balance in the account as of June 30 and
 36.4 the information provided under paragraph (r). By July 15, 2018, and each July 15 thereafter,
 36.5 the commissioner of management and budget shall submit a written report regarding the
 36.6 availability of funds in and obligations of the account to the chairs and ranking minority
 36.7 members of the senate and house committees with jurisdiction over energy policy and
 36.8 finance, the public utility, and the advisory group. If more than \$15,000,000 is estimated
 36.9 to be available in the account as of January 31, the advisory group must, by July 30, 2018,
 36.10 and each July 30 thereafter, issue a request for proposals to initiate a grant cycle for the
 36.11 purposes of paragraph (k).

36.12 ~~(r)~~ (u) A project receiving funds from the account must produce a written final report
 36.13 that includes sufficient detail for technical readers and a clearly written summary for
 36.14 nontechnical readers. The report must include an evaluation of the project's financial,
 36.15 environmental, and other benefits to the state and the public utility's ratepayers.

36.16 ~~(s)~~ (v) Final reports, any mid-project status reports, and renewable development account
 36.17 financial reports must be posted online on a public Web site designated by the commissioner
 36.18 of commerce.

36.19 ~~(t)~~ (w) All final reports must acknowledge that the project was made possible in whole
 36.20 or part by the Minnesota renewable development account, noting that the account is financed
 36.21 by the public utility's ratepayers.

36.22 ~~(u)~~ (x) Of the amount in the renewable development account, priority must be given to
 36.23 making the payments required under section 216C.417.

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

36.25 Sec. 2. Minnesota Statutes 2017 Supplement, section 116C.7792, is amended to read:

36.26 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

36.27 The utility subject to section 116C.779 shall operate a program to provide solar energy
 36.28 production incentives for solar energy systems of no more than a total aggregate nameplate
 36.29 capacity of ~~20~~ 40 kilowatts direct current per premises. The owner of a solar energy system
 36.30 installed before June 1, 2018, is eligible to receive a production incentive under this section
 36.31 for any additional solar energy systems constructed at the same customer location, provided
 36.32 the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.
 36.33 The program shall be operated for eight consecutive calendar years commencing in 2014.

37.1 \$5,000,000 shall be allocated in each of the first four years, \$15,000,000 in the fifth year,
37.2 \$10,000,000 in each of the sixth and seventh years, and \$5,000,000 in the eighth year from
37.3 funds withheld from transfer to the renewable development account under section 116C.779,
37.4 subdivision 1, ~~paragraphs (b) and (e)~~ paragraph (d), and placed in a separate account for
37.5 the purpose of the solar production incentive program operated by the utility and not for
37.6 any other program or purpose. Any unspent amount allocated in the fifth year is available
37.7 until December 31 of the sixth year. Any unspent amount remaining at the end of an
37.8 allocation year must be transferred to the renewable development account or returned to
37.9 customers. The solar system must be sized to less than 120 percent of the customer's on-site
37.10 annual energy consumption when combined with other distributed generation resources and
37.11 subscriptions provided under section 216B.1641 associated with the premise. The production
37.12 incentive must be paid for ten years commencing with the commissioning of the system.
37.13 The utility must file a plan to operate the program with the commissioner of commerce.
37.14 The utility may not operate the program until it is approved by the commissioner. A change
37.15 to the program to include projects up to a nameplate capacity of 40 kilowatts or less does
37.16 not require the utility to file a plan with the commissioner. Any plan approved by the
37.17 commissioner of commerce must not provide an increased incentive scale over prior years
37.18 unless the commissioner demonstrates that changes in the market for solar energy facilities
37.19 require an increase.

37.20 **EFFECTIVE DATE.** This section is effective June 1, 2018.

37.21 **Sec. 3. [116C.7793] PRAIRIE ISLAND NET ZERO PROJECT.**

37.22 **Subdivision 1. Program established.** The Prairie Island Net Zero Project is established
37.23 with the goal of the Prairie Island Indian Community developing an energy system that
37.24 results in net zero emissions.

37.25 **Subd. 2. Grant.** The commissioner of employment and economic development shall
37.26 enter into a grant contract with the Prairie Island Indian Community to provide \$20,000,000
37.27 on July 1, 2018, and \$5,000,000 each year thereafter for four years to stimulate research,
37.28 development, and implementation of renewable energy projects benefitting the Prairie Island
37.29 Indian Community or its members.

37.30 **Subd. 3. Plan; report.** The Prairie Island Indian Community shall file a plan with the
37.31 commissioner of employment and economic development no later than July 1, 2019,
37.32 describing the Prairie Island Net Zero Project elements and implementation strategy. The
37.33 Prairie Island Indian Community shall file a report on July 1, 2020, and each July 1 thereafter

38.1 through 2023, describing the progress made in implementing the project and the use of
38.2 funds expended.

38.3 Subd. 4. **Appropriation.** Notwithstanding section 116C.779, subdivision 1, paragraph
38.4 (k), \$20,000,000 is appropriated in fiscal year 2019 and \$5,000,000 is appropriated each
38.5 year in fiscal years 2020, 2021, 2022, and 2023, from the renewable development account
38.6 under section 116C.779, subdivision 1, to the commissioner of employment and economic
38.7 development for a grant to the Prairie Island Indian Community for the purposes of this
38.8 section. Any funds remaining at the end of a fiscal year do not cancel to the renewable
38.9 development account but remain available until spent. This subdivision expires upon the
38.10 last transfer of funds to the commissioner.

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

38.12 Sec. 4. Minnesota Statutes 2016, section 216A.03, is amended by adding a subdivision to
38.13 read:

38.14 Subd. 10. **Offices.** The Public Utilities Commission's offices must be located in Virginia,
38.15 Minnesota.

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

38.17 Sec. 5. Minnesota Statutes 2016, section 216B.16, is amended by adding a subdivision to
38.18 read:

38.19 Subd. 13a. **Pension rate base.** The commission must allow a public utility to include
38.20 in the rate base and recover from ratepayers the costs incurred to contribute to employee
38.21 pensions, including (1) accumulated contributions in excess of net periodic benefit costs,
38.22 and (2) contributions necessary to comply with the federal Pension Protection Act of 2006
38.23 and other applicable federal and state pension funding requirements. A public utility is
38.24 authorized to track for future recovery any unrecoverable return of pension rate base costs
38.25 and investments at the return on investment level established in the public utility's last
38.26 general rate case that have been incurred during the period between general rate cases.

38.27 Sec. 6. Minnesota Statutes 2017 Supplement, section 216B.164, subdivision 5, is amended
38.28 to read:

38.29 Subd. 5. **Dispute; resolution.** (a) In the event of ~~disputes~~ a dispute between a qualifying
38.30 facility and a public utility and a qualifying facility or a cooperative electric association that
38.31 has not elected to resolve disputes under subdivision 11, either party may request a
38.32 determination of the issue by the commission. In any such determination, the burden of

39.1 proof ~~shall be~~ is on the public utility or cooperative electric association. The commission
39.2 in its order resolving each such dispute shall require payments to the prevailing party of the
39.3 prevailing party's costs, disbursements, and reasonable attorneys' fees, except that the
39.4 qualifying facility will be required to pay the costs, disbursements, and attorneys' fees of
39.5 the public utility or cooperative electric association only if the commission finds that the
39.6 claims of the qualifying facility in the dispute have been made in bad faith, or are a sham,
39.7 or are frivolous.

39.8 (b) Notwithstanding subdivisions 9 and 11, a qualifying facility over 20 megawatts may,
39.9 until December 31, 2022, request that the commission resolve a dispute with any utility,
39.10 including a cooperative electric association or municipal utility, under paragraph (a).

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

39.12 Sec. 7. Minnesota Statutes 2017 Supplement, section 216B.1691, subdivision 2f, is amended
39.13 to read:

39.14 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
39.15 and 2b, each public utility shall generate or procure sufficient electricity generated by solar
39.16 energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at
39.17 least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is
39.18 generated by solar energy.

39.19 (b) For a public utility with more than 200,000 retail electric customers, at least ten
39.20 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
39.21 solar photovoltaic devices with a nameplate capacity of ~~20~~ 40 kilowatts or less.

39.22 (c) A public utility with between 50,000 and 200,000 retail electric customers:

39.23 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
39.24 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
39.25 less; and

39.26 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
39.27 of 40 kilowatts or less to a community solar garden program operated by the public utility
39.28 that has been approved by the commission.

39.29 (d) The solar energy standard established in this subdivision is subject to all the provisions
39.30 of this section governing a utility's standard obligation under subdivision 2a.

39.31 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
39.32 electric sales in Minnesota be generated by solar energy.

40.1 (f) For the purposes of calculating the total retail electric sales of a public utility under
40.2 this subdivision, there shall be excluded retail electric sales to customers that are:

40.3 (1) an iron mining extraction and processing facility, including a scam mining facility
40.4 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

40.5 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
40.6 manufacturer.

40.7 Those customers may not have included in the rates charged to them by the public utility
40.8 any costs of satisfying the solar standard specified by this subdivision.

40.9 (g) A public utility may not use energy used to satisfy the solar energy standard under
40.10 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
40.11 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
40.12 solar standard under this subdivision.

40.13 (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
40.14 with a solar photovoltaic device installed and generating electricity in Minnesota after
40.15 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
40.16 under this subdivision.

40.17 (i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file
40.18 a report with the commission reporting its progress in achieving the solar energy standard
40.19 established under this subdivision.

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

40.21 **Sec. 8. [216B.1697] CARBON REDUCTION FACILITIES; NUCLEAR ENERGY.**

40.22 **Subdivision 1. Qualifying facilities.** An existing large electric generating power plant,
40.23 as defined in section 216B.2421, subdivision 2, clause (1), employing nuclear technology
40.24 to generate electricity qualifies for designation as a carbon reduction facility as provided in
40.25 this section.

40.26 **Subd. 2. Proposal submission.** (a) A public utility may submit a proposal to the
40.27 commission for designation of a qualifying facility as a carbon reduction facility under this
40.28 section. The proposal must be filed within a public utility's new resource plan filing no
40.29 earlier than February 1, 2019. The proposal shall include:

40.30 (1) a showing that the facility meets the requirements of subdivision 1;

40.31 (2) a proposed statement of the total expected costs, including, but not limited to, capital
40.32 investments and operation and maintenance costs associated with the operation of the facility.

41.1 The total expected costs shall cover a period not to exceed the planning period of the public
41.2 utility's new resource plan;

41.3 (3) details about all costs currently included in rates, current operating costs if different
41.4 than those currently included in rates, and an evaluation of the utility's forecasted costs
41.5 prepared by an independent evaluator; and

41.6 (4) an analysis of how the proposed capital investments and operation and maintenance
41.7 costs would impact rates if that impact is different than any described in the utility's most
41.8 recently filed resource plan.

41.9 (b) If the information submitted in the original proposal changes because it was unknown
41.10 and not capable of being known at the time of the original proposal, a utility may at any
41.11 time file additional proposals for the same facility.

41.12 (c) The proposal may ask the commission to establish a sliding scale rate-of-return
41.13 mechanism for the capital investments to provide an additional incentive for the utility to
41.14 complete the project at or under the proposed costs.

41.15 Subd. 3. **Proposal approval.** (a) The commission shall approve, reject, or modify the
41.16 proposed designation of the facility and the total expected costs submitted by the public
41.17 utility. The commission shall make a final determination on the proposed designation
41.18 concurrent with its order in the resource plan, or sooner, should the commission determine
41.19 that it is in the public interest.

41.20 (b) When conducting the review in paragraph (a), the commission shall allow intervention
41.21 by the Department of Commerce, the Office of the Attorney General, ratepayer advocates,
41.22 the Prairie Island and Monticello communities, and other interested parties. The public
41.23 utility shall pay the costs of any nuclear expert retained by the Department of Commerce.

41.24 (c) To the extent the commission modifies the proposal, the utility may choose whether
41.25 to accept the modifications. If the utility does not accept the modifications, the commission
41.26 shall deem the proposal withdrawn.

41.27 (d) With respect to any carbon reduction facility, the approval shall constitute a finding
41.28 of prudence for the total expected costs contained in the proposal, meaning that the utility
41.29 shall be entitled to recover, through a subsequent rate case, any actual costs not in excess
41.30 of the total expected costs provided in its proposal for designation as a carbon reduction
41.31 facility.

41.32 (e) Upon approval of a proposed designation of a facility and the total expected costs
41.33 submitted by the utility, the utility shall provide biennial updates to the commission regarding

42.1 its progress with respect to adhering to the approved costs. The commission may issue
42.2 orders it deems necessary to ensure that the carbon reduction facility remains cost-effective
42.3 for customers and financially viable for the utility.

42.4 Sec. 9. Minnesota Statutes 2016, section 216B.243, subdivision 8, is amended to read:

42.5 Subd. 8. **Exemptions.** (a) This section does not apply to:

42.6 (1) cogeneration or small power production facilities as defined in the Federal Power
42.7 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
42.8 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
42.9 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
42.10 any case where the commission has determined after being advised by the attorney general
42.11 that its application has been preempted by federal law;

42.12 (2) a high-voltage transmission line proposed primarily to distribute electricity to serve
42.13 the demand of a single customer at a single location, unless the applicant opts to request
42.14 that the commission determine need under this section or section 216B.2425;

42.15 (3) the upgrade to a higher voltage of an existing transmission line that serves the demand
42.16 of a single customer that primarily uses existing rights-of-way, unless the applicant opts to
42.17 request that the commission determine need under this section or section 216B.2425;

42.18 (4) a high-voltage transmission line of one mile or less required to connect a new or
42.19 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

42.20 (5) conversion of the fuel source of an existing electric generating plant to using natural
42.21 gas;

42.22 (6) the modification of an existing electric generating plant to increase efficiency, as
42.23 long as the capacity of the plant is not increased more than ten percent or more than 100
42.24 megawatts, whichever is greater;

42.25 (7) a wind energy conversion system or solar electric generation facility if the system
42.26 or facility is owned and operated by an independent power producer and the electric output
42.27 of the system or facility is not sold to an entity that provides retail service in Minnesota or
42.28 wholesale electric service to another entity in Minnesota other than an entity that is a federally
42.29 recognized regional transmission organization or independent system operator; or

42.30 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
42.31 2, or a solar energy generating ~~large energy facility, system~~ as defined in section ~~216B.2421,~~

43.1 ~~subdivision 2, 216E.01, subdivision 9a, with a nameplate capacity of five megawatts or~~
 43.2 ~~more, including systems that are engaging in a repowering project that:~~

43.3 ~~(i) will not result in the facility exceeding the nameplate capacity under its most recent~~
 43.4 ~~interconnection agreement; or~~

43.5 ~~(ii) will result in the facility exceeding the nameplate capacity under its most recent~~
 43.6 ~~interconnection agreement, provided that the Midcontinent Independent System Operator~~
 43.7 ~~has provided a signed generator interconnection agreement that reflects the expected net~~
 43.8 ~~power increase.~~

43.9 (b) For the purpose of this subdivision, "repowering project" means:

43.10 (1) modifying a large wind energy conversion system or a solar energy generating large
 43.11 energy facility to increase its efficiency ~~without increasing its nameplate capacity;~~

43.12 (2) replacing turbines in a large wind energy conversion system ~~without increasing the~~
 43.13 ~~nameplate capacity of the system;~~ or

43.14 (3) increasing the nameplate capacity of a large wind energy conversion system.

43.15 (c) Nothing in paragraph (a), clause (8), authorizes a large wind energy conversion
 43.16 system or a solar energy generating system to exceed any limitation imposed on it by an
 43.17 interconnection agreement regarding the amount of energy generated by the large wind
 43.18 energy conversion system or solar energy generating system or the amount of nameplate
 43.19 capacity it injects into the transmission system.

43.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 43.21 applies to a large wind energy conversion system or a solar energy generating system that
 43.22 has not received a final decision on a certificate of need application filed with the commission
 43.23 before that date.

43.24 Sec. 10. **[216C.419] RESIDENTIAL BIOMASS HEATING SYSTEM GRANT**
 43.25 **PROGRAM.**

43.26 Subdivision 1. **Definition.** For purposes of this section, the following definitions have
 43.27 the meanings given.

43.28 (a) "Homeowner" means the owner of a residential homestead, as defined in section
 43.29 273.124, subdivision 1, paragraph (a), or the owner of an agricultural homestead, as defined
 43.30 in section 273.13, subdivision 23, paragraph (a).

43.31 (b) "Residential biomass heating system" means:

44.1 (1) a pellet stove or wood heater, as defined in Code of Federal Regulations, title 40,
44.2 section 60.531; or

44.3 (2) a residential forced-air furnace or residential hydronic heater, as defined in Code of
44.4 Federal Regulations, title 40, section 60.5473.

44.5 Subd. 2. **Establishment.** A grant program is established under the Department of
44.6 Commerce to award grants to homeowners to fund the purchase and installation of a
44.7 residential biomass heating system.

44.8 Subd. 3. **Eligible expenditures.** (a) Grants awarded to a homeowner under this section
44.9 may be used to pay up to the lesser of 33 percent of the cost to purchase and install a
44.10 residential biomass heating system in the homeowner's residence, or \$5,000.

44.11 (b) A grant must not be awarded under this section to a homeowner for a residential
44.12 biomass heating system that is not certified by the federal Environmental Protection Agency
44.13 as meeting the 2015 New Source Performance Standards for air emissions for these heating
44.14 systems, contained in Code of Federal Regulations, title 40, part 60, subparts AAA and
44.15 QQQQ, as applicable.

44.16 Subd. 4. **Application process.** A homeowner must submit an application to the
44.17 commissioner on a form prescribed by the commissioner. The commissioner must develop
44.18 administrative procedures governing the application and grant award process, and must
44.19 award grants on a first-come, first-served basis.

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

44.21 Sec. 11. **[216C.437] LOCAL GOVERNMENT EMERALD ASH BORER REMOVAL**
44.22 **GRANT PROGRAM.**

44.23 Subdivision 1. **Establishment.** The Department of Commerce must establish a program
44.24 to:

44.25 (1) assist eligible local units of government collect and dispose of the wood waste created
44.26 when ash trees are removed from public land due to either (i) emerald ash borer infestation,
44.27 or (ii) an emerald ash borer management program;

44.28 (2) award grants to process the wood waste into usable biomass fuel, properly transport
44.29 the biomass fuel to an eligible district heating and cooling system cogeneration facility, and
44.30 use the biomass fuel to generate electricity and thermal energy; and

45.1 (3) reduce the biomass fuel costs passed through by an eligible heating and cooling
45.2 system cogeneration facility to the public utility that owns the Prairie Island nuclear
45.3 generating plant.

45.4 Subd. 2. **Eligibility.** In order to be eligible for the program under subdivision 1, an
45.5 applicant must be a district heating and cooling system cogeneration facility that:

45.6 (1) is located in the city of St. Paul;

45.7 (2) operates as a nonprofit entity;

45.8 (3) accepts wood waste from a local unit of government that is:

45.9 (i) located within the service area of the public utility that is subject to section 116C.779;

45.10 (ii) located in a county or portion of a county that has been designated by the
45.11 commissioner of agriculture as quarantined with respect to the transportation of woody
45.12 materials from ash trees due to demonstrated emerald ash borer infestation; and

45.13 (iii) responsible for the removal of diseased ash trees from public lands within its
45.14 jurisdiction; and

45.15 (4) uses biomass fuel to generate electricity and thermal energy.

45.16 Subd. 3. **Eligible expenditures.** (a) Grants may be awarded under this section to an
45.17 eligible recipient under subdivision 2 to:

45.18 (1) process into acceptable biomass fuel woody materials containing ash trees that have
45.19 been removed due to disease or implementation of an emerald ash borer management
45.20 program; or

45.21 (2) transport processed biomass fuel, woody materials infested by emerald ash borer,
45.22 and woody material removed under an emerald ash borer management program to a storage
45.23 location or to the district heating and cooling system cogeneration facility in downtown St.
45.24 Paul.

45.25 (b) Grant funds may be used to pay reasonable costs incurred by the Department of
45.26 Agriculture to administer this section.

45.27 (c) All funds awarded under paragraph (a) must reduce on a dollar-for-dollar basis the
45.28 charges billed by an eligible heating and cooling system cogeneration facility to the public
45.29 utility that owns the Prairie Island Nuclear Electric Generating Plant under the power
45.30 purchase agreement in effect on January 1, 2018. A heating and cooling system cogeneration
45.31 facility receiving a grant under this section must submit a monthly statement showing the

46.1 reduction in charges resulting from the requirement of this paragraph to the public utility
46.2 that owns the Prairie Island Nuclear Electric Generating Plant.

46.3 Subd. 4. **Expiration.** This section expires the day after the power purchase agreement
46.4 in effect on January 1, 2018, between an eligible heating and cooling system cogeneration
46.5 facility and the public utility that owns the Prairie Island Nuclear Electric Generating Plant
46.6 expires. This section does not extend or renew a power purchase agreement referenced in
46.7 this subdivision.

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

46.9 Sec. 12. Minnesota Statutes 2016, section 216E.03, subdivision 9, is amended to read:

46.10 Subd. 9. **Timing.** The commission shall make a final decision on an application within
46.11 60 days after receipt of the report of the administrative law judge. A final decision on the
46.12 request for a site permit or route permit shall be made within one year after the commission's
46.13 determination that an application is complete. The commission may extend this time limit
46.14 for up to ~~three months~~ 30 days for just cause or upon agreement of the applicant.

46.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and
46.16 applies to any application filed with the commission on or after that date.

46.17 Sec. 13. Minnesota Statutes 2016, section 216E.04, subdivision 2, is amended to read:

46.18 Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to
46.19 the following projects:

46.20 (1) large electric power generating plants with a capacity of less than 80 megawatts;

46.21 (2) large electric power generating plants that are fueled by natural gas;

46.22 (3) high-voltage transmission lines of between 100 and 200 kilovolts;

46.23 (4) high-voltage transmission lines in excess of 200 kilovolts and less than five miles
46.24 in length in Minnesota;

46.25 (5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of
46.26 the distance of the line in Minnesota will be located along existing high-voltage transmission
46.27 line right-of-way;

46.28 (6) a high-voltage transmission line service extension to a single customer between 200
46.29 and 300 kilovolts and less than ten miles in length;

47.1 (7) a high-voltage transmission line rerouting to serve the demand of a single customer
 47.2 when the rerouted line will be located at least 80 percent on property owned or controlled
 47.3 by the customer or the owner of the transmission line; ~~and~~

47.4 (8) large electric power generating plants that are powered by solar energy; and

47.5 (9) a high-voltage transmission line in excess of 200 kilovolts, if the applicant
 47.6 demonstrates secured voluntary easements or other agreements with all landowners located
 47.7 within the proposed route's right-of-way.

47.8 Sec. 14. Minnesota Statutes 2016, section 216E.04, subdivision 7, is amended to read:

47.9 Subd. 7. **Timing.** The commission shall make a final decision on an application within
 47.10 60 days after completion of the public hearing. A final decision on the request for a site
 47.11 permit or route permit under this section shall be made within six months after the
 47.12 commission's determination that an application is complete. The commission may extend
 47.13 this time limit for up to ~~three months~~ 30 days for just cause or upon agreement of the
 47.14 applicant.

47.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 47.16 applies to any application filed with the commission on or after that date.

47.17 Sec. 15. Minnesota Statutes 2016, section 216F.01, subdivision 2, is amended to read:

47.18 Subd. 2. **Large wind energy conversion system or LWECS.** "Large wind energy
 47.19 conversion system" or "LWECS" means (1) any combination of WECS with a combined
 47.20 nameplate capacity of 5,000 kilowatts or more, and (2) transmission lines directly associated
 47.21 with the LWECS that are necessary to interconnect the LWECS with the transmission
 47.22 system.

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

47.24 Sec. 16. Laws 2017, chapter 94, article 10, section 28, is amended to read:

47.25 Sec. 28. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
 47.26 **THERMAL REBATES.**

47.27 (a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner
 47.28 of a solar thermal system whose application was approved by the commissioner of commerce
 47.29 after the effective date of this act.

47.30 (b) Unspent money remaining in the account established under Minnesota Statutes 2014,
 47.31 section 216C.416, as of July 2, 2017, must be transferred to the ~~C-LEAF~~ renewable

48.1 development account established under Minnesota Statutes 2016, section 116C.779,
48.2 subdivision 1.

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

48.4 Sec. 17. Laws 2017, chapter 94, article 10, section 29, is amended to read:

48.5 Sec. 29. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF**
48.6 **UNEXPENDED GRANT FUNDS.**

48.7 (a) No later than 30 days after the effective date of this section, the utility subject to
48.8 Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person
48.9 who received a grant funded from the renewable development account ~~previously~~ established
48.10 under that subdivision:

48.11 (1) after January 1, 2012; and

48.12 (2) before January 1, 2012, if the funded project remains incomplete as of the effective
48.13 date of this section.

48.14 The notice must contain the provisions of this section and instructions directing grant
48.15 recipients how unexpended funds can be transferred to the ~~clean energy advancement fund~~
48.16 renewable development account.

48.17 (b) A recipient of a grant from the renewable development account ~~previously~~ established
48.18 under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after
48.19 receiving the notice required under paragraph (a), transfer any grant funds that remain
48.20 unexpended as of the effective date of this section to the ~~clean energy advancement fund~~
48.21 renewable development account if, by that effective date, all of the following conditions
48.22 are met:

48.23 (1) the grant was awarded more than five years before the effective date of this section;

48.24 (2) the grant recipient has failed to obtain control of the site on which the project is to
48.25 be constructed;

48.26 (3) the grant recipient has failed to secure all necessary permits or approvals from any
48.27 unit of government with respect to the project; and

48.28 (4) construction of the project has not begun.

48.29 (c) A recipient of a grant from the renewable development account ~~previously~~ established
48.30 under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds
48.31 that remain unexpended five years after the grant funds are received by the grant recipient

49.1 if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant
 49.2 recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary
 49.3 of the receipt of the grant funds.

49.4 (d) A person who transfers funds to the ~~clean energy advancement fund~~ renewable
 49.5 development account under this section is eligible to apply for funding from the ~~clean energy~~
 49.6 ~~advancement fund~~ renewable development account.

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

49.8 Sec. 18. **REPEALER.**

49.9 Minnesota Statutes 2016, section 216B.2423, is repealed.

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

49.11 **ARTICLE 4**

49.12 **HOUSING**

49.13 Section 1. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR**
 49.14 **REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

49.15 **Subdivision 1. Definition.** As used in this section, "residential construction" means the
 49.16 new construction or remodeling of any building subject to the Minnesota Residential Code.

49.17 **Subd. 2. Impact on housing; agency determination.** (a) An agency must determine if
 49.18 implementation of a proposed rule, or any portion of a proposed rule, will, on average,
 49.19 increase the cost of residential construction or remodeling by \$1,000 or more per unit, and
 49.20 whether the proposed rule meets the state regulatory policy objectives described in section
 49.21 14.002. In calculating the cost of implementing a proposed rule, the agency may consider
 49.22 the impact of other related proposed rules on the overall cost of residential construction. If
 49.23 applicable, the agency may include offsetting savings that may be achieved through
 49.24 implementation of related proposed rules in its calculation under this subdivision.

49.25 **(b) The agency must make the determination required by paragraph (a) before the close**
 49.26 **of the hearing record, or before the agency submits the record to the administrative law**
 49.27 **judge if there is no hearing. Upon request of a party affected by the proposed rule, the**
 49.28 **administrative law judge must review and approve or disapprove an agency's determination**
 49.29 **under this subdivision.**

49.30 **Subd. 3. Notice to legislature; legislative review.** If the agency determines that the
 49.31 impact of a proposed rule meets or exceeds the cost threshold provided in subdivision 2, or

50.1 if the administrative law judge separately confirms the cost of any portion of a rule exceeds
50.2 the cost threshold provided in subdivision 2, the agency must notify, in writing, the chair
50.3 and ranking minority members of the policy committees of the legislature with jurisdiction
50.4 over the subject matter of the proposed rule within ten days of the determination. The agency
50.5 shall not adopt the proposed rule until after the adjournment of the next annual session of
50.6 the legislature convened on or after the date that notice required in this subdivision is given
50.7 to the chairs and ranking minority members.

50.8 **EFFECTIVE DATE.** This section is effective August 1, 2018, and applies to
50.9 administrative rules proposed on or after that date.

50.10 Sec. 2. Minnesota Statutes 2016, section 299D.085, is amended by adding a subdivision
50.11 to read:

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

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

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

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

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

50.21 Sec. 3. Minnesota Statutes 2016, section 326B.815, subdivision 1, is amended to read:

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

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

50.29 (c) The commissioner shall in a manner determined by the commissioner, without the
50.30 need for any rulemaking under chapter 14, phase in the renewal of residential contractor,
50.31 residential remodeler, and residential roofer licenses from one year to two years. By June

51.1 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer
51.2 licenses shall be two-year licenses.

51.3 Sec. 4. Minnesota Statutes 2016, section 327.31, is amended by adding a subdivision to
51.4 read:

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

51.11 Sec. 5. **[327.335] PLACEMENT OF MODULAR HOMES.**

51.12 Notwithstanding any other law or ordinance to the contrary, a modular home may be
51.13 placed in a manufactured home park as defined in section 327.14, subdivision 3. A modular
51.14 home placed in a manufactured home park is a manufactured home for purposes of chapters
51.15 327C and 504B and all rights, obligations, and duties, under those chapters apply. A modular
51.16 home may not be placed in a manufactured home park without prior written approval of the
51.17 park owner. Nothing in this section shall be construed to inhibit the application of zoning,
51.18 subdivision, architectural, or esthetic requirements under chapters 394 and 462 that otherwise
51.19 apply to manufactured homes or manufactured home parks. A modular home placed in a
51.20 manufactured home park under this section shall be assessed and taxed as a manufactured
51.21 home.

51.22 Sec. 6. Minnesota Statutes 2016, section 327B.041, is amended to read:

51.23 **327B.041 MANUFACTURED HOME INSTALLERS.**

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

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

51.29 (2) the examination requirement of section 326B.83, subdivision 3, for manufactured
51.30 home installers shall be satisfied by successful completion of a written examination
51.31 administered and developed specifically for the examination of manufactured home installers.
51.32 The examination must be administered and developed by the commissioner. The

52.1 commissioner and the state building official shall seek advice on the grading, monitoring,
52.2 and updating of examinations from the Minnesota Manufactured Housing Association;

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

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

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

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

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

52.18 Sec. 7. Minnesota Statutes 2016, section 327C.095, subdivision 4, is amended to read:

52.19 Subd. 4. **Public hearing; relocation compensation; neutral third party.** The governing
52.20 body of the affected municipality shall hold a public hearing to review the closure statement
52.21 and any impact that the park closing may have on the displaced residents and the park owner.
52.22 At the time of, and in the notice for, the public hearing, displaced residents must be informed
52.23 that they may be eligible for payments from the Minnesota manufactured home relocation
52.24 trust fund under section 462A.35 as compensation for reasonable relocation costs under
52.25 subdivision 13, paragraphs (a) and (e).

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

52.30 At the public hearing, the municipality shall appoint a qualified neutral third party, to
52.31 be agreed upon by both the manufactured home park owner and manufactured home owners,
52.32 whose hourly cost must be reasonable and paid from the Minnesota manufactured home
52.33 relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with

53.1 decision-making authority to resolve any questions or disputes regarding any contributions
53.2 or disbursements to and from the Minnesota manufactured home relocation trust fund by
53.3 either the manufactured home park owner or the manufactured home owners. If the parties
53.4 cannot agree on a neutral third party, the municipality will ~~make a determination~~ determine
53.5 who shall act as the neutral third party.

53.6 The qualified neutral third party shall be familiar with manufactured housing and the
53.7 requirements of this section. The neutral third party shall keep an overall receipts and cost
53.8 summary together with a detailed accounting, for each manufactured lot, of the payments
53.9 received by the manufactured home park owner, and expenses approved and payments
53.10 disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well
53.11 as a record of all services and hours it provided and at what hourly rate it charged to the
53.12 Minnesota manufactured home trust fund. This detailed accounting shall be provided to the
53.13 manufactured home park owner, the municipality, and the Minnesota Housing Finance
53.14 Agency to be included in its yearly October 15 report as required in subdivision 13, paragraph
53.15 (h), not later than 30 days after the expiration of the nine-month notice provided in the
53.16 closure statement.

53.17 Sec. 8. Minnesota Statutes 2016, section 327C.095, subdivision 6, is amended to read:

53.18 Subd. 6. **Intent to convert use of park at time of purchase.** Before the execution of
53.19 an agreement to purchase a manufactured home park, the purchaser must notify the park
53.20 owner, in writing, if the purchaser intends to close the manufactured home park or convert
53.21 it to another use within one year of the execution of the agreement. The park owner shall
53.22 provide a resident of each manufactured home with a 45-day written notice of the purchaser's
53.23 intent to close the park or convert it to another use. The notice must state that the park owner
53.24 will provide information on the cash price and the terms and conditions of the purchaser's
53.25 offer to residents requesting the information. The notice must be sent by first class mail to
53.26 a resident of each manufactured home in the park. The notice period begins on the postmark
53.27 date affixed to the notice and ends 45 days after it begins. During the notice period required
53.28 in this subdivision, the owners of at least 51 percent of the manufactured homes in the park
53.29 or a nonprofit organization which has the written permission of the owners of at least 51
53.30 percent of the manufactured homes in the park to represent them in the acquisition of the
53.31 park shall have the right to meet the cash price and execute an agreement to purchase the
53.32 park for the purposes of keeping the park as a manufactured housing community, provided
53.33 that the owners or nonprofit organization will covenant and warrant to the park owner in
53.34 the agreement that they will continue to operate the park for not less than six years from
53.35 the date of closing. The park owner must accept the offer if it meets the cash price and the

54.1 same terms and conditions set forth in the purchaser's offer except that the seller is not
54.2 obligated to provide owner financing. For purposes of this section, cash price means the
54.3 cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1,
54.4 paragraph (d).

54.5 Sec. 9. Minnesota Statutes 2016, section 327C.095, subdivision 12, is amended to read:

54.6 Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a)
54.7 If a manufactured home owner is required to move due to the conversion of all or a portion
54.8 of a manufactured home park to another use, the closure of a park, or cessation of use of
54.9 the land as a manufactured home park, the manufactured park owner shall, upon the change
54.10 in use, pay to the commissioner of management and budget for deposit in the Minnesota
54.11 manufactured home relocation trust fund under section 462A.35, the lesser amount of the
54.12 actual costs of moving or purchasing the manufactured home approved by the neutral third
54.13 party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph
54.14 (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each
54.15 multisection manufactured home, for which a manufactured home owner has made
54.16 application for payment of relocation costs under subdivision 13, paragraph (c). The
54.17 manufactured home park owner shall make payments required under this section to the
54.18 Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice
54.19 from the neutral third party.

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

54.23 (1) the manufactured home park owner relocates the manufactured home owner to
54.24 another space in the manufactured home park or to another manufactured home park at the
54.25 park owner's expense;

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

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

54.31 (4) the manufactured home owner has a pending eviction action for nonpayment of lot
54.32 rental amount under section 327C.09, which was filed against the manufactured home owner

55.1 prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery
55.2 has been ordered by the district court;

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

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

55.11 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
55.12 is less than ~~\$1,000,000~~ \$3,000,000 as of June 30 of each year, the commissioner of
55.13 management and budget shall assess each manufactured home park owner by mail the total
55.14 amount of \$15 for each licensed lot in their park, payable on or before ~~September~~ November
55.15 15 of that year. Failure to notify and budget shall deposit
55.16 any payments in the Minnesota ~~timely assess the manufactured home relocation trust fund.~~
55.17 ~~On or before July 15 of~~ park owner by August 30 of any year shall waive the assessment
55.18 and payment obligations of the manufactured home park owner for that year. Together with
55.19 said assessment notice, each year; the commissioner of management and budget shall prepare
55.20 and distribute to park owners a letter explaining whether funds are being collected for that
55.21 year, information about the collection, an invoice for all licensed lots, and a sample form
55.22 for the park owners to collect information on which park residents have been accounted
55.23 for. If assessed under this paragraph, the park owner may recoup the cost of the \$15
55.24 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park
55.25 residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park
55.26 owners may adjust payment for lots in their park that are vacant or otherwise not eligible
55.27 for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b),
55.28 and, for park residents who have not paid the \$15 assessment to the park owner by October
55.29 15, deduct from the assessment accordingly. The commissioner of management and budget
55.30 shall deposit any payments in the Minnesota manufactured home relocation trust fund.

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

56.1 Sec. 10. Minnesota Statutes 2016, section 327C.095, subdivision 13, is amended to read:

56.2 Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a
56.3 manufactured home owner is required to relocate due to the conversion of all or a portion
56.4 of a manufactured home park to another use, the closure of a manufactured home park, or
56.5 cessation of use of the land as a manufactured home park under subdivision 1, and the
56.6 manufactured home owner complies with the requirements of this section, the manufactured
56.7 home owner is entitled to payment from the Minnesota manufactured home relocation trust
56.8 fund equal to the manufactured home owner's actual relocation costs for relocating the
56.9 manufactured home to a new location within a ~~25-mile~~ 50-mile radius of the park that is
56.10 being closed, up to a maximum of ~~\$7,000~~ \$9,000 for a single-section and \$12,500 for a
56.11 multisection manufactured home. The actual relocation costs must include the reasonable
56.12 cost of taking down, moving, and setting up the manufactured home, including equipment
56.13 rental, utility connection and disconnection charges, minor repairs, modifications necessary
56.14 for transportation of the home, necessary moving permits and insurance, moving costs for
56.15 any appurtenances, which meet applicable local, state, and federal building and construction
56.16 codes.

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

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

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

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

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

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

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

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

57.3 (d) The neutral third party shall promptly process all payments within 14 days. If the
57.4 neutral third party has acted reasonably and does not approve or deny payment within 45
57.5 days after receipt of the information set forth in paragraph (c), the payment is deemed
57.6 approved. Upon approval and request by the neutral third party, the Minnesota Housing
57.7 Finance Agency shall issue two checks in equal amount for 50 percent of the contract price
57.8 payable to the mover and towing contractor for relocating the manufactured home in the
57.9 amount of the actual relocation cost, plus a check to the home owner for additional certified
57.10 costs associated with third-party vendors, that were necessary in relocating the manufactured
57.11 home. The moving or towing contractor shall receive 50 percent upon execution of the
57.12 contract and 50 percent upon completion of the relocation and approval by the manufactured
57.13 home owner. The moving or towing contractor may not apply the funds to any other purpose
57.14 other than relocation of the manufactured home as provided in the contract. A copy of the
57.15 approval must be forwarded by the neutral third party to the park owner with an invoice for
57.16 payment of the amount specified in subdivision 12, paragraph (a).

57.17 (e) In lieu of collecting a relocation payment from the Minnesota manufactured home
57.18 relocation trust fund under paragraph (a), the manufactured home owner may collect an
57.19 amount from the fund after reasonable efforts to relocate the manufactured home have failed
57.20 due to the age or condition of the manufactured home, or because there are no manufactured
57.21 home parks willing or able to accept the manufactured home within a 25-mile radius. A
57.22 manufactured home owner may tender title of the manufactured home in the manufactured
57.23 home park to the manufactured home park owner, and collect an amount to be determined
57.24 by an independent appraisal. The appraiser must be agreed to by both the manufactured
57.25 home park owner and the manufactured home owner. If the appraised market value cannot
57.26 be determined, the tax market value, averaged over a period of five years, can be used as a
57.27 substitute. The maximum amount that may be reimbursed under the fund is \$8,000 for a
57.28 single-section and \$14,500 for a multisection manufactured home. The minimum amount
57.29 that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a
57.30 multisection manufactured home. The manufactured home owner shall deliver to the
57.31 manufactured home park owner the current certificate of title to the manufactured home
57.32 duly endorsed by the owner of record, and valid releases of all liens shown on the certificate
57.33 of title, and a statement from the county where the manufactured home is located evidencing
57.34 that the personal property taxes have been paid. The manufactured home owner's application
57.35 for funds under this paragraph must include a document certifying that the manufactured

58.1 home cannot be relocated, that the lot rental is current, that the annual \$15 payments to the
58.2 Minnesota manufactured home relocation trust fund have been paid when due, that the
58.3 manufactured home owner has chosen to tender title under this section, and that the park
58.4 owner agrees to make a payment to the commissioner of management and budget in the
58.5 amount established in subdivision 12, paragraph (a), less any documented costs submitted
58.6 to the neutral third party, required for demolition and removal of the home, and any debris
58.7 or refuse left on the lot, not to exceed ~~\$1,000~~ \$3,000. The manufactured home owner must
58.8 also provide a copy of the certificate of title endorsed by the owner of record, and certify
58.9 to the neutral third party, with a copy to the park owner, that none of the exceptions to
58.10 receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the
58.11 manufactured home owner, and that the home owner will vacate the home within 60 days
58.12 after receipt of payment or the date of park closure, whichever is earlier, provided that the
58.13 monthly lot rent is kept current.

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

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

58.25 (h)(1) By October 15, 2018, the Minnesota Housing Finance Agency shall post on its
58.26 Web site and report to the chairs of the senate Finance Committee and house of
58.27 representatives Ways and Means Committee on the Minnesota manufactured home relocation
58.28 trust fund, including the account balance, payments to claimants, the amount of any advances
58.29 to the fund, the amount of any insufficiencies encountered during the previous calendar
58.30 year, and any itemized administrative charges or expenses deducted from the trust fund
58.31 balance. If sufficient funds become available, the Minnesota Housing Finance Agency shall
58.32 pay the manufactured home owner whose unpaid claim is the earliest by time and date of
58.33 approval.

58.34 (2) Beginning in 2019, the Minnesota Housing Finance Agency shall post on its Web
58.35 site and report to the chairs of the senate Finance Committee and house of representatives

59.1 Ways and Means Committee by ~~January~~ October 15 of each year on the Minnesota
59.2 manufactured home relocation trust fund, including the aggregate account balance, the
59.3 aggregate assessment payments received, summary information regarding each closed park
59.4 including the total payments to claimants and payments received from each closed park,
59.5 the amount of any advances to the fund, the amount of any insufficiencies encountered
59.6 during the previous ~~calendar~~ fiscal year, reports of neutral third parties provided pursuant
59.7 to subdivision 4, and any itemized administrative charges or expenses deducted from the
59.8 trust fund balance, all of which should be reconciled to the previous year's trust fund balance.
59.9 If sufficient funds become available, the Minnesota Housing Finance Agency shall pay the
59.10 manufactured home owner whose unpaid claim is the earliest by time and date of approval.

59.11 Sec. 11. Minnesota Statutes 2016, section 327C.095, is amended by adding a subdivision
59.12 to read:

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

59.21 Sec. 12. Minnesota Statutes 2016, section 462A.222, subdivision 3, is amended to read:

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

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

59.29 (c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4)
59.30 of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the
59.31 project satisfies the requirements of the allocating agency's qualified allocation plan. For
59.32 projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the
59.33 Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds

60.1 for the project, or the issuer of the bonds for the project is located outside the jurisdiction
60.2 of a city or county that has received reserved tax credits, the applicable allocation plan is
60.3 the agency's qualified allocation plan. Notwithstanding this paragraph, any projects that are
60.4 eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue
60.5 Code of 1986, as amended, for which the Minnesota Housing Finance Agency is the issuer
60.6 of the bonds for the project, or the issuer of the bonds for the project is located outside the
60.7 jurisdiction of a city or county that has received reserved tax credits, and such project meets
60.8 the requirements of both section 474A.047 and section 42 of the Internal Revenue Code,
60.9 such projects shall be deemed for all purposes to have satisfied all the requirements of the
60.10 Minnesota Housing Finance Agency's qualified allocation plan and all other related guidance
60.11 and requirements and the agency shall timely issue the necessary determination letters under
60.12 section 42(m) of the Internal Revenue Code of 1986, as amended, or Form 8609. The
60.13 Minnesota Housing Finance Agency's qualified allocation plan is required to contain the
60.14 provisions of this subdivision.

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

60.17 (1) in the metropolitan area:

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

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

60.26 (iii) substantial rehabilitation projects in neighborhoods targeted by the city for
60.27 revitalization;

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

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

61.1 (i) with a serious and persistent mental illness as defined in section 245.462, subdivision
61.2 20, paragraph (c);

61.3 (ii) with a developmental disability as defined in United States Code, title 42, section
61.4 6001, paragraph (5), as amended through December 31, 1990;

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

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

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

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

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

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

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

61.23 (g) If an allocating agency determines, at any time after the initial commitment or
61.24 allocation for a specific project, that a project is no longer eligible for all or a portion of the
61.25 low-income housing tax credits committed or allocated to the project, the credits must be
61.26 transferred to the agency to be reallocated pursuant to the procedures established in
61.27 paragraphs (e) to (g); provided that if the tax credits for which the project is no longer
61.28 eligible are from the current year's annual ceiling and the allocating agency maintains a
61.29 waiting list, the allocating agency may continue to commit or allocate the credits until not
61.30 later than the date of applications for the final round, at which time any uncommitted credits
61.31 must be transferred to the agency.

62.1 Sec. 13. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
62.2 to read:

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

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

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

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

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

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

62.17 Subd. 21a. **Preservation project.** "Preservation project" means any residential rental
62.18 project, regardless of whether or not such project is restricted to persons of a certain age or
62.19 older, that receives federal project-based rental subsidies. In addition, to qualify as a
62.20 preservation project, the amount of bonds requested in the application must not exceed the
62.21 aggregate bond limitation.

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

62.24 Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential
62.25 rental project" means a residential rental project that does not otherwise qualify as a
62.26 preservation project, is expected to generate low-income housing tax credits under section
62.27 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential
62.28 units, and in which:

62.29 (1) all the residential units of the project:

62.30 (i) are reserved for tenants whose income, on average, is 30 percent of AMI or less;

63.1 (ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code
 63.2 of 1986, as amended; and

63.3 (iii) are subject to rent and income restrictions for a period of not less than 30 years; or

63.4 (2)(i) is located within a county or metropolitan area that has a current median area gross
 63.5 income that is less than the statewide area median income for Minnesota;

63.6 (ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2)
 63.7 of the Internal Revenue Code of 1986, as amended; and

63.8 (iii) all of the units of the project are subject to the applicable rent and income restrictions
 63.9 for a period of not less than 30 years.

63.10 In addition, to qualify as a 30 percent AMI residential project, the amount of bonds
 63.11 requested in the application must not exceed the aggregate bond limitation.

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

63.14 Subd. 31. **50 percent AMI residential rental project.** "50 percent AMI residential
 63.15 rental project," means a residential rental project that does not qualify as a preservation
 63.16 project or 30 percent AMI residential rental project, is expected to generate low-income
 63.17 housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended,
 63.18 from 100 percent of its residential units, and in which all the residential units of the project:

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

63.20 (2) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code
 63.21 of 1986, as amended; and

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

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

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

63.27 Subd. 32. **100 percent LIHTC project.** "100 percent LIHTC project" means a residential
 63.28 rental project that is expected to generate low-income housing tax credits under section 42
 63.29 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units
 63.30 and does not otherwise qualify as a preservation project, 30 percent AMI residential rental
 63.31 project, or 50 percent AMI residential rental project. In addition, to qualify as a 100 percent

64.1 LIHTC project, the amount of bonds requested in the application must not exceed the
64.2 aggregate bond limitation.

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

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

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

64.13 Subdivision 1. **Under federal tax law; allocations.** At the beginning of each calendar
64.14 year after December 31, 2001, the commissioner shall determine the aggregate dollar amount
64.15 of the annual volume cap under federal tax law for the calendar year, and of this amount
64.16 the commissioner shall make the following allocation:

64.17 (1) \$74,530,000 to the small issue pool;

64.18 (2) \$122,060,000 to the housing pool, ~~of which 31 percent of the adjusted allocation is~~
64.19 ~~reserved until the last Monday in July for single-family housing programs;~~

64.20 (3) \$12,750,000 to the public facilities pool; and

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

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

64.26 **EFFECTIVE DATE.** This section is effective the day following final enactment and
64.27 expires January 1, 2021.

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

64.29 Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer
64.30 before ~~July~~ June 15 shall be reallocated through the housing pool. Any amount returned on

65.1 or after July 15, 1 shall be reallocated through the unified pool. An amount returned after
65.2 the last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

65.3 Sec. 23. Minnesota Statutes 2016, section 474A.047, subdivision 1, is amended to read:

65.4 Subdivision 1. **Eligibility.** (a) An issuer may only use the proceeds from residential
65.5 rental bonds if the proposed project meets the following requirements:

65.6 (1) the proposed residential rental project meets the requirements of section 142(d) of
65.7 the Internal Revenue Code regarding the incomes of the occupants of the housing; and

65.8 (2) the maximum rent for at least 20 percent of the units in the proposed residential rental
65.9 project do not exceed the area fair market rent or exception fair market rents for existing
65.10 housing, if applicable, as established by the federal Department of Housing and Urban
65.11 Development. The rental rates of units in a residential rental project for which project-based
65.12 federal assistance payments are made are deemed to be within the rent limitations of this
65.13 clause.

65.14 (b) The proceeds from residential rental bonds may be used for a project for which
65.15 project-based federal rental assistance payments are made only if: the owner of the project
65.16 enters into a binding agreement with the issuer under which the owner is obligated to extend
65.17 any existing low-income affordability restrictions and any contract or agreement for rental
65.18 assistance payments for the maximum term permitted, including any renewals thereof.

65.19 ~~(1) the owner of the project enters into a binding agreement with the Minnesota Housing~~
65.20 ~~Finance Agency under which the owner is obligated to extend any existing low-income~~
65.21 ~~affordability restrictions and any contract or agreement for rental assistance payments for~~
65.22 ~~the maximum term permitted, including any renewals thereof; and~~

65.23 ~~(2) the Minnesota Housing Finance Agency certifies that project reserves will be~~
65.24 ~~maintained at closing of the bond issue and budgeted in future years at the lesser of:~~

65.25 ~~(i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem~~
65.26 ~~(2), effective May 1, 1997; or~~

65.27 ~~(ii) the level of project reserves available prior to the bond issue, provided that additional~~
65.28 ~~money is available to accomplish repairs and replacements needed at the time of bond issue.~~

65.29 Sec. 24. Minnesota Statutes 2016, section 474A.047, subdivision 2, is amended to read:

65.30 Subd. 2. **15-year agreement.** Prior to the issuance of residential rental bonds, the
65.31 developer of the project for which the bond proceeds will be used must enter into a 15-year

66.1 agreement with the issuer that specifies the maximum rental rates of the rent-restricted units
 66.2 in the project and the income levels of the residents of the project occupying income-restricted
 66.3 units- and in which the developer will agree to maintain the project as a preservation project,
 66.4 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
 66.5 percent LIHTC project, or 20 percent LIHTC project, as applicable and as described in its
 66.6 application. Such rental rates and income levels must be within the limitations established
 66.7 under subdivision 1. The developer must annually certify to the issuer over the term of the
 66.8 agreement that the rental rates for the rent-restricted units are within the limitations under
 66.9 subdivision 1. The issuer may request individual certification of the income of residents of
 66.10 the income-restricted units. The commissioner may request from the issuer a copy of the
 66.11 annual certification prepared by the developer. The commissioner may require the issuer
 66.12 to request individual certification of all residents of the income-restricted units.

66.13 Sec. 25. Minnesota Statutes 2016, section 474A.061, is amended to read:

66.14 **474A.061 MANUFACTURING, HOUSING, AND PUBLIC FACILITIES POOLS.**

66.15 Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a)
 66.16 For any requested allocations from the small issue pool and the public facilities pool, an
 66.17 issuer may apply for an allocation under this section by submitting to the department an
 66.18 application on forms provided by the department, accompanied by (1) a preliminary
 66.19 resolution, (2) a statement of bond counsel that the proposed issue of obligations requires
 66.20 an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified
 66.21 bonds to be issued, (4) an application deposit in the amount of one percent of the requested
 66.22 allocation before the last Monday in ~~July~~ June, or in the amount of two percent of the
 66.23 requested allocation on or after the last Monday in ~~July~~, June, and (5) a public purpose
 66.24 scoring worksheet for manufacturing project and enterprise zone facility project applications;
 66.25 ~~and (6) for residential rental projects, a statement from the applicant or bond counsel as to~~
 66.26 ~~whether the project preserves existing federally subsidized housing for residential rental~~
 66.27 ~~project applications and whether the project is restricted to persons who are 55 years of age~~
 66.28 ~~or older.~~ The issuer must pay the application deposit by a check or wire transfer made
 66.29 payable to the Department of Management and Budget. The Minnesota Housing Finance
 66.30 Agency, the Minnesota Rural Finance Authority, and the Minnesota Office of Higher
 66.31 Education may apply for and receive an allocation under this section without submitting an
 66.32 application deposit.

66.33 (b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~
 66.34 under this subdivision unless it has either permanently issued bonds equal to the amount of

67.1 its entitlement allocation for the current year plus any amount of bonding authority carried
67.2 forward from previous years or returned for reallocation all of its unused entitlement
67.3 allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool~~
67.4 ~~unless it either has permanently issued bonds equal to any amount of bonding authority~~
67.5 ~~carried forward from a previous year or has returned for reallocation any unused bonding~~
67.6 ~~authority carried forward from a previous year.~~ For purposes of this subdivision, its
67.7 entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.
67.8 ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency~~
67.9 ~~for an allocation under subdivision 2a for cities who choose to have the agency issue bonds~~
67.10 ~~on their behalf.~~

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

67.15 Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from
67.16 the housing pool, an issuer may apply for an allocation under this section by submitting to
67.17 the department an application on forms provided by the department, accompanied by (1) a
67.18 preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations
67.19 requires an allocation under this chapter and the Internal Revenue Code, (3) an application
67.20 deposit in the amount of two percent of the requested allocation, (4) a sworn statement from
67.21 the applicant identifying the project as either a preservation project, 30 percent AMI
67.22 residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC
67.23 project, 20 percent LIHTC project, or any other residential rental project, and (5) a
67.24 certification from the applicant or its accountant stating whether the requested allocation
67.25 exceeds the aggregate bond limitation. The issuer must pay the application deposit by a
67.26 check made payable to the Department of Management and Budget or wire transfer. The
67.27 Minnesota Housing Finance Agency may apply for and receive an allocation under this
67.28 section without submitting an application deposit.

67.29 (b) An entitlement issuer may not apply for an allocation from the housing pool unless
67.30 it either has permanently issued bonds equal to any amount of bonding authority carried
67.31 forward from a previous year or has returned for reallocation any unused bonding authority
67.32 carried forward from a previous year. For purposes of this subdivision, its entitlement
67.33 allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph
67.34 does not apply to an application from the Minnesota Housing Finance Agency for an

68.1 allocation under subdivision 2a for cities who choose to have the agency issue bonds on the
68.2 city's behalf.

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

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

68.17 (1) preservation projects;

68.18 (2) 30 percent AMI residential rental projects;

68.19 (3) 50 percent AMI residential rental projects;

68.20 (4) 100 percent LIHTC projects;

68.21 (5) 20 percent LIHTC projects;

68.22 (6) after June 1 in calendar years 2018, 2019, and 2020, and after January 1 starting in
68.23 calendar year 2021, single family housing programs; and

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

68.26 If there are two or more applications for residential rental projects at the same priority level
68.27 and there is insufficient bonding authority to provide allocations for all such projects in any
68.28 one allocation period, available bonding authority shall be randomly awarded by lot. If a
68.29 residential rental project is selected by lot, but the remaining allocation is insufficient to
68.30 receive the full amount of its requested allocation, the remaining bonding authority shall
68.31 be reserved by the commissioner, or by the Minnesota Housing Finance Agency if such
68.32 authority is carried forward pursuant to section 474A.131, for the project for up to 24 months
68.33 thereafter, and if the project applies in the future to the housing pool or unified pool for

69.1 additional allocation of bonds, the project shall be fully funded up to the remaining amount
69.2 of its original application request for bonding authority before any new project applying in
69.3 the same allocation period that has an equal priority shall receive bonding authority. Within
69.4 180 days of receiving an allocation under this paragraph, an issuer must either begin issuing
69.5 obligations or submit an additional application deposit equal to one percent of the allocation
69.6 amount; if an additional deposit is submitted, the issuer must begin issuing obligations
69.7 within 18 months of receiving an allocation. If an issuer that receives an allocation under
69.8 this paragraph does not issue obligations equal to all or a portion of the allocation received
69.9 ~~within 120 days of the allocation~~ the relevant time period in this paragraph or returns the
69.10 allocation to the commissioner, the amount of the allocation is canceled and returned for
69.11 reallocation through the housing pool or to the unified pool after July 15. 1. If an issuer that
69.12 receives an allocation under this paragraph issues obligations within the relevant time period
69.13 in this paragraph, the commissioner shall refund 50 percent of any application deposit
69.14 previously paid within 30 days of the issuance of the obligations and the remaining 50
69.15 percent of the application deposit will be refunded (i) within 30 days after the date on which
69.16 the Internal Revenue Service Forms 8609 are issued with respect to projects generating
69.17 low-income housing tax credits, or (ii) within 90 days after the issuer provides a certification
69.18 and any other reasonable documentation requested by the commissioner evidencing that
69.19 construction of the project has been completed.

69.20 (b) ~~After January 1, and through January 15,~~ The Minnesota Housing Finance Agency
69.21 may accept applications, according to the schedule in paragraph (c), from cities for
69.22 single-family housing programs which meet program requirements as follows:

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

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

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

69.32 (4) for applicants who choose to have the agency issue bonds on their behalf, an
69.33 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
69.34 to one percent of the requested allocation must be submitted to the Minnesota Housing

70.1 Finance Agency before the agency forwards the list specifying the amounts allocated to the
70.2 commissioner under paragraph ~~(d)~~ (e). The agency shall submit the city's application fee
70.3 and application deposit to the commissioner when requesting an allocation from the housing
70.4 pool.

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

70.7 (c) The Minnesota Housing Finance Agency may accept applications under paragraph
70.8 (b) after June 1 in calendar years 2018, 2019, and 2020, and after January 1 and through
70.9 January 15 starting in calendar year 2021.

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

70.17 Any city that received an allocation pursuant to paragraph ~~(f)~~ (g) in the same calendar
70.18 year that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement
70.19 for an amount becoming available for single-family housing programs after ~~July 15~~ June 1
70.20 shall notify the Minnesota Housing Finance Agency by ~~July 15~~ June 1. The Minnesota
70.21 Housing Finance Agency shall notify each city making a request of the amount of its
70.22 allocation within three business days after ~~July 15~~ June 1. The city must comply with
70.23 paragraph ~~(f)~~ (g).

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

70.28 ~~(d)~~ (e) The total amount of allocation for mortgage bonds for one city is limited to the
70.29 lesser of: (i) the amount requested, or (ii) the product of the total amount available for
70.30 mortgage bonds from the housing pool, multiplied by the ratio of each applicant's population
70.31 as determined by the most recent estimate of the city's population released by the state
70.32 demographer's office to the total of all the applicants' population, except that each applicant
70.33 shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount
70.34 determined under the formula in clause (ii). If a city applying for an allocation is located

71.1 within a county that has also applied for an allocation, the city's population will be deducted
71.2 from the county's population in calculating the amount of allocations under this paragraph.

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

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

71.9 ~~(e)~~ (f) The agency may issue bonds on behalf of participating cities. The agency shall
71.10 request an allocation from the commissioner for all applicants who choose to have the
71.11 agency issue bonds on their behalf and the commissioner shall allocate the requested amount
71.12 to the agency. The agency may request an allocation at any time after ~~the second Tuesday~~
71.13 ~~in January and through the last Monday in July~~ June 1. After awarding an allocation and
71.14 receiving a notice of issuance for the mortgage bonds issued on behalf of the participating
71.15 cities, the commissioner shall transfer the application deposits to the Minnesota Housing
71.16 Finance Agency to be returned to the participating cities. The Minnesota Housing Finance
71.17 Agency shall return any application deposit to a city that paid an application deposit under
71.18 paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under
71.19 paragraph ~~(d)~~ (e).

71.20 ~~(f)~~ (g) A city may choose to issue bonds on its own behalf or through a joint powers
71.21 agreement and may request an allocation from the commissioner by forwarding an application
71.22 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
71.23 application deposit to the commissioner no later than the Monday of the week preceding
71.24 an allocation. If the total amount requested by all applicants exceeds the amount available
71.25 in the pool, the city may not receive a greater allocation than the amount it would have
71.26 received under the list forwarded by the Minnesota Housing Finance Agency to the
71.27 commissioner. No city may request or receive an allocation from the commissioner until
71.28 the list under paragraph ~~(d)~~ (e) has been forwarded to the commissioner. A city must request
71.29 an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city
71.30 may receive an allocation from the housing pool for mortgage bonds which has not first
71.31 applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the
71.32 requested amount to the city or cities subject to the limitations under this paragraph.

71.33 If a city issues mortgage bonds from an allocation received under this paragraph, the
71.34 issuer must provide for the recycling of funds into new loans. If the issuer is not able to

72.1 provide for recycling, the issuer must notify the commissioner in writing of the reason that
72.2 recycling was not possible and the reason the issuer elected not to have the Minnesota
72.3 Housing Finance Agency issue the bonds. "Recycling" means the use of money generated
72.4 from the repayment and prepayment of loans for further eligible loans or for the redemption
72.5 of bonds and the issuance of current refunding bonds.

72.6 ~~(g)~~ (h) No entitlement city or county or city in an entitlement county may apply for or
72.7 be allocated authority to issue mortgage bonds or use mortgage credit certificates from the
72.8 housing pool. No city in an entitlement county may apply for or be allocated authority to
72.9 issue residential rental bonds from the housing pool or the unified pool.

72.10 ~~(h)~~ (i) A city that does not use at least 50 percent of its allotment by the date applications
72.11 are due for the first allocation that is made from the housing pool for single-family housing
72.12 programs in the immediately succeeding calendar year may not apply to the housing pool
72.13 for a single-family mortgage bond or mortgage credit certificate program allocation that
72.14 exceeds the amount of its allotment for the preceding year that was used by the city in the
72.15 immediately preceding year or receive an allotment from the housing pool in the succeeding
72.16 calendar year that exceeds the amount of its allotment for the preceding year that was used
72.17 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
72.18 July ~~15~~ 1, regardless of the amount used in the preceding calendar year, except that a city
72.19 whose allocation in the preceding year was the minimum amount of \$100,000 and who did
72.20 not use at least 50 percent of its allocation from the preceding year is ineligible for an
72.21 allocation in the immediate succeeding calendar year. Each local government unit in a
72.22 consortium must meet the requirements of this paragraph.

72.23 Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January
72.24 and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner
72.25 shall allocate available bonding authority from the small issue pool to applications received
72.26 on or before the Monday of the preceding week for manufacturing projects and enterprise
72.27 zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~
72.28 June, the commissioner shall reserve \$5,000,000 of the available bonding authority from
72.29 the small issue pool for applications for agricultural development bond loan projects of the
72.30 Minnesota Rural Finance Authority.

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

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

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

73.14 Subd. 2c. **Public facilities pool allocation.** From the beginning of the calendar year and
73.15 continuing for a period of 120 days, the commissioner shall reserve \$5,000,000 of the
73.16 available bonding authority from the public facilities pool for applications for public facilities
73.17 projects to be financed by the Western Lake Superior Sanitary District. Commencing on
73.18 the second Tuesday in January and continuing on each Monday through the last Monday
73.19 in ~~July~~ June, the commissioner shall allocate available bonding authority from the public
73.20 facilities pool to applications for eligible public facilities projects received on or before the
73.21 Monday of the preceding week. If there are two or more applications for public facilities
73.22 projects from the pool and there is insufficient available bonding authority to provide
73.23 allocations for all projects in any one week, the available bonding authority shall be awarded
73.24 by lot unless otherwise agreed to by the respective issuers.

73.25 Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities**
73.26 **pool.** (a) For any requested allocation from the small issue pool or the public facilities pool,
73.27 if an issuer that receives an allocation under this section determines that it will not issue
73.28 obligations equal to all or a portion of the allocation received under this section within 120
73.29 days of allocation or within the time period permitted by federal tax law, whichever is less,
73.30 the issuer must notify the department. If the issuer notifies the department or the 120-day
73.31 period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of
73.32 allocation is canceled and returned for reallocation through the pool from which it was
73.33 originally allocated. If the issuer notifies the department or the 120-day period since allocation
73.34 has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled
73.35 and returned for reallocation through the unified pool. If the issuer notifies the department

74.1 after the last Monday in November, the amount of allocation is canceled and returned for
74.2 reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
74.3 application process, the commissioner shall reserve, for new applications, the amount of
74.4 allocation that is canceled and returned for reallocation under this section for a minimum
74.5 of seven calendar days.

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

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

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

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

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

74.17 Subd. 4a. Return of allocation; deposit refund for housing pool. (a) For any requested
74.18 allocations from the housing pool, if an issuer that receives an allocation under this section
74.19 determines that it will not issue obligations equal to all or a portion of the allocation received
74.20 under this section within the time period provided under section 474A.061, subdivision 2a,
74.21 paragraph (a), or within the time period permitted by federal tax law, whichever is less, the
74.22 issuer must notify the department. If the issuer notifies the department or the time period
74.23 provided under section 474A.061, subdivision 2a, paragraph (a), has expired prior to the
74.24 last Monday in June, the amount of allocation is canceled and returned for reallocation
74.25 through the pool from which it was originally allocated. If the issuer notifies the department
74.26 or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has
74.27 expired on or after the last Monday in June, the amount of the allocation is canceled and
74.28 returned for reallocation through the unified pool. If the issuer notifies the department after
74.29 the last Monday in November, the amount of allocation is canceled and returned for
74.30 reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
74.31 application process, the commissioner shall reserve, for new applications, the amount of
74.32 allocation that is canceled and returned for reallocation under this section for a minimum
74.33 of seven calendar days.

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

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

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

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

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

75.12 Sec. 26. Minnesota Statutes 2016, section 474A.062, is amended to read:

75.13 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION ~~120-DAY~~ ISSUANCE**
 75.14 **EXEMPTION.**

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

75.19 Sec. 27. Minnesota Statutes 2016, section 474A.091, is amended to read:

75.20 **474A.091 ALLOCATION OF UNIFIED POOL.**

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

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

75.28 (1) a preliminary resolution;

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

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

76.7 (4) a sworn statement from the applicant identifying the project as either a preservation
76.8 project, 30 percent AMI residential rental project, 50 percent AMI residential rental project,
76.9 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
76.10 and

76.11 (5) a certification from the applicant or its accountant stating whether the requested
76.12 allocation exceeds the aggregate bond limitation. Applications for projects requesting bonds
76.13 in excess of the aggregate bond limitation may not apply or be allocated bonding authority
76.14 until after September 1 each year.

76.15 The issuer must pay the application deposit by check. An entitlement issuer may not apply
76.16 for an allocation for ~~public facility bonds, residential rental project bonds, or mortgage~~
76.17 ~~bonds~~ under this section unless it has either permanently issued bonds equal to the amount
76.18 of its entitlement allocation for the current year plus any amount carried forward from
76.19 previous years or returned for reallocation all of its unused entitlement allocation. For
76.20 purposes of this subdivision, its entitlement allocation includes an amount obtained under
76.21 section 474A.04, subdivision 6.

76.22 (b) Within 180 days of receiving an allocation under this subdivision, an issuer must
76.23 either begin issuing obligations or submit an additional application deposit equal to one
76.24 percent of the allocation amount; if an additional deposit is submitted, the issuer must begin
76.25 issuing obligations within 18 months of receiving an allocation. If an issuer that receives
76.26 an allocation under this subdivision does not issue obligations equal to all or a portion of
76.27 the allocation received within the 180-day time period provided in this paragraph or returns
76.28 the allocation to the commissioner, the amount of the allocation is canceled and returned
76.29 for reallocation through the unified pool. If an issuer that receives an allocation under this
76.30 subdivision issues obligations within the 180-day time period provided in this paragraph,
76.31 the commissioner shall refund 50 percent of any application deposit previously paid within
76.32 30 days of the issuance of the obligations and the remaining 50 percent of such application
76.33 deposit will be refunded (1) within 30 days after the date on which Internal Revenue Service
76.34 Forms 8609 are issued with respect to projects generating low-income housing tax credits,
76.35 or (2) within 90 days after the issuer provides a certification and any other reasonable

77.1 documentation requested by the commissioner evidencing that construction of the project
77.2 has been completed.

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

77.10 Subd. 2a. **Application for all other types of qualified bonds.** Issuers may apply for an
77.11 allocation for all types of qualified bonds other than residential rental bonds under this
77.12 section by submitting to the department an application on forms provided by the department
77.13 accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the
77.14 proposed issue of obligations requires an allocation under this chapter and the Internal
77.15 Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in
77.16 the amount of two percent of the requested allocation, and (5) a public purpose scoring
77.17 worksheet for manufacturing and enterprise zone applications. The issuer must pay the
77.18 application deposit by check. An entitlement issuer may not apply for an allocation for
77.19 public facility bonds or mortgage bonds under this section unless it has either permanently
77.20 issued bonds equal to the amount of its entitlement allocation for the current year plus any
77.21 amount carried forward from previous years or returned for reallocation all of its unused
77.22 entitlement allocation. For purposes of this subdivision, its entitlement allocation includes
77.23 an amount obtained under section 474A.04, subdivision 6.

77.24 Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
77.25 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
77.26 under this section prior to the first Monday in October, but may be awarded allocations for
77.27 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
77.28 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
77.29 Rural Finance Authority may apply for and receive an allocation under this section without
77.30 submitting an application deposit.

77.31 Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding
77.32 authority under this section on the Monday of every other week beginning with the first
77.33 Monday in ~~August~~ July through and on the last Monday in November. Applications for
77.34 allocations must be received by the department by 4:30 p.m. on the Monday preceding the

78.1 Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation
78.2 will be made or the applications must be received by the next business day after the holiday.

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

78.5 (1) applications for residential rental project bonds;

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

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

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

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

78.12 (2) applications for mortgage bonds;

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

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

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

78.16 (6) applications for residential rental project bonds;

78.17 (7) applications for enterprise zone facility bonds;

78.18 (8) applications for governmental bonds; and

78.19 (9) applications for redevelopment bonds.

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

78.27 (e) If there are two or more applications for enterprise zone facility projects from the
78.28 unified pool and there is insufficient bonding authority to provide allocations for all enterprise
78.29 zone facility projects in any one allocation period, the available bonding authority shall be
78.30 awarded based on the number of points awarded a project under section 474A.045 with
78.31 those projects receiving the greatest number of points receiving allocation first. If two or

79.1 more applications for enterprise zone facility projects receive an equal amount of points,
79.2 available bonding authority shall be awarded by lot unless otherwise agreed to by the
79.3 respective issuers.

79.4 (f) If there are two or more applications for residential rental projects from the unified
79.5 pool and there is insufficient bonding authority to provide allocations for all residential
79.6 rental projects in any one allocation period, the available bonding authority shall be awarded
79.7 in the following order of priority: ~~(1) projects that preserve existing federally subsidized~~
79.8 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~
79.9 ~~(3) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI~~
79.10 ~~residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects;~~
79.11 (6) other residential rental projects for which the amount of bonds requested in their
79.12 respective applications do not exceed the aggregate bond limitation; and (7) other residential
79.13 rental projects for which the amount of bonds requested in their respective applications
79.14 exceeds the aggregate bond limitation and which apply on or after September 1 of a calendar
79.15 year. If there are two or more applications for residential rental projects at the same priority
79.16 level and there is insufficient bonding authority to provide allocations for all such projects
79.17 in any one allocation period, available bonding authority shall be randomly awarded by lot
79.18 but only for projects that can receive the full amount of their respective requested allocations.
79.19 If a residential rental project does not receive any of its requested allocation under the
79.20 random award, the remaining bonding authority not allocated to the project shall be reserved
79.21 by the commissioner, or by the Minnesota Housing Finance Agency if the authority is carried
79.22 forward pursuant to section 474A.131, for the project for up to 24 months thereafter, and
79.23 if the project applies in the future to the housing pool or unified pool for additional allocation
79.24 of bonds, the project shall be fully funded up to the remaining amount of its original
79.25 application request for bonding authority before any new project applying in the same
79.26 allocation period that has an equal priority shall receive bonding authority.

79.27 (g) From the first Monday in ~~August~~ July through the last Monday in ~~November~~ August,
79.28 \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding
79.29 authority allocated to the small issue pool under section 474A.03, subdivision 1, less the
79.30 amount allocated to issuers from the small issue pool for that year, whichever is less, is
79.31 reserved within the unified pool for small issue bonds to the extent such amounts are available
79.32 within the unified pool.

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

79.35 (1) \$10,000,000 for any one city; or

80.1 (2) \$20,000,000 for any number of cities in any one county.

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

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

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

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

80.13 Subd. 3a. **Mortgage bonds.** (a) Bonding authority remaining in the unified pool on
80.14 October 1 is available for single-family housing programs for cities that applied in ~~January~~
80.15 June and received an allocation under section 474A.061, subdivision 2a, in the same calendar
80.16 year. The Minnesota Housing Finance Agency shall receive an allocation for mortgage
80.17 bonds pursuant to this section, minus any amounts for a city or consortium that intends to
80.18 issue bonds on its own behalf under paragraph (c).

80.19 (b) The agency may issue bonds on behalf of participating cities. The agency shall request
80.20 an allocation from the commissioner for all applicants who choose to have the agency issue
80.21 bonds on their behalf and the commissioner shall allocate the requested amount to the
80.22 agency. Allocations shall be awarded by the commissioner each Monday commencing on
80.23 the first Monday in October through the last Monday in November for applications received
80.24 by 4:30 p.m. on the Monday of the week preceding an allocation.

80.25 For cities who choose to have the agency issue bonds on their behalf, allocations will
80.26 be made loan by loan, on a first-come, first-served basis among the cities. The agency shall
80.27 submit an application fee pursuant to section 474A.03, subdivision 4, and an application
80.28 deposit equal to two percent of the requested allocation to the commissioner when requesting
80.29 an allocation from the unified pool. After awarding an allocation and receiving a notice of
80.30 issuance for mortgage bonds issued on behalf of the participating cities, the commissioner
80.31 shall transfer the application deposit to the Minnesota Housing Finance Agency.

80.32 For purposes of paragraphs (a) to (d), "city" means a county or a consortium of local
80.33 government units that agree through a joint powers agreement to apply together for

81.1 single-family housing programs, and has the meaning given it in section 462C.02, subdivision
81.2 6. "Agency" means the Minnesota Housing Finance Agency.

81.3 (c) Any city that received an allocation pursuant to section 474A.061, subdivision 2a,
81.4 paragraph (f), in the current year that wishes to receive an additional allocation from the
81.5 unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement shall
81.6 notify the Minnesota Housing Finance Agency by the third Monday in September. The total
81.7 amount of allocation for mortgage bonds for a city choosing to issue bonds on its own behalf
81.8 or through a joint powers agreement is limited to the lesser of: (i) the amount requested, or
81.9 (ii) the product of the total amount available for mortgage bonds from the unified pool,
81.10 multiplied by the ratio of the population of each city that applied in January and received
81.11 an allocation under section 474A.061, subdivision 2a, in the same calendar year, as
81.12 determined by the most recent estimate of the city's population released by the state
81.13 demographer's office to the total of the population of all the cities that applied in January
81.14 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
81.15 year. If a city choosing to issue bonds on its own behalf or through a joint powers agreement
81.16 is located within a county that has also chosen to issue bonds on its own behalf or through
81.17 a joint powers agreement, the city's population will be deducted from the county's population
81.18 in calculating the amount of allocations under this paragraph.

81.19 The Minnesota Housing Finance Agency shall notify each city choosing to issue bonds
81.20 on its own behalf or pursuant to a joint powers agreement of the amount of its allocation
81.21 by October 15. Upon determining the amount of the allocation of each choosing to issue
81.22 bonds on its own behalf or through a joint powers agreement, the agency shall forward a
81.23 list specifying the amounts allotted to each city.

81.24 A city that chooses to issue bonds on its own behalf or through a joint powers agreement
81.25 may request an allocation from the commissioner by forwarding an application with an
81.26 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
81.27 to two percent of the requested amount to the commissioner no later than 4:30 p.m. on the
81.28 Monday of the week preceding an allocation. Allocations to cities that choose to issue bonds
81.29 on their own behalf shall be awarded by the commissioner on the first Monday after October
81.30 15 through the last Monday in November. No city may receive an allocation from the
81.31 commissioner after the last Monday in November. The commissioner shall allocate the
81.32 requested amount to the city or cities subject to the limitations under this subdivision.

81.33 If a city issues mortgage bonds from an allocation received under this paragraph, the
81.34 issuer must provide for the recycling of funds into new loans. If the issuer is not able to
81.35 provide for recycling, the issuer must notify the commissioner in writing of the reason that

82.1 recycling was not possible and the reason the issuer elected not to have the Minnesota
82.2 Housing Finance Agency issue the bonds. "Recycling" means the use of money generated
82.3 from the repayment and prepayment of loans for further eligible loans or for the redemption
82.4 of bonds and the issuance of current refunding bonds.

82.5 (d) No entitlement city or county or city in an entitlement county may apply for or be
82.6 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
82.7 unified pool.

82.8 (e) An allocation awarded to the agency for mortgage bonds under this section may be
82.9 carried forward by the agency subject to notice requirements under section 474A.131.

82.10 Subd. 4. **Remaining bonding authority.** All remaining bonding authority available for
82.11 allocation under this section on December 1, is allocated to the Minnesota Housing Finance
82.12 Agency.

82.13 Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation
82.14 under this section determines that it will not issue obligations equal to all or a portion of
82.15 the allocation received under this section within ~~120~~ the applicable number of days of after
82.16 the allocation required in this chapter or within the time period permitted by federal tax law,
82.17 whichever is less, the issuer must notify the department. If the issuer notifies the department
82.18 or ~~the 120-day~~ such period since allocation has expired prior to the last Monday in November,
82.19 the amount of allocation is canceled and returned for reallocation through the unified pool.
82.20 If the issuer notifies the department on or after the last Monday in November, the amount
82.21 of allocation is canceled and returned for reallocation to the Minnesota Housing Finance
82.22 Agency. To encourage a competitive application process, the commissioner shall reserve,
82.23 for new applications, the amount of allocation that is canceled and returned for reallocation
82.24 under this section for a minimum of seven calendar days.

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

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

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

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

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

83.3 (c) An issuer that returns for reallocation all or a portion of an allocation for residential
 83.4 rental project bonds received under this section within the earlier of 180 days of the allocation
 83.5 or the end of the year shall receive within 30 days a refund equal to:

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

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

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

83.12 No refund of the application deposit shall be available for allocations returned on or after
 83.13 the last Monday in November.

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

83.21 Sec. 28. Minnesota Statutes 2016, section 474A.131, is amended to read:

83.22 **474A.131 NOTICE OF ISSUE AND NOTICE OF CARRYFORWARD.**

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

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

83.27 (2) the title of the issue;

83.28 (3) the principal amount of the bonds;

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

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

83.31 and

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

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

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

84.17 A penalty of one-half of the amount of the application deposit not to exceed \$5,000 shall
84.18 apply to any mortgage credit certificate program for which a certificate notice is not provided
84.19 to the department within five days of the date of the filing of the election not to issue bonds
84.20 or before the last Monday in December, whichever occurs first. Within 30 days after receipt
84.21 of a certificate notice the department shall refund a portion of the application deposit equal
84.22 to one percent of the amount of the bonding authority to be used for the mortgage credit
84.23 certificate program, less any penalty amount.

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

84.30 (b) With respect to (1) an allocation received for a residential rental project for which
84.31 such obligations have not been issued before 4:30 p.m. on the last business day in December
84.32 and the time period for issuance of such obligations provided under section 474A.061,
84.33 subdivision 2a, or section 474A.091, subdivision 2, as applicable has not expired, or (2)
84.34 bonding authority reserved for a project for up to 24 months under section 474A.061,

85.1 subdivision 2a, or section 474A.091, subdivision 3, paragraph (f), as of 4:30 p.m. on the
85.2 last business day of December, such bonding authority shall be allocated to the Minnesota
85.3 Housing Finance Agency for carryforward by the commissioner under section 474A.091,
85.4 subdivision 6; provided, however, that such allocation shall remain reserved by the Minnesota
85.5 Housing Finance Agency for the residential rental project described in the original application
85.6 and the Minnesota Housing Finance Agency will have the fiduciary duty to issue such bonds
85.7 as intended by the originally intended issuer. In addition, any obligations issued by the
85.8 Minnesota Housing Finance Agency for a residential rental project that is subject to this
85.9 subdivision shall not be subject to the debt management policies of the Minnesota Housing
85.10 Finance Agency, as adopted and amended from time to time. The Minnesota Housing
85.11 Finance Agency shall not charge any issuer fees for an issuance under this subdivision and
85.12 all issuer fees shall be paid to the original applicant for the bonds. Notwithstanding this
85.13 paragraph, the Minnesota Housing Finance Agency may be reimbursed for its reasonable
85.14 costs to issue the bonds.

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

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

85.22 Subd. 4. **Allocation plan.** By January 15 of each year, the commissioner of the Minnesota
85.23 Housing Finance Agency shall annually prepare a tax-exempt bond allocation plan that
85.24 identifies the amount of tax-exempt bonds allocated to the Minnesota Housing Finance
85.25 Agency during the previous calendar year, identifies the amount of carryforward bonds and
85.26 the respective issuers pursuant to subdivision 1b, and for all other bond carryforward,
85.27 whether or not the Minnesota Housing Finance Agency intends to carryforward such bonds
85.28 not otherwise allocated in the previous year as qualified residential rental bonds or qualified
85.29 mortgage bonds or mortgage credit certificates consistent with the requirements of Internal
85.30 Revenue Service Form 8328, identifies the carryforward balance of any tax-exempt bonds
85.31 allocated to the Minnesota Housing Finance Agency including those bonds carried forward
85.32 as qualified residential rental bonds and qualified mortgage bonds or mortgage credit
85.33 certificates. Prior to January 15 of each year, the Minnesota Housing Finance Agency must
85.34 post on its official Web site the tax-exempt bond allocation plan and invite public comment
85.35 until February 1. The Minnesota Housing Finance Agency shall not file the Internal Revenue

86.1 Service Form 8328 until the public comment period had closed on February 1 unless
86.2 otherwise required by federal law.

86.3 Sec. 29. Minnesota Statutes 2016, section 474A.14, is amended to read:

86.4 **474A.14 NOTICE OF AVAILABLE AUTHORITY.**

86.5 The department shall provide at its official Web site a written notice of the amount of
86.6 bonding authority in the housing, small issue, and public facilities pools as soon after January
86.7 1 as possible. The department shall provide at its official Web site a written notice of the
86.8 amount of bonding authority available for allocation in the unified pool as soon after ~~August~~
86.9 July 1 as possible.

86.10 Sec. 30. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter
86.11 189, article 7, section 8, and Laws 2017, chapter 94, article 6, section 17, is amended to
86.12 read:

86.13 **Sec. 14. ASSIGNED RISK TRANSFER.**

86.14 (a) By June 30, 2015, if the commissioner of commerce determines on the basis of an
86.15 audit that there is an excess surplus in the assigned risk plan created under Minnesota
86.16 Statutes, section 79.252, the commissioner of management and budget shall transfer the
86.17 amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer
86.18 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
86.19 paragraph (a), clause (1). This is a onetime transfer.

86.20 (b) By June 30, 2015, and each year thereafter, if the commissioner of commerce
86.21 determines on the basis of an audit that there is an excess surplus in the assigned risk plan
86.22 created under Minnesota Statutes, section 79.252, the commissioner of management and
86.23 budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year,
86.24 to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423.
86.25 This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251,
86.26 subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a)
86.27 and (f). The total amount authorized for all transfers under this paragraph must not exceed
86.28 \$24,100,000. This paragraph expires the day following the transfer in which the total amount
86.29 transferred under this paragraph to the Minnesota minerals 21st century fund equals
86.30 \$24,100,000.

86.31 (c) By June 30, 2015, if the commissioner of commerce determines on the basis of an
86.32 audit that there is an excess surplus in the assigned risk plan created under Minnesota

87.1 Statutes, section 79.252, the commissioner of management and budget shall transfer the
87.2 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer
87.3 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
87.4 paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a
87.5 transfer occurs under this paragraph, the amount transferred is appropriated from the general
87.6 fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section
87.7 15. Both the transfer and appropriation under this paragraph are onetime.

87.8 (d) By June 30, 2016, if the commissioner of commerce determines on the basis of an
87.9 audit that there is an excess surplus in the assigned risk plan created under Minnesota
87.10 Statutes, section 79.252, the commissioner of management and budget shall transfer the
87.11 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer
87.12 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
87.13 paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a
87.14 transfer occurs under this paragraph, the amount transferred is appropriated from the general
87.15 fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section
87.16 15. Both the transfer and appropriation under this paragraph are onetime.

87.17 (e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of
87.18 management and budget shall transfer to the general fund, any unencumbered or unexpended
87.19 balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or
87.20 the date the commissioner of commerce determines that an excess surplus in the assigned
87.21 risk plan does not exist, whichever occurs earlier.

87.22 (f) By June 30, ~~2017~~ 2018, and each year thereafter, if the commissioner of commerce
87.23 determines on the basis of an audit that there is an excess surplus in the assigned risk plan
87.24 created under Minnesota Statutes, section 79.252, the commissioner of management and
87.25 budget shall transfer the amount of the excess surplus, not to exceed ~~\$2,000,000~~ \$3,000,000
87.26 each year, to the ~~rural policy and development center fund under Minnesota Statutes, section~~
87.27 ~~116J.4221~~ Minnesota manufactured home relocation trust fund established in Minnesota
87.28 Statutes, section 462A.35, subdivision 1. This transfer occurs prior to any transfer under
87.29 paragraph (b) or under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a),
87.30 clause (1). The total amount authorized for all transfers under this paragraph must not exceed
87.31 ~~\$2,000,000~~ \$3,000,000. This paragraph expires the day following the transfer in which the
87.32 total amount transferred under this paragraph to the ~~rural policy and development center~~
87.33 ~~fund~~ Minnesota manufactured home relocation trust fund equals ~~\$2,000,000~~ \$3,000,000.

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

88.1 Sec. 31. **ADVANCES TO THE MINNESOTA MANUFACTURED HOME**
88.2 **RELOCATION TRUST FUND.**

88.3 (a) Until June 30, 2020, the Minnesota Housing Finance Agency is authorized to advance
88.4 up to \$400,000 from available resources to the Minnesota manufactured home relocation
88.5 trust fund established under Minnesota Statutes, section 462A.35, if the account balance in
88.6 the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts
88.7 claimed under Minnesota Statutes, section 327C.095, subdivision 13.

88.8 (b) The Minnesota Housing Finance Agency shall be reimbursed from the Minnesota
88.9 manufactured home relocation trust fund for any money advanced by the agency under
88.10 paragraph (a) to the fund.

88.11 Sec. 32. **REPEALER.**

88.12 Minnesota Statutes 2016, section 471.9996, subdivision 2, is repealed.

88.13 Sec. 33. **EFFECTIVE DATE.**

88.14 Except as otherwise noted, sections 11 to 28 are effective the day following final
88.15 enactment.

88.16 **ARTICLE 5**

88.17 **LABOR AND INDUSTRY**

88.18 Section 1. Minnesota Statutes 2016, section 177.24, subdivision 1, is amended to read:

88.19 Subdivision 1. **Amount.** (a) For purposes of this subdivision, the terms defined in this
88.20 paragraph have the meanings given them.

88.21 (1) "Large employer" means an enterprise whose annual gross volume of sales made or
88.22 business done is not less than \$500,000 (exclusive of excise taxes at the retail level that are
88.23 separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21
88.24 to 177.35.

88.25 (2) "Small employer" means an enterprise whose annual gross volume of sales made or
88.26 business done is less than \$500,000 (exclusive of excise taxes at the retail level that are
88.27 separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21
88.28 to 177.35.

88.29 (3) "Employee receiving gratuities" means an employee who customarily and regularly
88.30 receives more than \$30 per month in gratuities.

- 89.1 (b) Except as otherwise provided in sections 177.21 to 177.35:
- 89.2 (1) every large employer must pay each employee wages at a rate of at least:
- 89.3 (i) \$8.00 per hour beginning August 1, 2014;
- 89.4 (ii) \$9.00 per hour beginning August 1, 2015;
- 89.5 (iii) \$9.50 per hour beginning August 1, 2016; and
- 89.6 (iv) the rate established under paragraph (f) beginning January 1, 2018; and
- 89.7 (2) every small employer must pay each employee at a rate of at least:
- 89.8 (i) \$6.50 per hour beginning August 1, 2014;
- 89.9 (ii) \$7.25 per hour beginning August 1, 2015;
- 89.10 (iii) \$7.75 per hour beginning August 1, 2016; and
- 89.11 (iv) the rate established under paragraph (f) beginning January 1, 2018.
- 89.12 (c) Notwithstanding paragraph (b), during the first 90 consecutive days of employment,
- 89.13 an employer may pay an employee under the age of 20 years a wage of at least:
- 89.14 (1) \$6.50 per hour beginning August 1, 2014;
- 89.15 (2) \$7.25 per hour beginning August 1, 2015;
- 89.16 (3) \$7.75 per hour beginning August 1, 2016; and
- 89.17 (4) the rate established under paragraph (f) beginning January 1, 2018.
- 89.18 No employer may take any action to displace an employee, including a partial displacement
- 89.19 through a reduction in hours, wages, or employment benefits, in order to hire an employee
- 89.20 at the wage authorized in this paragraph.
- 89.21 (d) Notwithstanding paragraph (b), an employer that is a "hotel or motel," "lodging
- 89.22 establishment," or "resort" as defined in Minnesota Statutes 2012, section 157.15,
- 89.23 subdivisions 7, 8, and 11, must pay an employee working under a contract with the employer
- 89.24 that includes the provision by the employer of a food or lodging benefit, if the employee is
- 89.25 working under authority of a summer work travel exchange visitor program (J) nonimmigrant
- 89.26 visa, a wage of at least:
- 89.27 (1) \$7.25 per hour beginning August 1, 2014;
- 89.28 (2) \$7.50 per hour beginning August 1, 2015;
- 89.29 (3) \$7.75 per hour beginning August 1, 2016; and

90.1 (4) the rate established under paragraph (f) beginning January 1, 2018.

90.2 No employer may take any action to displace an employee, including a partial displacement
90.3 through a reduction in hours, wages, or employment benefits, in order to hire an employee
90.4 at the wage authorized in this paragraph.

90.5 (e) Notwithstanding paragraph (b), a large employer must pay an employee under the
90.6 age of 18 at a rate of at least:

90.7 (1) \$6.50 per hour beginning August 1, 2014;

90.8 (2) \$7.25 per hour beginning August 1, 2015;

90.9 (3) \$7.75 per hour beginning August 1, 2016; and

90.10 (4) the rate established under paragraph (f) beginning January 1, 2018.

90.11 No employer may take any action to displace an employee, including a partial displacement
90.12 through a reduction in hours, wages, or employment benefits, in order to hire an employee
90.13 at the wage authorized in this paragraph.

90.14 (f) No later than August 31 of each year, beginning in 2017, the commissioner shall
90.15 determine the percentage increase in the rate of inflation, as measured by the implicit price
90.16 deflator, national data for personal consumption expenditures as determined by the United
90.17 States Department of Commerce, Bureau of Economic Analysis during the 12-month period
90.18 immediately preceding that August or, if that data is unavailable, during the most recent
90.19 12-month period for which data is available. The minimum wage rates in paragraphs (b),
90.20 (c), (d), and (e) are increased by the lesser of: (1) 2.5 percent, rounded to the nearest cent;
90.21 or (2) the percentage calculated by the commissioner, rounded to the nearest cent. A minimum
90.22 wage rate shall not be reduced under this paragraph. The new minimum wage rates
90.23 determined under this paragraph take effect on the next January 1.

90.24 (g)(1) No later than September 30 of each year, beginning in 2017, the commissioner
90.25 may issue an order that an increase calculated under paragraph (f) not take effect. The
90.26 commissioner may issue the order only if the commissioner, after consultation with the
90.27 commissioner of management and budget, finds that leading economic indicators, including
90.28 but not limited to projections of gross domestic product calculated by the United States
90.29 Department of Commerce, Bureau of Economic Analysis; the Consumer Confidence Index
90.30 issued by the Conference Board; and seasonally adjusted Minnesota unemployment rates,
90.31 indicate the potential for a substantial downturn in the state's economy. Prior to issuing an
90.32 order, the commissioner shall also calculate and consider the ratio of the rate of the calculated
90.33 change in the minimum wage rate to the rate of change in state median income over the

91.1 same time period used to calculate the change in wage rate. Prior to issuing the order, the
91.2 commissioner shall hold a public hearing, notice of which must be published in the State
91.3 Register, on the department's Web site, in newspapers of general circulation, and by other
91.4 means likely to inform interested persons of the hearing, at least ten days prior to the hearing.
91.5 The commissioner must allow interested persons to submit written comments to the
91.6 commissioner before the public hearing and for 20 days after the public hearing.

91.7 (2) The commissioner may in a year subsequent to issuing an order under clause (1),
91.8 make a supplemental increase in the minimum wage rate in addition to the increase for a
91.9 year calculated under paragraph (f). The supplemental increase may be in an amount up to
91.10 the full amount of the increase not put into effect because of the order. If the supplemental
91.11 increase is not the full amount, the commissioner may make a supplemental increase of the
91.12 difference, or any part of a difference, in a subsequent year until the full amount of the
91.13 increase ordered not to take effect has been included in a supplemental increase. In making
91.14 a determination to award a supplemental increase under this clause, the commissioner shall
91.15 use the same considerations and use the same process as for an order under clause (1). A
91.16 supplemental wage increase is not subject to and shall not be considered in determining
91.17 whether a wage rate increase exceeds the limits for annual wage rate increases allowed
91.18 under paragraph (f).

91.19 (h) Notwithstanding paragraph (b), every large employer must pay an employee receiving
91.20 gratuities a wage of at least:

91.21 (1) \$9.65 per hour if the employee earns sufficient gratuities during the workweek so
91.22 that the sum of \$9.65 per hour and gratuities received averages at least the amount established
91.23 for large employers under paragraph (j); or

91.24 (2) the greater of the wage rate under this section or United States Code, title 29, section
91.25 206(a)(1), if the employee does not earn sufficient gratuities during the workweek so that
91.26 the sum of \$9.65 per hour and gratuities received averages at least the amount established
91.27 for large employers under paragraph (j).

91.28 (i) Notwithstanding paragraph (b), every small employer must pay an employee receiving
91.29 gratuities a wage of at least:

91.30 (1) \$7.87 per hour if the employee earns sufficient gratuities during the workweek so
91.31 that the sum of \$7.87 per hour and gratuities received averages at least the amount established
91.32 for small employers under paragraph (j); or

91.33 (2) the greater of the wage rate under this section or United States Code, title 29, section
91.34 206(a)(1), if the employee does not earn sufficient gratuities during the workweek so that

92.1 the sum of \$7.87 per hour and gratuities received averages at least the amount established
92.2 for small employers under paragraph (j).

92.3 (j)(1) For large employers, the average hourly wage and gratuity amount begins at \$14
92.4 and increases annually by the lesser of:

92.5 (i) two percent, rounded to the nearest cent; or

92.6 (ii) the percentage calculated by the commissioner under paragraph (f), rounded to the
92.7 nearest cent.

92.8 (2) For small employers, the average hourly wage and gratuity amount begins at \$12
92.9 and increases annually by the lesser of:

92.10 (i) two percent, rounded to the nearest cent; or

92.11 (ii) the percentage calculated by the commissioner under paragraph (f), rounded to the
92.12 nearest cent.

92.13 An average hourly wage and gratuity amount shall not be reduced under this paragraph.

92.14 The adjusted average hourly wage and salary amounts determined under this paragraph take
92.15 effect on the next January 1.

92.16 Sec. 2. Minnesota Statutes 2016, section 182.666, subdivision 1, is amended to read:

92.17 Subdivision 1. **Willful or repeated violations.** Any employer who willfully or repeatedly
92.18 violates the requirements of section 182.653, or any standard, rule, or order adopted under
92.19 the authority of the commissioner as provided in this chapter, may be assessed a fine not to
92.20 exceed ~~\$70,000~~ \$126,750 for each violation. The minimum fine for a willful violation is
92.21 ~~\$5,000~~ \$9,055.

92.22 Sec. 3. Minnesota Statutes 2016, section 182.666, subdivision 2, is amended to read:

92.23 Subd. 2. **Serious violations.** Any employer who has received a citation for a serious
92.24 violation of its duties under section 182.653, or any standard, rule, or order adopted under
92.25 the authority of the commissioner as provided in this chapter, shall be assessed a fine not
92.26 to exceed ~~\$7,000~~ \$12,675 for each violation. If a serious violation under section 182.653,
92.27 subdivision 2, causes or contributes to the death of an employee, the employer shall be
92.28 assessed a fine of up to \$25,000 for each violation.

93.1 Sec. 4. Minnesota Statutes 2016, section 182.666, subdivision 3, is amended to read:

93.2 Subd. 3. **Nonserious violations.** Any employer who has received a citation for a violation
93.3 of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically
93.4 determined not to be of a serious nature as provided in section 182.651, subdivision 12,
93.5 may be assessed a fine of up to ~~\$7,000~~ \$12,675 for each violation.

93.6 Sec. 5. Minnesota Statutes 2016, section 182.666, subdivision 4, is amended to read:

93.7 Subd. 4. **Failure to correct a violation.** Any employer who fails to correct a violation
93.8 for which a citation has been issued under section 182.66 within the period permitted for
93.9 its correction, which period shall not begin to run until the date of the final order of the
93.10 commissioner in the case of any review proceedings under this chapter initiated by the
93.11 employer in good faith and not solely for delay or avoidance of penalties, may be assessed
93.12 a fine of not more than ~~\$7,000~~ \$12,675 for each day during which the failure or violation
93.13 continues.

93.14 Sec. 6. Minnesota Statutes 2016, section 182.666, subdivision 5, is amended to read:

93.15 Subd. 5. **Posting violations.** Any employer who violates any of the posting requirements,
93.16 as prescribed under this chapter, except those prescribed under section 182.661, subdivision
93.17 3a, shall be assessed a fine of up to ~~\$7,000~~ \$12,675 for each violation.

93.18 Sec. 7. Minnesota Statutes 2016, section 182.666, is amended by adding a subdivision to
93.19 read:

93.20 Subd. 6a. **Increases for inflation.** (a) No later than August 31 of each year, beginning
93.21 in 2018, the commissioner shall determine the percentage increase in the rate of inflation,
93.22 as measured by the implicit price deflator, national data for personal consumption
93.23 expenditures as determined by the United States Department of Commerce, Bureau of
93.24 Economic Analysis during the 12-month period immediately preceding that August or, if
93.25 that data is unavailable, during the most recent 12-month period for which data is available.
93.26 The fines in subdivisions 1, 2, 3, 4, and 5, except for the fine for a serious violation under
93.27 section 182.653, subdivision 2, that causes or contributes to the death of an employee, are
93.28 increased by the lesser of (1) 2.5 percent, rounded to the nearest dollar amount evenly
93.29 divisible by ten, or (2) the percentage calculated by the commissioner, rounded to the nearest
93.30 dollar amount evenly divisible by ten.

93.31 (b) The fines increased under paragraph (a) shall not be increased to an amount greater
93.32 than the corresponding federal penalties for the specified violations promulgated in United

94.1 States Code, title 29, section 666, subsections (a)-(d), (i), as amended through November
94.2 5, 1990, and adjusted according to United States Code, title 28, section 2461, note (Federal
94.3 Civil Penalties Inflation Adjustment), as amended through November 2, 2015.

94.4 (c) A fine must not be reduced under this subdivision. A fine increased under this
94.5 subdivision takes effect on the next January 1.

94.6 Sec. 8. Minnesota Statutes 2016, section 326B.805, subdivision 3, is amended to read:

94.7 Subd. 3. **Prohibition.** Except as provided in subdivision 6, no persons required to be
94.8 licensed by subdivision 1 may act or hold themselves out as a residential building contractor,
94.9 residential remodeler, residential roofer, or manufactured home installer for compensation
94.10 without a license issued by the commissioner. Unlicensed residential building contractor,
94.11 residential remodeler, or residential roofer activity is a gross misdemeanor.

94.12 Sec. 9. **REPEALER.**

94.13 Minnesota Statutes 2016, section 177.24, subdivision 2, is repealed.

94.14 **ARTICLE 6**

94.15 **LAKE WINONA MANAGEMENT**

94.16 Section 1. **LAKE WINONA MANAGEMENT; USING OFFSET, ADAPTIVE**
94.17 **PLANNING.**

94.18 (a) To facilitate implementation of the Lake Winona total maximum daily load, the
94.19 Alexandria Lake Area Sanitary District may fund or perform lake management activities
94.20 in Lake Winona and in Lake Agnes. Lake management activities may include but are not
94.21 limited to carp removal and alum treatment. If the district agrees to fund or perform lake
94.22 management activities in Lake Winona and in Lake Agnes, the commissioner of the Pollution
94.23 Control Agency shall do one of the following unless the district chooses another path to
94.24 compliance that conforms to state and federal law, such as facility construction:

94.25 (1) approve an offset of the phosphorous loading proportional to the reduction achievable
94.26 through lake management activities in Lake Winona and Lake Agnes creditable to the
94.27 Alexandria Lake Area Sanitary District's wastewater treatment facility and issue or amend
94.28 the district's NPDES permit MN004738 to include the offset. The approved offset may be
94.29 related to the lake eutrophication response variable chlorophyll-a, but shall ensure the district
94.30 can achieve compliance with phosphorus effluent limits through wastewater optimization
94.31 techniques without performing capital upgrades to the wastewater treatment facility. The

95.1 lake management activities contemplated under paragraph (a) need not be completed before
95.2 the commissioner approves the offset and related discharge limits or issues the permit, but
95.3 the permit may include a schedule of compliance outlining the required lake management
95.4 activities and requiring that lake management activities in Lake Winona and Lake Agnes
95.5 begin immediately upon permit issuance. The approved offset and related permit language
95.6 must be consistent with Clean Water Act requirements and Minnesota Statutes, section
95.7 115.03, subdivision 10; or

95.8 (2) amend the district's NPDES permit MN004738 in a manner consistent with state and
95.9 federal law to include an integrated and adaptive lake management plan and to extend the
95.10 final compliance deadline for the final phosphorus concentration effluent limit related to
95.11 the site specific standard for Lake Winona contained in the district's permit until such time
95.12 that carp removal in Lake Winona can be completed and the lake can be reassessed. The
95.13 permit may include a schedule of compliance outlining the required lake management
95.14 activities and requiring that lake management activities in Lake Winona and Lake Agnes
95.15 begin immediately upon permit issuance.

95.16 (b) If the district agrees to fund or perform the lake management activities identified in
95.17 paragraph (a), the district may cooperate with the city of Alexandria in those efforts. The
95.18 district's responsibility for lake management activities in Lake Winona and Lake Agnes
95.19 terminates upon completion of the lake management activities identified in the schedule of
95.20 compliance contemplated under paragraph (a).

95.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
95.22 Alexandria Lake Area Sanitary District and its chief clerical officer timely complete their
95.23 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

95.24 **ARTICLE 7**

95.25 **TELECOMMUNICATIONS**

95.26 Section 1. Minnesota Statutes 2016, section 116J.394, is amended to read:

95.27 **116J.394 DEFINITIONS.**

95.28 (a) For the purposes of sections 116J.394 to 116J.398, the following terms have the
95.29 meanings given them.

95.30 (b) "Broadband" or "broadband service" has the meaning given in section 116J.39,
95.31 subdivision 1, paragraph (b).

96.1 (c) "Broadband infrastructure" means networks of deployed telecommunications
96.2 equipment and technologies necessary to provide high-speed Internet access and other
96.3 advanced telecommunications services for end users.

96.4 (d) "Commissioner" means the commissioner of employment and economic development.

96.5 (e) "Last-mile infrastructure" means broadband infrastructure that serves as the final leg
96.6 connecting the broadband service provider's network to the end-use customer's on-premises
96.7 telecommunications equipment.

96.8 (f) "Middle-mile infrastructure" means broadband infrastructure that links a broadband
96.9 service provider's core network infrastructure to last-mile infrastructure.

96.10 (g) "Political subdivision" means any county, city, town, school district, special district
96.11 or other political subdivision, or public corporation.

96.12 (h) "Satellite broadband equipment" means a satellite dish or modem installed at a
96.13 broadband user's location in order to receive broadband service from a satellite broadband
96.14 provider.

96.15 (i) "Satellite broadband provider" means an entity that provides broadband service by
96.16 means of wireless signals transmitted between communication stations orbiting the earth
96.17 and satellite broadband equipment installed at a broadband user's location.

96.18 (j) "Satellite dish" means a parabolic aerial installed on a building exterior that receives
96.19 signals from and transmits signals to a satellite broadband provider's satellite communication
96.20 station orbiting the earth.

96.21 (k) "Underserved areas" means areas of Minnesota in which households or businesses
96.22 lack access to wire-line broadband service at speeds of at least 100 megabits per second
96.23 download and at least 20 megabits per second upload.

96.24 ~~(i)~~ (l) "Unserved areas" means areas of Minnesota in which households or businesses
96.25 lack access to wire-line broadband service, as defined in section 116J.39.

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

96.27 Sec. 2. Minnesota Statutes 2016, section 116J.395, subdivision 2, is amended to read:

96.28 Subd. 2. **Eligible expenditures.** (a) Grants may be awarded under this section to fund
96.29 the acquisition and installation of:

97.1 (1) middle-mile and last-mile infrastructure that support broadband service scalable to
97.2 speeds of at least 100 megabits per second download and 100 megabits per second upload;
97.3 and

97.4 (2) satellite broadband equipment installed on the premises of a broadband user located
97.5 in an unserved area that can support broadband speeds of at least 25 megabits per second
97.6 download and three megabits per second upload.

97.7 (b) Grants may be awarded under this section to fund monthly satellite broadband service
97.8 charges for a period of 12 months for a subscriber whose satellite broadband equipment has
97.9 been partially funded by a grant under paragraph (a), clause (2).

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

97.11 Sec. 3. Minnesota Statutes 2016, section 116J.395, subdivision 5, is amended to read:

97.12 Subd. 5. **Application contents.** An applicant for a grant under this section shall provide
97.13 the following information on the application:

97.14 (1) the location of the project;

97.15 (2) the kind and amount of broadband infrastructure or satellite broadband equipment
97.16 to be purchased for the project;

97.17 (3) evidence regarding the unserved or underserved nature of the community in which
97.18 the project is to be located;

97.19 (4) the number of households passed that will have access to broadband service as a
97.20 result of the project, or whose broadband service will be upgraded as a result of the project;

97.21 (5) significant community institutions that will benefit from the proposed project;

97.22 (6) evidence of community support for the project;

97.23 (7) the total cost of the project;

97.24 (8) sources of funding or in-kind contributions for the project that will supplement any
97.25 grant award;

97.26 (9) evidence that no later than six weeks before submission of the application the applicant
97.27 contacted, in writing, all entities providing broadband service in the proposed project area
97.28 to ask for each broadband service provider's plan to upgrade broadband service in the project
97.29 area to speeds that meet or exceed the state's broadband speed goals in section 237.012,
97.30 subdivision 1, within the time frame specified in the proposed grant activities;

98.1 (10) the broadband service providers' written responses to the inquiry made under clause
98.2 (9); and

98.3 (11) any additional information requested by the commissioner.

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

98.5 Sec. 4. Minnesota Statutes 2016, section 116J.395, subdivision 7, is amended to read:

98.6 Subd. 7. **Limitation.** (a) No grant awarded under this section may fund more than:

98.7 (1) 50 percent of the total cost of a project- under subdivision 2, paragraph (a), clause

98.8 (1);

98.9 (2) 50 percent of the total cost of satellite broadband equipment installed at user locations,

98.10 up to \$300; or

98.11 (3) \$600 in monthly satellite broadband subscription charges.

98.12 (b) Grants awarded to a single project under this section must not exceed \$5,000,000.

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

APPENDIX
Article locations in HF4289-1

ARTICLE 1	JOB	AND ENERGY APPROPRIATIONS.....	Page.Ln 1.30
ARTICLE 2	ECONOMIC DEVELOPMENT.....		Page.Ln 28.21
ARTICLE 3	ENERGY.....		Page.Ln 31.6
ARTICLE 4	HOUSING.....		Page.Ln 49.11
ARTICLE 5	LABOR AND INDUSTRY.....		Page.Ln 88.16
ARTICLE 6	LAKE WINONA MANAGEMENT.....		Page.Ln 94.14
ARTICLE 7	TELECOMMUNICATIONS.....		Page.Ln 95.24

177.24 PAYMENT OF MINIMUM WAGES.

Subd. 2. **Gratuities not applied.** No employer may directly or indirectly credit, apply, or utilize gratuities towards payment of the minimum wage set by this section or federal law.

216B.2423 WIND POWER MANDATE.

Subdivision 1. **Mandate.** A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate: (1) 225 megawatts of electric energy installed capacity generated by wind energy conversion systems within the state by December 31, 1998; and (2) an additional 200 megawatts of installed capacity so generated by December 31, 2002.

For the purpose of this section, "wind energy conversion system" has the meaning given it in section 216C.06, subdivision 19.

Subd. 2. **Resource planning mandate.** The Public Utilities Commission shall order a public utility subject to subdivision 1, to construct and operate, purchase, or contract to purchase an additional 400 megawatts of electric energy installed capacity generated by wind energy conversion systems by December 31, 2002, subject to resource planning and least cost planning requirements in section 216B.2422.

Subd. 2a. **Site preference.** The Public Utilities Commission shall ensure that a utility subject to the requirements of subdivision 1, clause (2), shall implement that clause with a preference for wind energy conversion systems within the state. This preference shall not prevent the utility from constructing or contracting to construct wind energy conversion systems outside the state, if the Public Utilities Commission determines that selection of a facility within the state conflicts with the requirements of section 216B.03.

Subd. 3. **Standard contract for wind energy conversion systems.** The Public Utilities Commission shall require a public utility subject to subdivision 1 to develop and file in a form acceptable to the commission by October 1, 1997, a standard form contract for the purchase of electricity from wind conversion systems with installed capacity of two megawatts and less. For purposes of applying the two megawatts limit, the installed capacity sold to the public utility from a single seller or affiliated group of sellers shall be cumulated. The standard contract shall include all the terms and conditions for purchasing wind-generated power by the utility, except for price and any other specific terms necessary to ensure system reliability and safety, which shall be separately negotiable.

471.9996 RENT CONTROL PROHIBITED.

Subd. 2. **Exception.** Subdivision 1 does not preclude a statutory or home rule charter city, county, or town from controlling rents on private residential property to the extent that the city, county, or town has the power to adopt an ordinance, charter amendment, or law to control these rents if the ordinance, charter amendment, or law that controls rents is approved in a general election. Subdivision 1 does not limit any power or authority of the voters of a statutory or home rule charter city, county, or town to petition for an ordinance or charter amendment to control rents on private residential property to the extent that the power or authority is otherwise provided for by law, and if the ordinance or charter amendment is approved in a general election. This subdivision does not grant any additional power or authority to the citizens of a statutory or home rule charter city, county, or town to vote on any question beyond that contained in other law.