

CHAPTER 165—H.F.No. 1755**VETOED****CHAPTER 166—S.F.No. 78****VETOED****CHAPTER 167—S.F.No. 73****VETOED****CHAPTER 168—S.F.No. 1170****VETOED****CHAPTER 169—S.F.No. 1697**

An act relating to public finance; updating and clarifying bond allocation provisions; amending Minnesota Statutes 1996, sections 474A.03, subdivisions 1 and 2a; 474A.04, subdivision 1a; 474A.047, subdivision 1; 474A.061, subdivision 2b; 474A.091, subdivisions 3 and 6; and 474A.131, subdivisions 1 and 1a.

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

Section 1. Minnesota Statutes 1996, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **UNDER FEDERAL TAX LAW; ALLOCATIONS.** At the beginning of each calendar year after December 31, ~~1994~~ 1997, the commissioner shall determine the aggregate dollar amount of the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

- (1) ~~\$55,000,000~~ \$63,000,000 to the small issue pool;
- (2) ~~\$56,000,000~~ \$59,000,000 to the housing pool, \$37,000,000 of which is reserved until the day after the first Monday in February for single-family housing programs;
- (3) ~~\$10,000,000~~ \$10,500,000 to the public facilities pool; and

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

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

Sec. 2. Minnesota Statutes 1996, section 474A.03, subdivision 2a, is amended to read:

Subd. 2a. **ENTITLEMENT ISSUER ALLOCATION.** (a) The commissioner shall make the following allocation to the Minnesota housing finance agency and the following cities and county:

(1) ~~\$51,000,000~~ \$53,750,000 per year to the Minnesota housing finance agency, less any amount received in the previous year under section 474A.091, subdivision 6;

(2) ~~\$20,000,000~~ \$21,000,000 per year to the city of Minneapolis;

(3) ~~\$15,000,000~~ \$15,750,000 per year to the city of Saint Paul; and

(4) ~~\$10,000,000~~ \$10,500,000 per year to the Dakota county housing and redevelopment authority for the county of Dakota and all political subdivisions located within the county.

(b) Allocations provided under this subdivision must be used for mortgage bonds, mortgage credit certificates, public facility bonds, or residential rental project bonds, except that entitlement cities issuers may also use their allocations for public facility bonds, and may carry forward their allocations for any qualified bond as defined under section 474A.02, subdivision 23a.

Sec. 3. Minnesota Statutes 1996, section 474A.04, subdivision 1a, is amended to read:

Subd. 1a. **ENTITLEMENT RESERVATIONS; CARRYFORWARD; DEDUCTION.** ~~Except as provided in Laws 1987, chapter 268, article 16, section 41, subdivision 2, paragraph (a),~~ Any amount returned by an entitlement issuer before the last Monday in July 15 shall be reallocated through the housing pool. Any amount returned on or after the last Monday in July 15 shall be reallocated through the unified pool. An amount returned after the last Monday in November shall be reallocated to the Minnesota housing finance agency. ~~Except for the Minnesota housing finance agency,~~ Any amount of bonding authority that an entitlement issuer carries forward under federal tax law that is not permanently issued or for which the governing body of the entitlement issuer has not enacted a resolution electing to use the authority for mortgage credit certificates by July 15 of the end of the succeeding calendar year shall be deducted from the entitlement allocation for that entitlement issuer for the ~~next succeeding~~ current calendar year. Any amount deducted from an entitlement issuer's allocation under this subdivision shall be divided equally for allocation reallocated through the manufacturing pool and the housing unified pool. An entitlement issuer must permanently issue all carryforward authority or enact a resolution electing to use all carryforward authority for mortgage credit certificates prior to issuing any current year authority of that entitlement issuer.

New language is indicated by underline, deletions by strikeout.

Sec. 4. Minnesota Statutes 1996, section 474A.047, subdivision 1, is amended to read:

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

(a) (1) the proposed project is a single room occupancy project and all the units of the project will be occupied by individuals whose incomes at the time of their initial residency in the project are 50 percent or less of the greater of the statewide or county median income adjusted for household size as determined by the federal Department of Housing and Urban Development;

(b) (2) the proposed project is a multifamily project where at least 75 percent of the units have two or more bedrooms and at least one-third of the 75 percent have three or more bedrooms; or

(c) (3) the proposed project is a multifamily project that meets the following requirements:

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

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

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

(b) The maximum rent for a proposed single room occupancy unit under paragraph (a), clause (1), is 30 percent of the amount equal to 30 percent of the greater of the statewide or county median income for a one-member household as determined by the federal Department of Housing and Urban Development. The maximum rent for at least 75 percent of the units of a multifamily project under paragraph (b) ~~(a)~~, clause (2), is 30 percent of the amount equal to 50 percent of the greater of the statewide or county median income as determined by the federal Department of Housing and Urban Development based on a household size with 1.5 persons per bedroom.

(c) The proceeds from residential rental bonds may be used for a project for which project-based federal rental assistance payments are made only if:

(1) the owner of the project enters into a binding agreement with the Minnesota housing finance agency under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof; and

(2) the Minnesota housing finance agency certifies that project reserves will be maintained at closing of the bond issue and budgeted in future years at the lesser of:

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

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

Sec. 5. Minnesota Statutes 1996, section 474A.061, subdivision 2b, is amended to read:

Subd. 2b. **SMALL ISSUE POOL ALLOCATION.** On the first Monday in January that is a business day through the last Monday in July, the commissioner shall allocate available bonding authority from the small issue pool on Monday of each week to applications received on or before the Monday of the preceding week. From the first Monday in January that is a business day through the last Monday in July, the commissioner shall reserve \$5,000,000 of the available bonding authority from the small issue pool for applications for agricultural development bond loan projects of the Minnesota rural finance authority. The amount of allocation provided to an issuer for a specific manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045. Proposed projects that receive 50 points or more are eligible for all of the proposed allocation. Proposed projects that receive less than 50 points are eligible to receive a proportionally reduced share of the proposed authority, based upon the number of points received.

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

Sec. 6. Minnesota Statutes 1996, section 474A.091, subdivision 3, is amended to read:

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

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

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

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(7) applications for governmental bonds.

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

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

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

- (i) \$10,000,000 for any one city; or
- (ii) \$20,000,000 for any number of cities in any one county.

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

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

If there is insufficient bonding authority to fund all projects within any qualified bond category, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers. If an application is rejected, the commissioner must notify the applicant

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and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 7. Minnesota Statutes 1996, section 474A.091, subdivision 6, is amended to read:

Subd. 6. **FINAL ALLOCATION; CARRYFORWARD.** Any bonding authority remaining unissued by the Minnesota housing finance agency after the last Monday in December is allocated to the department of finance for reallocation for qualified bonds eligible to be carried forward under federal tax law shall be carried forward into the next calendar year by the Minnesota housing finance agency.

Sec. 8. Minnesota Statutes 1996, section 474A.131, subdivision 1, is amended to read:

Subdivision 1. **NOTICE OF ISSUE.** Each issuer that issues bonds with an allocation received under this chapter shall provide a notice of issue to the department on forms provided by the department stating:

- (1) the date of issuance of the bonds;
- (2) the title of the issue;
- (3) the principal amount of the bonds;
- (4) the type of qualified bonds under federal tax law; and
- (5) the dollar amount of the bonds issued that were subject to the annual volume cap.

For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. A penalty of one-half of the amount of the application deposit not to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not provided to the department within five business days after issuance or before the last Monday in December, whichever occurs first, is deemed not to have received an allocation under this law or under federal tax law. Within 30 days after receipt of a notice of issue the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if a two percent application deposit was made, less any penalty amount.

Sec. 9. Minnesota Statutes 1996, section 474A.131, subdivision 1a, is amended to read:

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

A penalty of one-half of the amount of the application deposit not to exceed \$5,000 shall apply to any mortgage credit certificate program for which a certificate notice is not provided to the department within five days of the date of the filing of the election not to

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issue bonds or before the last Monday in December, whichever occurs first, is considered not to have received an allocation under this law or under federal tax law. Within 30 days after receipt of a certificate notice the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority to be used for the mortgage credit certificate program, less any penalty amount.

Presented to the governor May 16, 1997

Signed by the governor May 19, 1997, 1:04 p.m.

CHAPTER 170—S.F.No. 1266

An act relating to local government; authorizing town electors to require the removal of snow or ice from town roads in certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 366.

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

Section 1. **[366.016] VOTE REQUIRED ON SNOW AND ICE REMOVAL.**

Subdivision 1. BALLOT; CONTENT. The town board at the annual town election may submit to a vote by ballot the following question: "Shall persons who own or occupy real estate that adjoins a town road and is not a part of an incorporated municipality be required to remove snow or ice, or both, that has been caused to be deposited by the property owner or occupant upon the town road right-of-way adjacent to their land?"

Yes.....

No....."

Subd. 2. COST; LIEN ON LAND. If a majority of the electors voting on the question vote "Yes," a person who owns or occupies real estate that adjoins a town road and is not a part of an incorporated municipality shall remove the material described on the ballot located upon the town road right-of-way adjacent to the owner's land. If a person fails to comply with this provision, the town board of the town in which the real estate is located may, after ten days' mailed notice, accompanied by an affidavit of service, cause the removal of snow or ice, or both. The expense of the removal shall be a lien on the real estate. The town board shall certify to the county auditor an itemized statement of the amount of the expense incurred by the town. The county auditor shall enter the amount on the tax books a tax upon the land, which shall be collected in the same manner as other real estate taxes.

Presented to the governor May 16, 1997

Signed by the governor May 19, 1997, 1:07 p.m.

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