conditions on a public sidewalk abutting the building or parking lot, but the other municipality is immune, except when the condition is affirmatively caused by its own negligent acts.

Presented to the governor May 18, 1999

Signed by the governor May 21, 1999, 10:13 a.m.

CHAPTER 189—H.F.No. 1024

An act relating to tax–exempt bond allocations; providing for certain eligibility, scoring system, income and purchase price limits, and reservation of authority; amending Minnesota Statutes 1998, sections 474A.02, subdivision 23a; 474A.045; 474A.061, subdivisions 2a, 2b, and 4; and 474A.091, subdivision 5.

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

Section 1. Minnesota Statutes 1998, section 474A.02, subdivision 23a, is amended to read:

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

(a) "public facility bonds" means "exempt facility bonds" as defined in federal tax law, except for residential rental project bonds, which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities. New bonds and other obligations are ineligible to receive state allocations or entitlement authority for public facility projects under this section if they have been issued:

(1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt; and

(2) more than one calendar year prior to the date of application;

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

(c) "mortgage bonds";

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

(e) "student loan bonds";

(f) "redevelopment bonds";

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

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

Sec. 2. Minnesota Statutes 1998, section 474A.045, is amended to read:

474A.045 **SCORING SYSTEM FOR MANUFACTURING PROJECTS.**

The following criteria must be used in determining the allocation of small issue bonds for manufacturing projects. The issuer must prepare and submit to the commissioner a public purpose scoring worksheet that presents the data and methods used in determining the total score under this section. The total score is the sum of the following:

(1) the number of ~~net~~ direct new jobs in the state generated by the proposed project for the next two years per $100,000 of proposed allocation multiplied by 15;

(2) the number of direct existing jobs ~~retained~~ in the state multiplied by .625 due to the proposed project per $100,000 of proposed allocation multiplied by 15;

(3) ~~the quotient of the total increase in net payroll generated in the state by the proposed project divided by the proposed bond allocation, multiplied by 100~~ the average hourly wage paid to employees by the proposed project, exclusive of benefits mandated by law, based on the following scale:

Wages paid per hour	$8	$10	$12	$15
Non–Metro area points awarded	10	15	20	20
Seven–County Metro Area points awarded	0	10	15	20

For purposes of this section, the seven–county metropolitan area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington;

(4) the quotient of the estimated total net increase in property taxes generated in the state by the project in the first full year of operation divided by the proposed bond allocation, multiplied by 500; and

(5) the seasonally unadjusted unemployment rate in the community where the proposed project is located measured as a percent of the state's unemployment rate, multiplied by ten.

The community seasonally unadjusted unemployment rate used in determining the points under clause (5) must be the most recent rate for the city or county in which the proposed project is located ~~unless an accurate rate may be estimated for a smaller geographic area or census tract. The commissioner of economic security must approve the rate used when an unemployment rate other than that for a county is used~~, as provided by the commissioner of economic security.

~~If the manufacturing project will retain jobs and the total score includes points calculated under clause (2), the issuer must certify to the commissioner that the proceeds of the small issue bonds are required to retain those jobs. The commissioner shall submit the information relating to the retaining of jobs to the commissioner of trade and economic development. The commissioner of trade and economic development must verify that the proceeds of the small issue bonds are required to retain the jobs referred to in the certification prior to the awarding of any points under this section.~~

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

Sec. 3. Minnesota Statutes 1998, section 474A.061, subdivision 2a, is amended to read:

Subd. 2a. **HOUSING POOL ALLOCATION.** (a) On the first business day that falls on a Monday of the calendar year and the first Monday in February, the commissioner shall allocate available bonding authority in the housing pool to applications received by the Monday of the previous week for residential rental projects that are not restricted to persons who are 55 years of age or older and that meet the eligibility criteria under section 474A.047, except that allocations may be made to projects that are restricted to persons who are 55 years of age or older, if the project preserves existing federally subsidized housing. Projects that preserve existing federally subsidized housing shall be allocated available bonding authority in the housing pool for residential rental projects prior to the allocation of available bonding authority to other eligible residential rental projects. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within 120 days of the allocation or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool.

(b) After February 1, and through February 15, the Minnesota housing finance agency may accept applications from cities for single–family housing programs which meet program requirements as follows:

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

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

(3) house price limits may not exceed~~:~~ the federal price limits established for mortgage revenue bond programs;

~~(i) the greater of agency house price limits or the federal price limits for housing up to a maximum of $95,000;~~

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

~~(iii) for new construction housing affordability initiatives located in the metropolitan area, as defined by section 473.121, subdivision 2, the lesser of the federal price limits or the amount determined by the metropolitan council as the maximum affordable house price under the Metropolitan Livable Communities Act. New construction housing affordability initiatives in the metropolitan area must meet one or more of the following criteria:~~

~~(A) the initiative provides financial resources unrelated to the costs of completion of the mortgage revenue bond sale to reduce the cost of the housing or to improve the terms of the mortgage loans provided through the bond sale. A financial contribution must be equal to or exceeding ten percent of the purchase price of each newly constructed home to be financed;~~

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

~~(B) the initiative provides that the local unit of government in the jurisdiction in which the housing is to be constructed takes affirmative steps to change local regulations in order to improve housing affordability. The steps must demonstrably reduce the cost of the housing by at least ten percent. The financial contribution and the affirmative steps to change regulation may be combined to meet the ten percent requirement; or~~

~~(C) the initiative supports the efforts of housing groups that support self–help or owner–built housing initiatives in which at least 15 percent of the labor or materials or both needed to complete the new housing is acquired or donated through the efforts of such groups; or~~

~~(iv) for a community revitalization initiative for existing housing in the metropolitan area, as defined by section 473.121, subdivision 2, the federal price limits for existing housing, provided the community revitalization initiative meets the following criteria:~~

~~(A) the community revitalization initiative is targeted to a specific geographic area within the community which is less than the entire community;~~

~~(B) the community revitalization initiative is located in a community in which the most recently available data establishes that the median purchase price for an existing home in the community exceeds the agency house price limits; and~~

~~(C) the community revitalization initiative provides financial resources unrelated to the costs of completion of the mortgage revenue bond sale to reduce the cost of the housing or to improve the terms of the mortgage loans provided through the bond sale. A financial contribution must be equal to or exceeding ten percent of the purchase price of each existing home to be financed.~~

Data ~~establishing the median purchase price in the city must be included in the application by a city requesting house price limits higher than the housing finance agency's house price limits~~ on the home purchase price amount, mortgage amount, income, household size, and race of the households served in the previous year's single–family housing program, if any, must be included in each application; and

(4) an application deposit equal to one percent of the requested allocation must be submitted before the agency forwards the list specifying the amounts allocated to the commissioner under paragraph (c). The agency shall submit the city's application and application deposit to the commissioner when requesting an allocation from the housing pool.

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

The Minnesota housing finance agency may accept applications from June 15 through June 30 from cities for single–family housing programs which meet program requirements specified under clauses (1) to (4) if bonding authority is available in the housing pool. Applications will be accepted from June 15 to June 30 only from cities that received an allotment in the same calendar year and used at least 75 percent of their allotment by June 1. Allocations will be made loan by loan, on a first come, first served basis among applicant cities. The agency must allot available bonding authority. For purposes of paragraphs (a) to (g), "city" means a county or a consortium of local government units that agree through a joint powers agreement to apply together for single–family housing programs, and has the meaning given it in section 462C.02, subdivision 6. "Agency" means the Minnesota housing finance agency.

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

Upon determining the amount of each applicant's allocation, the agency shall forward a list specifying the amounts allotted to each application and application deposit checks to the commissioner.

(d) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the first Monday in February and through the last Monday in July, but may request an allocation no later than the last Monday in July. The commissioner shall return any application deposit to a city that paid an application deposit under paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph (c).

(e) A city may choose to issue bonds on its own behalf or through a joint powers agreement or may use bonding authority for mortgage credit certificates and may request an allocation from the commissioner. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the list forwarded by the Minnesota housing finance agency to the commissioner. No city may request or receive an allocation from the commissioner until the list under paragraph (c) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than 14 days before the unified pool is created pursuant to section 474A.091, subdivision 1. On and after the first Monday in February and through the last Monday in July, no city may receive an allocation from the housing pool which has not first applied to the Minnesota housing finance agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.

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

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

(g) A city that does not use at least 50 percent of ~~their~~ <u>its</u> allotment by the date applications are due for the first allocation that is made from the housing pool for single–

family housing programs in the immediately succeeding calendar year may not apply to the housing pool for a single–family mortgage bond or mortgage credit certificate program allocation that exceeds the amount of its allotment for the preceding year that was used by the city in the immediately preceding year or receive an allotment from the housing pool in the succeeding ~~two~~ calendar ~~years~~ year that exceeds the amount of its allotment for the preceding year that was used in the preceding year. The minimum allotment is $100,000, regardless of the amount used in the preceding calendar year. Each local government unit in a consortium must meet the requirements of this paragraph.

Sec. 4. Minnesota Statutes 1998, 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 commissioner shall reserve $10,000,000 until the day after the last Monday in February, $10,000,000 until the day after the last Monday in April, and $10,000,000 until the day after the last Monday in June in the small issue pool for manufacturing projects. 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. 5. Minnesota Statutes 1998, section 474A.061, subdivision 4, is amended to read:

Subd. 4. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 120–day period since allocation has expired prior to the last Monday in July, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 120–day period since allocation has expired on or after the last Monday in July, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota housing finance agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

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

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

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

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

(c) No refund shall be available for allocations returned 120 or more days after receiving the allocation or beyond the last Monday in November. This subdivision does not apply to the Minnesota housing finance agency or the Minnesota rural finance authority.

Sec. 6. Minnesota Statutes 1998, section 474A.091, subdivision 5, is amended to read:

Subd. 5. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of the allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 120–day period since allocation has expired prior to the last Monday in November, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department on or after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota housing finance agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

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

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

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

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

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

Sec. 7. **WAIVER OF PENALTY PERIOD.**

Notwithstanding Minnesota Statutes, section 474A.061, subdivision 2a, paragraph (g), a city may apply to the housing pool for a single-family mortgage bond or mortgage credit certificate allocation or receive an allotment from the housing pool in 2000, if the city received an allotment of bonding authority from the housing pool in 1998 and used 50 percent or less of its allotment by January 31, 1999. This section applies to each local government unit in a consortium which received an allotment from the housing pool in 1998.

Sec. 8. **EFFECTIVE DATE.**

Section 3 is effective the day after final enactment and applies to loans made after the effective date.

Presented to the governor May 18, 1999

Signed by the governor May 21, 1999, 10:15 a.m.

CHAPTER 190—S.F.No. 1093

An act relating to civil mediation; providing for the effect of a mediated settlement agreement; amending Minnesota Statutes 1998, section 572.35, subdivision 1.

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

Section 1. Minnesota Statutes 1998, section 572.35, subdivision 1, is amended to read:

Subdivision 1. **GENERAL.** The effect of a mediated settlement agreement shall be determined under principles of law applicable to contract. A mediated settlement agreement is not binding unless:

(1) it contains a provision stating that it is binding and a provision stating substantially that the parties were advised in writing that (a) the mediator has no duty to protect their interests or provide them with information about their legal rights; (b) signing a mediated settlement agreement may adversely affect their legal rights; and (c) they should consult an attorney before signing a mediated settlement agreement if they are uncertain of their rights; or

(2) the parties were otherwise advised of the conditions in clause (1).

Presented to the governor May 18, 1999

Signed by the governor May 21, 1999, 10:16 a.m.