CHAPTER 1--S.F.No. 1

An act relating to state government; establishing a budget for the Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, the Housing Finance Agency, and broadband development; making policy and technical changes to various provisions related to agriculture, food, rural development, and housing, including provisions related to grants, loans, pesticides, fertilizer, hemp, pastures, bioincentive programs, grain buyers, grain warehouses, manufactured homes, Housing Finance Agency loans and grants, Minnesota Bond Allocation Act, and residential leases; authorizing rulemaking; requiring reports; providing penalties and fees; appropriating money; amending Minnesota Statutes 2018, sections 17.041, subdivision 1; 17.118, subdivision 2; 18B.07, subdivision 2; 18C.425, subdivision 6; 18C.70, subdivision 5; 18C.71, subdivisions 1, 4; 18C.80, subdivision 2; 18K.02, subdivision 3; 18K.03; 28A.16; 41A.15, subdivisions 2, 10, by adding a subdivision; 41A.16, subdivisions 1, 2, 4; 41A.17, subdivisions 1, 2, 3; 41A.18, subdivisions 1, 2, 3; 41B.02, subdivision 10a, as amended; 41B.045; 41B.055, subdivision 4; 116.06, by adding a subdivision; 116.07, subdivisions 7, 7d; 223.16, subdivisions 1, 2a, 4; 223.17, subdivisions 3, 4, 5, 6; 223.177, subdivisions 2, 3; 223.19; 232.21, subdivision 7, by adding subdivisions; 232.22, subdivisions 3, 4; 232.23, subdivision 3; 232.24; 299D.085, by adding a subdivision; 326B.815, subdivision 1; 327.31, by adding a subdivision; 327B.041; 327C.01, by adding a subdivision; 327C.095, subdivisions 1, 2, 3, 4, 6, 7, 9, 11, 12, 13, by adding a subdivision; 428A.11, subdivisions 4, 6; 462A.2035, subdivisions 1a, 1b; 462A.209, subdivision 8; 462A.22, subdivision 9; 462A.222, subdivision 3; 462A.24; 462A.33, subdivision 1; 462A.38, subdivision 1; 474A.02, by adding subdivisions; 474A.03, subdivision 1; 474A.04, subdivision 1a; 474A.061, subdivisions 1, 2a, 2b, 2c, 4, by adding subdivisions; 474A.062; 474A.091, subdivisions 1, 2, 3, 5, by adding a subdivision; 474A.131, subdivisions 1, 1b; 474A.14; 474A.21; 504B.111; 504B.206, subdivision 3; Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended; Laws 2017, chapter 88, article 1, section 2, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapters 18D; 223; 327; 462A; 504B; repealing Minnesota Statutes 2018, sections 41A.15, subdivisions 2a, 2b; 327C.095, subdivision 8.

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

ARTICLE 1

AGRICULTURE APPROPRIATIONS

Section 1. **AGRICULTURE APPROPRIATIONS.**

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

APPROPRIATIONS
Available for the Year

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	Ending June 30 2020	Ending June 30 2021
Sec. 2. **DEPARTMENT OF AGRICULTURE**		
Subdivision 1. **Total Appropriation**	$ 54,208,000	$ 54,207,000

Appropriations by Fund

	2020	2021
General	53,809,000	53,808,000
Remediation	399,000	399,000

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

Subd. 2. **Protection Services**

Appropriations by Fund

	2020	2021
General	18,650,000	18,650,000
Remediation	399,000	399,000

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

(b) $175,000 the first year and $175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2019. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock.

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

(d) $155,000 the first year and $155,000 the second year are for compensation for crop damage under

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Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $30,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims.

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

(e) $450,000 the first year and $450,000 the second year are additional funding for the noxious weed and invasive plant program. The base amount for this appropriation in fiscal year 2022 and later is $225,000.

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

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

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

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

Subd. 3. **Agricultural Marketing and Development**	3,996,000	3,996,000

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

(b) $100,000 the first year and $100,000 the second year are to expand domestic and international marketing opportunities for farmers and value-added

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processors, including staffing to facilitate farm-to-school sales and new markets for Minnesota-grown hemp.

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

(d) $50,000 the first year and $50,000 the second year are for additional community outreach on farms and rural mental health services including the 24-hour hotline, service availability, and mental health forums. Of this appropriation, $12,000 each year is to provide professional development training for Farm Business Management instructors in the Minnesota State system. The appropriations under this paragraph are onetime.

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

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement**	23,653,000	23,654,000

(a) $9,300,000 the first year and $9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account

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under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least $600,000 the first year and $600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); $2,000,000 the first year and $2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; $350,000 the first year and $350,000 the second year are for potato breeding; and $450,000 the first year and $450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to $1,000,000 each year is for research on avian influenza.

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

(b) $14,353,000 the first year and $14,354,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; providing funding not to exceed $400,000 each year to develop and enhance farm-to-school markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota children in school and child care settings including, at the commissioner's discretion, reimbursing schools for purchases from local farmers; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify,

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including aquaponics systems; providing funding not to exceed $300,000 each year for urban youth agricultural education or urban agriculture community development; providing funding not to exceed $300,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices/good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

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

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

(2) $2,500,000 the first year and $2,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2021, and the second year appropriation is available until June 30, 2022. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for the agricultural growth, research, and innovation program. The base amount for the allocation under this clause is $3,000,000 in fiscal year 2022 and later;

(3) up to $5,000,000 the first year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants to Minnesota dairy farmers who enroll for five years of coverage under the federal dairy margin coverage program and produced no more than 16,000,000 pounds of milk in 2018. The commissioner

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must award DAIRI grants based on participating producers' amount of 2018 milk, up to 5,000,000 pounds per participating producer, at a rate determined by the commissioner within the limits of available funding;

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

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

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

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

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

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

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

Subd. 5. **Administration and Financial Assistance**	7,510,000	7,508,000

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

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

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

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

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

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

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

(h) $1,700,000 the first year and $1,700,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following:

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

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

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

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

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

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

Sec. 3. **BOARD OF ANIMAL HEALTH**	**$**	5,677,000	**$**	5,677,000

$200,000 the first year and $200,000 the second year are for agricultural emergency preparedness and response.

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

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

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

$4,483,000 the first year and $8,500,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. The transfer in this paragraph includes money for plant breeders at the University of Minnesota for wild rice, potatoes, and grapes. Of these amounts, at least $600,000 each year is for the Minnesota Agricultural Experiment Station's Agriculture Rapid Response Fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2). Of the amount appropriated in this paragraph, $1,000,000 each year is for transfer to the Board of Regents of the University of Minnesota for research to determine (1) what is causing avian influenza, (2) why some fowl are more susceptible, and (3) prevention measures that can be taken. Of the amount appropriated in this paragraph, $2,000,000 each year is for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants. The commissioner shall transfer the remaining grant funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14.

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

$10,235,000 the first year and $9,541,000 the second year are for the agricultural growth, research, and

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innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, ~~2019~~ 2020.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the

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generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or $500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed $150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

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

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, $500,000 in fiscal year 2016 and $806,000 in fiscal year 2017 are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available to the commissioner for the agricultural growth, research, and innovation program. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2017, and the second year appropriation is available until June 30, 2018. The commissioner may use up to 4.5 percent of the appropriation for administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, $250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, $50,000 is for the commissioner to consult with existing food hubs, alternative community-based

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food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. This is a onetime appropriation.

$250,000 the first year and $250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical assistance and appropriate technology, including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to $35,000 of this appropriation for administrative expenses. The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

$25,000 the first year and $25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual

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event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

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

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

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

Appropriations by Fund

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

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

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

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

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

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

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

(g) $175,000 the first year and $175,000 the second year are for compensation for destroyed or crippled

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livestock under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2017. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $5,000 of this appropriation the second year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock.

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

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

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

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

(k) $120,000 the first year and $120,000 the second year are for wolf-livestock conflict prevention grants under article 2, section 89. The commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance by January 15, 2020, on the outcomes of the wolf-livestock conflict prevention grants and whether livestock compensation

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claims were reduced in the areas that grants were awarded. These are onetime appropriations.

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

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

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

(a) $9,300,000 the first year and $9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least $600,000 the first year and $600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); $2,000,000 the first year and $2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; $350,000 the first year and $350,000 the second year are for potato breeding; and $450,000 the first year and $450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to $1,000,000 each year is for research on avian influenza, including prevention measures that can be taken.

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

(b) $13,256,000 the first year and $13,311,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner

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may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify; providing funding not to exceed $250,000 each year for urban youth agricultural education or urban agriculture community development; providing funding not to exceed $250,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; good agricultural practices/good handling practices certification assistance; establishing and supporting farmer-led water management councils; and implementing farmer-led water quality improvement practices. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

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

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

(2) $1,500,000 the first year and $1,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2019, and the second year appropriation is available until June 30, 2020. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available

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for the agricultural growth, research, and innovation program.

The commissioner may use funds appropriated under this subdivision to award up to two value-added agriculture grants per year of up to $1,000,000 per grant for new or expanding agricultural production or processing facilities that provide significant economic impact to the region. The commissioner may use funds appropriated under this subdivision for additional value-added agriculture grants for awards between $1,000 and $200,000 per grant.

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

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

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

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

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

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

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ARTICLE 2

AGRICULTURE STATUTORY CHANGES

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

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

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

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

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

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

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

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

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

(ii) watering systems for livestock on pasture including water lines, booster pumps, and well installations;

(iii) livestock stream crossing stabilization; and

(iv) fences; or

(3) the acquisition of equipment for livestock housing, confinement, feeding, and waste management including, but not limited to, the following:

(i) freestall barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

(vi) scales;

(vii) milk storage and cooling facilities;

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(viii) bulk tanks;

(ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;

(x) manure pumping and storage facilities;

(xi) swine farrowing facilities;

(xii) swine and cattle finishing barns;

(xiii) calving facilities;

(xiv) digesters;

(xv) equipment used to produce energy;

(xvi) on-farm processing facilities equipment;

(xvii) fences, including but not limited to farmed Cervidae perimeter fences required under section 35.155, subdivision 4; and

(xviii) livestock pens and corrals and sorting, restraining, and loading chutes.

Except for qualifying pasture development expenditures under clause (2), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of 39 cents per ton, and until June 30,

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~~2019~~ 2024, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of $10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18K.03 AGRICULTURAL CROP; POSSESSION AUTHORIZED.

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

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

28A.16 PERSONS SELLING LIQUOR.

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

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

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

Subd. 10a. **Livestock expansion and modernization.** "Livestock expansion and modernization" means the purchase of a livestock farm or improvements to a livestock operation, including the purchase and construction or installation of improvements to land, buildings, and other permanent structures, including equipment incorporated in or permanently affixed to the land, buildings, or structures, which are useful for and intended to be used for the purpose of raising livestock.

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

41B.045 LIVESTOCK EXPANSION AND MODERNIZATION LOAN PROGRAM.

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

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

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

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

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

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

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

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

(1) fences;

(2) watering facilities;

(3) feed storage and handling equipment;

(4) milking parlors;

(5) milking equipment, including robotic equipment;

(6) scales;

(7) milk storage and cooling facilities;

(8) manure pumping and storage facilities;

(9) capital investment in pasture;

(10) hoop barns;

(11) portable structures;

(12) hay and forage equipment; and

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) For the purposes of this subdivision, the term "processing" may include, at the option of the county board, issuing, denying, modifying, imposing conditions upon, or revoking permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject to review, suspension, and reversal by the Pollution Control Agency. The Pollution Control Agency shall, after written notification, have 15 days to review, suspend, modify, or reverse the issuance of the permit. After this period, the action of the county board is final, subject to appeal as provided in chapter 14. For permit applications filed after October 1, 2001, section 15.99 applies to feedlot permits issued by the agency or a county pursuant to this subdivision.

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

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

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

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

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

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

(i) Any new rules or amendments to existing rules proposed under the authority granted in this subdivision, or to implement new fees on animal feedlots, must be submitted to the members of legislative policy and finance committees with jurisdiction over agriculture and the environment prior to final adoption. The rules must not become effective until 90 days after the proposed rules are submitted to the members.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 7d. **Exemption.** ~~(a)~~ Notwithstanding subdivision 7 or Minnesota Rules, chapter 7020, to the contrary, and notwithstanding the proximity to public or private waters, an owner or resident of agricultural land on which livestock have been allowed to pasture at any time during the ten-year period beginning January 1, 2010, is permanently exempt from requirements related to feedlot or manure management on that land for so long as the property remains in pasture.

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

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

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

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Sec. 20. **INDUSTRIAL HEMP; PLAN AND REPORT.**

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

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

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

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

Sec. 22. **NURSERY STOCK; REPORT.**

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

ARTICLE 3

BIOINCENTIVE PROGRAM CHANGES

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

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

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

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

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

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

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

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

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

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

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

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

(f) Biobutanol is eligible under this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent.

Sec. 13. **REPEALER.**

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

ARTICLE 4

GRAIN BUYERS AND GRAIN WAREHOUSES

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

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

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

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

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

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

(b) ~~a sale of a shipment of grain which is part of a multiple shipment sale, for which a scale ticket clearly marked "CASH" has been received by the seller before completion of the entire sale, and for which payment is tendered in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment is tendered in cash or by check not later than the close of business on the next business day, or within 48 hours, whichever is later.~~ For the purposes of this subdivision, "cash" means currency or an equivalent manner of payment including but not limited to a certified check; a cashier's check; and a postal, bank, or express money order in which the amount of payment is verified and secured before issuance.

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

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

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

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

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

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

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

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

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

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

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

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

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

Bushel Capacity	Examination Fee
Examinations without a grain measure	$ 100
Less than 150,001	$ 300
150,001 to 250,000	$ 425
250,001 to 500,000	$ 545
500,001 to 750,000	$ 700
750,001 to 1,000,000	$ 865
1,000,001 to 1,200,000	$ 1,040
1,200,001 to 1,500,000	$ 1,205
1,500,001 to 2,000,000	$ 1,380
More than 2,000,000	$ 1,555

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) In lieu of the bond required by this subdivision the applicant may deposit with the commissioner of management and budget ~~cash, a certified check, a cashier's check, a postal, bank, or express money order,~~

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~~assignable bonds or notes of the United States, or an assignment of a bank savings account or investment certificate or~~ an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

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

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

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

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

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

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

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

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

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

(i) a balance sheet;

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

(iii) a statement of retained earnings;

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

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

(2) ~~the financial statement shall~~ be accompanied by a compilation report of the financial statement that is prepared by a grain commission firm or a management firm approved by the commissioner or by an independent public accountant, in accordance with standards established by the American Institute of Certified

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Public Accountants~~. Grain buyers purchasing less than 150,000 bushels of grain per calendar year may submit a financial statement prepared by a public accountant who is not an employee or a relative within the third degree of kindred according to civil law.~~;

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

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

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

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

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

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

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

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

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

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

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

Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must be reduced to writing by the grain buyer, ~~and~~ mailed or given to the seller ~~before the close of the next business day after the contract is entered into or, in the case of an oral or phone contract, after the written confirmation is received by the seller. Provided, however, that if a scale ticket has been received by the seller prior to the completion of the grain shipment, the contract must be reduced to writing within ten days after the sale, but~~

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~~not later than the close of the next business day after the completion of the entire sale~~, and signed by both buyer and seller within ten days of the date of delivery of the grain. The form of the contract shall comply with the requirements of section 223.175. A grain buyer may use an electronic version of a voluntary extension of credit contract that contains the same information as a written document and that conforms to the requirements of this chapter to which a seller has applied an electronic signature in place of a written document. There must not at any time be an electronic and paper voluntary extension of credit contract representing the same lot of grain.

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

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

223.19 RULES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

232.24 SCHEDULE OF INSPECTION, FINANCIAL REPORTS.

Subdivision 1. **Schedule of examination.** A licensee under sections 232.20 to 232.24 is subject to ~~two examinations~~ an examination annually conducted by the commissioner or the Agricultural Marketing Service of the United States Department of Agriculture. The commissioner may~~, by rule, authorize one examination to be conducted by a qualified nongovernmental unit~~ require supplemental examinations of a licensee as the commissioner deems necessary.

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

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

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

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

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ARTICLE 5

HOUSING FINANCE AGENCY APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

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

	APPROPRIATIONS Available for the Year Ending June 30	
	2020	**2021**
Sec. 2. **HOUSING FINANCE AGENCY**		
Subdivision 1. **Total Appropriation**	**$ 64,048,000**	**$ 56,548,000**
(a) The amounts that may be spent for each purpose are specified in the following subdivisions.		
(b) Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.		
Subd. 2. **Challenge Program**	17,925,000	12,925,000
(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33.		
(b) Of this amount, $1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of the fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.		
(c) The base for this program in fiscal year 2022 and beyond is $12,925,000.		

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Subd. 3. **Workforce Housing Development**	2,000,000	2,000,000
This appropriation is for the workforce housing development program under Minnesota Statutes, section 462A.39. If requested by the applicant and approved by the agency, funded properties may include a portion of income and rent restricted units. Funded properties may include owner-occupied homes.		
Subd. 4. **Manufactured Home Park Infrastructure Grants**	2,000,000	0
(a) This appropriation is for manufactured home park infrastructure grants under Minnesota Statutes, section 462A.2035, subdivision 1b.		
(b) The base for this program in fiscal year 2022 and beyond is $1,000,000.		
Subd. 5. **Workforce Homeownership Program**	500,000	0
(a) This appropriation is for the workforce homeownership program under Minnesota Statutes, section 462A.38.		
(b) The base for this program in fiscal year 2022 and beyond is $250,000.		
Subd. 6. **Housing Trust Fund**	11,646,000	11,646,000
This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section.		
Subd. 7. **Homework Starts with Home**	1,750,000	1,750,000
This appropriation is for the homework starts with home program under Minnesota Statutes, sections 462A.201, subdivision 2, paragraph (a), clause (4), and 462A.204, subdivision 8, to provide assistance to homeless or highly mobile families with children eligible for enrollment in a prekindergarten through grade 12 academic program.		
Subd. 8. **Rental Assistance for Mentally Ill**	4,338,000	4,338,000
This appropriation is for the rental housing assistance program for persons with a mental illness or families		

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with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. Among comparable proposals, the agency shall prioritize those proposals that target, in part, eligible persons who desire to move to more integrated, community-based settings.

Subd. 9. **Family Homeless Prevention**	10,269,000	10,269,000

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

Subd. 10. **Home Ownership Assistance Fund**	885,000	885,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color. To better understand and address the disparity gap, the agency is required to collect, on a voluntary basis, demographic information regarding race, color, national origin, and sex of applicants for agency programs intended to benefit homeowners and homebuyers.

Subd. 11. **Affordable Rental Investment Fund**	4,218,000	4,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest

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remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

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

Subd. 12. **Owner-Occupied Housing Rehabilitation**	2,772,000	2,772,000

(a) This appropriation is for the rehabilitation of owner-occupied housing under Minnesota Statutes, section 462A.05, subdivisions 14 and 14a.

(b) Notwithstanding any law to the contrary, grants or loans under this subdivision may be made without rent or income restrictions of owners or tenants. To the extent practicable, grants or loans must be made available statewide.

Subd. 13. **Rental Housing Rehabilitation**	3,743,000	3,743,000

(a) This appropriation is for the rehabilitation of eligible rental housing under Minnesota Statutes, section 462A.05, subdivision 14. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic development and housing challenge program under Minnesota Statutes, section 462A.33, and may provide grants or forgivable loans if approved by the agency.

(b) Notwithstanding any law to the contrary, grants or loans under this subdivision may be made without rent or income restrictions of owners or tenants. To the extent practicable, grants or loans must be made available statewide.

Subd. 14. **Homeownership Education, Counseling, and Training**	857,000	857,000

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This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209.

Subd. 15. **Capacity-Building Grants**	645,000	645,000

This appropriation is for nonprofit capacity-building grants under Minnesota Statutes, section 462A.21, subdivision 3b. Of this amount, $125,000 each year is for support of the Homeless Management Information System (HMIS).

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

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

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

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

ARTICLE 6

HOUSING POLICY

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

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

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

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

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

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

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

Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092, an initial or renewed residential contractor, residential remodeler, or residential roofer license is a business license.

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Notwithstanding section 326B.092, the licensing fee for manufactured home installers under section 327B.041 is ~~$300~~ $180 for a three-year period.

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

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

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

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

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

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

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

327B.041 MANUFACTURED HOME INSTALLERS.

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

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

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

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

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

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

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

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

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

Subd. 8a. **Representative acting on behalf of residents.** "Representative acting on behalf of residents" means a representative who is authorized to represent residents in the purchase of property for the purposes of this chapter, and has gained that authorization by obtaining the signature of support from at least one resident who is a homeowner-signatory to the home's lot lease agreement as defined by section 327C.01, subdivision 9, from at least 51 percent of the occupied homes in a manufactured home park. The signature of a resident who is a signatory to the home's lot lease agreement asserting that they are a resident of that manufactured home park shall be presumptive evidence of the claim that the representative is authorized to act on behalf of the resident and shall be exclusive to only one representative acting on behalf of residents.

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

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

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

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

Subd. 2. **Notice of hearing; proposed change in land use.** If the planned conversion or cessation of operation requires a variance or zoning change, the ~~municipality~~ local government authority must mail a notice at least ten days before the hearing to a resident of each manufactured home in the park stating the time, place, and purpose of the public hearing. The park owner shall provide the ~~municipality~~ local government authority with a list of the names and addresses of at least one resident of each manufactured home in the park at the time application is made for a variance or zoning change.

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

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

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

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

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

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

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

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

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

Subd. 6. **Intent to convert use of park at time of purchase.** (a) Before the execution of an agreement to purchase a manufactured home park, the purchaser must notify the park owner, in writing, if the purchaser intends to close the manufactured home park or convert it to another use within one year of the execution of the agreement. If so, the park owner shall provide a resident of each manufactured home with a 45-day written notice of the purchaser's intent to close the park or convert it to another use and may not enter into a purchase agreement for the sale of the park other than with a representative acting on behalf of residents, until the 45 days have expired. The notice must state that the park owner will promptly provide information on the cash price and the terms and conditions of the purchaser's offer to residents requesting the information. The notice must be sent by first class mail to a resident of each manufactured home in the park and made available in alternative formats or translations if requested by a resident and the request is a reasonable accommodation due to a disability of an adult resident or because there is not an adult resident who is able to speak the language the notice is provided in. The notice period begins on the postmark date affixed to the notice and ends 45 days after it begins. During the notice period required in this subdivision, ~~the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park~~ a representative acting on behalf of residents shall have the right to make an offer to meet the cash price and ~~execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community~~ to agree to material terms and conditions set forth in the purchaser's offer and to execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community. The park owner must ~~accept the offer if it meets~~ in good faith negotiate a purchase agreement meeting the cash price and the same terms and conditions set forth in the purchaser's offer except that the seller is not obligated to provide owner financing. For purposes of this section, cash price means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1, paragraph (d). The purchase agreement must permit the representative a commercially reasonable due diligence period with access by the representative to all information reasonably necessary to make an informed decision regarding the purchase. The representative may be required to enter into a confidentiality agreement regarding the information.

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

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

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

Subd. 7. ~~**Intent to convert**~~ **Conversion of use of park after purchase.** If the ~~purchaser~~ residents of a manufactured home park ~~decides to convert the park to another use within one year after the purchase of the park, the purchaser must offer the park for purchase by the residents of the park~~ have not been provided the written notice of intent to close the park required by subdivision 6, the purchaser may not provide residents

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with the notice required by subdivision 1 until 12 months after the date of purchase. For purposes of this subdivision, the date of purchase is the date of the transfer of the title to the purchaser. ~~The purchaser must provide a resident of each manufactured home with a written notice of the intent to close the park and all of the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park shall have 45 days to execute an agreement for the purchase of the park at a cash price equal to the original purchase price paid by the purchaser plus any documented expenses relating to the acquisition and improvement of the park property, together with any increase in value due to appreciation of the park. The purchaser must execute the purchase agreement at the price specified in this subdivision and pay the cash price within 90 days of the date of the purchase agreement. The notice must be sent by first class mail to a resident of each manufactured home in the park. The notice period begins on the postmark date affixed to the notice and ends 45 days after it begins.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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amount received for that park and the number of deductions made for each of the following reasons: vacant lots, ineligible lots, and uncollected fees.

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) In lieu of collecting a relocation payment from the Minnesota manufactured home relocation trust fund under paragraph (a), the manufactured home owner may collect an amount from the fund after reasonable efforts to relocate the manufactured home have failed due to the age or condition of the manufactured home, or because there are no manufactured home parks willing or able to accept the manufactured home within a 25-mile radius. A manufactured home owner may tender title of the manufactured home in the manufactured home park to the manufactured home park owner, and collect an amount to be determined by an independent appraisal. The appraiser must be agreed to by both the manufactured home park owner and the manufactured home owner. If the appraised market value cannot be determined, the tax market value, averaged over a period of five years, can be used as a substitute. The maximum amount that may be reimbursed under the fund is $8,000 for a single-section and $14,500 for a multisection manufactured home. The minimum amount that may be reimbursed under the fund is $2,000 for a single section and $4,000 for a multisection manufactured home. The manufactured home owner shall deliver to the manufactured home park owner the current certificate of title to the manufactured home duly endorsed by the owner of record, and valid releases of all liens shown on the certificate of title, and a statement from the county where the manufactured home is located evidencing that the personal property taxes have been paid. The manufactured home owner's application for funds under this paragraph must include a document certifying that the manufactured home cannot be relocated, that the lot rental is current, that the annual $15 payments to the Minnesota manufactured home relocation trust fund have been paid when due, that the manufactured home owner has chosen to tender title under this section, and that the park owner agrees to make a payment to the commissioner of management and budget in the amount established in subdivision 12, paragraph (a), less any documented costs submitted to the neutral third party, required for demolition and removal of the home, and any debris or refuse left on the lot, not to exceed ~~$1,000~~ $1,500. The manufactured home owner must also provide a copy of the certificate of title endorsed by the owner of record, and certify to the neutral third party, with a copy to the park owner, that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the manufactured home owner, and that the home owner will vacate the home within 60 days after receipt of payment or the date of park closure, whichever is earlier, provided that the monthly lot rent is kept current.

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

(g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be liable to any person for recovery if the funds in the Minnesota manufactured home relocation trust fund are insufficient

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to pay the amounts claimed. The Minnesota Housing Finance Agency shall keep a record of the time and date of its approval of payment to a claimant.

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

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

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

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

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

Subd. 4. **Housing improvements.** "Housing improvements" has the meaning given in the city's enabling ordinance. Housing improvements may include improvements to common elements of a condominium or other common interest community or to a manufactured home park.

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

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

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

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

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

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

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

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

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

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

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

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

(1) details of program costs;

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

(3) the number of program participants;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) in the metropolitan area:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gap financing is either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) all the residential units of the project:

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

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

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

(2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision 2, and within a county or metropolitan area that has a current median area gross income that is less than the statewide area median income for Minnesota;

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

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

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

For purposes of this subdivision, "on average" means the average of the applicable income limitation level for a project determined on a unit-by-unit basis for example, a project with one-half of its units subject to income limitations of not greater than 20 percent AMI and one-half subject to income limitations of not

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greater than 40 percent AMI would be subject to an income limitation on average of not greater than 30 percent AMI.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Sec. 37. Minnesota Statutes 2018, 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, 2001, 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) $74,530,000 to the small issue pool;

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

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

(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.

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

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

Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer before ~~July 15~~ the last Monday in June shall be reallocated through the housing pool. Any amount returned on or after ~~July 15~~ the last Monday in June 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.

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

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

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

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

(c) If an application is rejected under this section, the commissioner must notify the applicant 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 a certificate of allocation.

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

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

Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from the housing pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) an application deposit in the amount of two percent of the requested allocation, (4) a sworn statement from the applicant identifying the project as either a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project, and (5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation. The issuer must pay the application deposit to the Department of Management and Budget. The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

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

(c) If an application is rejected under this section, the commissioner must notify the applicant 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 a certificate of allocation.

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

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

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

(1) preservation projects;

(2) 30 percent AMI residential rental projects;

(3) 50 percent AMI residential rental projects;

(4) 100 percent LIHTC projects;

(5) 20 percent LIHTC projects; and

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

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

(b) After January 1, and through January 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 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. Data on the home purchase price amount, mortgage amount, income, household size, and race of

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the households served in the previous year's single-family housing program, if any, must be included in each application; and

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

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

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

For purposes of paragraphs (a) to (h), "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.

(d) 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 to the commissioner a list specifying the amounts allotted to each application with all application fees and deposits from applicants who choose to have the agency issue bonds on their behalf.

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

(e) 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

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any time after the second Tuesday in January and through the last Monday in ~~July~~ June. After awarding an allocation and receiving a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposits to the Minnesota Housing Finance Agency to be returned to the participating cities. The Minnesota Housing Finance Agency 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 (d).

(f) A city may choose to issue bonds on its own behalf or through a joint powers agreement and may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and a one percent application deposit to the commissioner no later than the Monday of the week preceding an allocation. 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 (d) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city may receive an allocation from the housing pool for mortgage bonds 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.

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

(h) A city that does not use at least 50 percent of its 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 calendar 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 for an allocation made prior to ~~July~~ June 15, regardless of the amount used in the preceding calendar year, except that a city whose allocation in the preceding year was the minimum amount of $100,000 and who did not use at least 50 percent of its allocation from the preceding year is ineligible for an allocation in the immediate succeeding calendar year. Each local government unit in a consortium must meet the requirements of this paragraph.

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

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

Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner shall allocate available bonding authority from the small issue pool to applications received on or before the Monday of the preceding week

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for manufacturing projects and enterprise zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~ June, 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.

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

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 enterprise zone facility projects and manufacturing projects. The amount of allocation provided to an issuer for a specific enterprise zone facility project or manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045.

If there are two or more applications for manufacturing and enterprise zone facility 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.

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

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

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

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

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

Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities pool.** (a) For any requested allocations from the small issue pool or the public facilities pool, 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~~ June, 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

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Monday in ~~July~~ June, 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~~ subdivision 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.

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

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

Subd. 7. **Return of allocation; deposit refund for housing pool.** (a) For any requested allocations from the housing pool, if an issuer that receives an allocation under this section determines that it will not permanently issue obligations equal to all or a portion of the allocation received under this section within the time period provided under section 474A.061, subdivision 2a, paragraph (a), 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 time period provided under section 474A.061, subdivision 2a, paragraph (a), has expired prior to the last Monday in June, the amount of allocation is canceled and returned for reallocation through the housing pool. If the issuer notifies the department or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has expired on or after the last Monday in June, 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 subdivision within 180 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 45 days of receiving allocation;

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) a preliminary resolution~~,~~;

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

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

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

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

The issuer must pay the application deposit ~~by check~~ to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for ~~public facility bonds,~~ residential rental project bonds~~, or mortgage bonds~~ under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned

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for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

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

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

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

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

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

(1) a preliminary resolution;

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

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

(4) an application deposit in the amount of two percent of the requested allocation; and

(5) a public purpose scoring worksheet for manufacturing and enterprise zone applications.

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

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

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the

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first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

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

Sec. 50. Minnesota Statutes 2018, 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~~ July through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on 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) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

(1) applications for residential rental project bonds;

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

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

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

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

(2) applications for mortgage bonds;

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

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

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

(6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;

(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) 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 for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

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(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility 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 for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

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

(g) From the first Monday in ~~August~~ July 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~~ the amounts are available within the unified pool.

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

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

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

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

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

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

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

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

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Sec. 51. Minnesota Statutes 2018, 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 permanently issue obligations equal to all or a portion of the allocation received under this section within ~~120~~ the applicable number of days ~~of~~ after the allocation required in this chapter 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~~ applicable 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 for all types of bonds other than residential rental project bonds 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) An issuer that returns for reallocation all or a portion of an allocation for residential rental project bonds received under this section within 180 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 45 days of receiving the allocation;

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

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

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

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

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

Subdivision 1. **Notice of issue.** (a) 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;

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(3) the principal amount of the bonds;

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

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

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

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 4:30 p.m. on the last business day in December, whichever occurs first. 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.

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

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

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

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

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

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

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

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

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

474A.14 NOTICE OF AVAILABLE AUTHORITY.

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

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

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

474A.21 APPROPRIATION; RECEIPTS.

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

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

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

504B.111 WRITTEN LEASE REQUIRED; PENALTY.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) In a tenancy with multiple tenants, one of whom is terminating the lease under subdivision 1, any lease governing all tenants is terminated at the ~~latter~~ later of the end of the month or the end of the rent interval in which one tenant terminates the lease under subdivision 1. All tenants are responsible for the rent payment for the full month in which the tenancy terminates. Upon termination, all tenants forfeit all claims for the return of the security deposit under section 504B.178 and are relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. Any tenant whose tenancy was terminated under this paragraph may reapply to enter into a new lease with the landlord.

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

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

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

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

Sec. 61. **REPEALER.**

Minnesota Statutes 2018, section 327C.095, subdivision 8, is repealed.

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ARTICLE 7

BROADBAND DEVELOPMENT

Section 1. **BROADBAND DEVELOPMENT APPROPRIATIONS.**

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

	APPROPRIATIONS Available for the Year Ending June 30	
	2020	**2021**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**	**$ 20,250,000**	**$ 20,250,000**

(a) $250,000 each year is for the Broadband Development Office.

(b) $20,000,000 in fiscal year 2020 and $20,000,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of employment and economic development for deposit in the border-to-border broadband fund account under Minnesota Statutes, section 116J.396. The appropriation is onetime and must be used for grants and the purposes specified under Minnesota Statutes, section 116J.395.

Presented to the governor May 28, 2019

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