

1.1 moves to amend H.F. No. 2542 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
1.4 to read:

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

1.8 Sec. 2. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
1.9 read:

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

1.13 Sec. 3. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
1.14 read:

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

1.17 Sec. 4. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
1.18 read:

1.19 Subd. 21a. **Preservation project.** "Preservation project" means any residential rental
1.20 project, regardless of whether or not such project is restricted to persons of a certain age or
1.21 older, that is expected to generate low-income housing tax credits under section 42 of the
1.22 Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental

2.1 assistance, or (2) is funded through a loan from or guaranteed by the United States
2.2 Department of Agriculture's Rural Development Program. In addition, to qualify as a
2.3 preservation project, the amount of bonds requested in the application must not exceed the
2.4 aggregate bond limitation.

2.5 Sec. 5. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
2.6 read:

2.7 Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential
2.8 rental project" means a residential rental project that does not otherwise qualify as a
2.9 preservation project, is expected to generate low-income housing tax credits under section
2.10 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential
2.11 units, and in which:

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

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

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

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

2.17 (2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision
2.18 2, and within a county or metropolitan area that has a current median area gross income
2.19 that is less than the statewide area median income for Minnesota;

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

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

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

2.26 For purposes of this subdivision, "on average" means the average of the applicable
2.27 income limitation level for a project determined on a unit-by-unit basis e.g., a project with
2.28 one-half of its units subject to income limitations of not greater than 20 percent AMI and
2.29 one-half subject to income limitations of not greater than 40 percent AMI would be subject
2.30 to an income limitation on average of not greater than 30 percent AMI.

3.1 Sec. 6. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
3.2 read:

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

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

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

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

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

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

3.19 Sec. 7. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
3.20 read:

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

3.28 Sec. 8. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to
3.29 read:

3.30 Subd. 33. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential
3.31 rental project that is expected to generate low-income housing tax credits under section 42
3.32 of the Internal Revenue Code of 1986, as amended, from at least 20 percent of its residential

4.1 units and does not otherwise qualify as a preservation project, 30 percent AMI residential
4.2 rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project. In
4.3 addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the
4.4 application must not exceed the aggregate bond limitation.

4.5 Sec. 9. Minnesota Statutes 2018, section 474A.03, subdivision 1, is amended to read:

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

4.10 (1) \$74,530,000 to the small issue pool;

4.11 (2) \$122,060,000 to the housing pool, of which 31 percent of the adjusted allocation is
4.12 reserved until the last Monday in ~~July~~ June for single-family housing programs;

4.13 (3) \$12,750,000 to the public facilities pool; and

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

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

4.19 Sec. 10. Minnesota Statutes 2018, section 474A.04, subdivision 1a, is amended to read:

4.20 Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer
4.21 before July ~~15~~ 1 shall be reallocated through the housing pool. Any amount returned on or
4.22 after July ~~15~~ 1 shall be reallocated through the unified pool. An amount returned after the
4.23 last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

4.24 Sec. 11. Minnesota Statutes 2018, section 474A.061, subdivision 1, is amended to read:

4.25 Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a)
4.26 For any requested allocations from the small issue pool and the public facilities pool, an
4.27 issuer may apply for an allocation under this section by submitting to the department an
4.28 application on forms provided by the department, accompanied by (1) a preliminary
4.29 resolution, (2) a statement of bond counsel that the proposed issue of obligations requires
4.30 an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified
4.31 bonds to be issued, (4) an application deposit in the amount of one percent of the requested

5.1 allocation before the last Monday in ~~July~~ June, or in the amount of two percent of the
5.2 requested allocation on or after the last Monday in ~~July~~ June, and (5) a public purpose
5.3 scoring worksheet for manufacturing project and enterprise zone facility project applications;
5.4 and ~~(6) for residential rental projects, a statement from the applicant or bond counsel as to~~
5.5 ~~whether the project preserves existing federally subsidized housing for residential rental~~
5.6 ~~project applications and whether the project is restricted to persons who are 55 years of age~~
5.7 ~~or older.~~ The issuer must pay the application deposit by a check made payable to the
5.8 Department of Management and Budget. The Minnesota Housing Finance Agency, the
5.9 Minnesota Rural Finance Authority, and the Minnesota Office of Higher Education may
5.10 apply for and receive an allocation under this section without submitting an application
5.11 deposit.

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

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

5.28 Sec. 12. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision
5.29 to read:

5.30 Subd. 1a. Allocation application; housing pool. (a) For any requested allocations from
5.31 the housing pool, an issuer may apply for an allocation under this section by submitting to
5.32 the department an application on forms provided by the department, accompanied by (1) a
5.33 preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations
5.34 requires an allocation under this chapter and the Internal Revenue Code, (3) an application

6.1 deposit in the amount of two percent of the requested allocation, (4) a sworn statement from
6.2 the applicant identifying the project as either a preservation project, 30 percent AMI
6.3 residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC
6.4 project, 20 percent LIHTC project, or any other residential rental project, and (5) a
6.5 certification from the applicant or its accountant stating whether the requested allocation
6.6 exceeds the aggregate bond limitation. The issuer must pay the application deposit to the
6.7 Department of Management and Budget. The Minnesota Housing Finance Agency may
6.8 apply for and receive an allocation under this section without submitting an application
6.9 deposit.

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

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

6.22 Sec. 13. Minnesota Statutes 2018, section 474A.061, subdivision 2a, is amended to read:

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

6.33 (1) preservation projects;

6.34 (2) 30 percent AMI residential rental projects;

7.1 (3) 50 percent AMI residential rental projects;

7.2 (4) 100 percent LIHTC projects;

7.3 (5) 20 percent LIHTC projects; and

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

7.6 ~~If an issuer that receives an allocation under this paragraph does not issue obligations equal~~
7.7 ~~to all or a portion of the allocation received within 120 days of the allocation or returns the~~
7.8 ~~allocation to the commissioner, the amount of the allocation is canceled and returned for~~
7.9 ~~reallocation through the housing pool or to the unified pool after July 15. If there are two~~
7.10 or more applications for residential rental projects at the same priority level and there is
7.11 insufficient bonding authority to provide allocations for all the projects in any one allocation
7.12 period, available bonding authority shall be randomly awarded by lot but only for projects
7.13 that can receive the full amount of their respective requested allocations. If a residential
7.14 rental project does not receive any of its requested allocation pursuant to this paragraph and
7.15 the project applies in the future to the housing pool or unified pool for additional allocation
7.16 of bonds, the project shall be fully funded up to its original application request for bonding
7.17 authority before any new project, applying in the same allocation period, that has an equal
7.18 priority shall receive bonding authority. An issuer that receives an allocation under this
7.19 paragraph must issue obligations equal to all or a portion of the allocation received on or
7.20 before the later of 180 days of the allocation or within 18 months after the allocation date
7.21 if the applicant submits an additional application deposit equal to one percent of the allocation
7.22 amount on or prior to 180 days after the allocation date. If an issuer that receives an allocation
7.23 under this paragraph does not issue obligations equal to all or a portion of the allocation
7.24 received within the time period provided in this paragraph or returns the allocation to the
7.25 commissioner, the amount of the allocation is canceled and returned for reallocation through
7.26 the housing pool or to the unified pool after July 1. If an issuer that receives an allocation
7.27 under this paragraph issues obligations within the time period provided in this paragraph,
7.28 the commissioner shall refund 50 percent of any application deposit previously paid within
7.29 30 days of the issuance of the obligations and the remaining 50 percent of the application
7.30 deposit within 30 days after completion of construction of the project.

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

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

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

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

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

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

8.19 (c) Any amounts remaining in the housing pool after July ~~15~~ 1 are available for
8.20 single-family housing programs for cities that applied in January and received an allocation
8.21 under this section in the same calendar year. For a city that chooses to issue bonds on its
8.22 own behalf or pursuant to a joint powers agreement, the agency must allot available bonding
8.23 authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by
8.24 loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing
8.25 Finance Agency issues bonds.

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

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

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

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

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

9.16 Total allocations from the housing pool for single-family housing programs may not
9.17 exceed 31 percent of the adjusted allocation to the housing pool until after July ~~15~~ 1.

9.18 (e) The agency may issue bonds on behalf of participating cities. The agency shall request
9.19 an allocation from the commissioner for all applicants who choose to have the agency issue
9.20 bonds on their behalf and the commissioner shall allocate the requested amount to the
9.21 agency. The agency may request an allocation at any time after the second Tuesday in
9.22 January and through the last Monday in ~~July~~ June. After awarding an allocation and receiving
9.23 a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the
9.24 commissioner shall transfer the application deposits to the Minnesota Housing Finance
9.25 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency
9.26 shall return any application deposit to a city that paid an application deposit under paragraph
9.27 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph
9.28 (d).

9.29 (f) A city may choose to issue bonds on its own behalf or through a joint powers
9.30 agreement and may request an allocation from the commissioner by forwarding an application
9.31 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
9.32 application deposit to the commissioner no later than the Monday of the week preceding
9.33 an allocation. If the total amount requested by all applicants exceeds the amount available
9.34 in the pool, the city may not receive a greater allocation than the amount it would have

10.1 received under the list forwarded by the Minnesota Housing Finance Agency to the
10.2 commissioner. No city may request or receive an allocation from the commissioner until
10.3 the list under paragraph (d) has been forwarded to the commissioner. A city must request
10.4 an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city
10.5 may receive an allocation from the housing pool for mortgage bonds which has not first
10.6 applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the
10.7 requested amount to the city or cities subject to the limitations under this paragraph.

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

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

10.19 (h) A city that does not use at least 50 percent of its allotment by the date applications
10.20 are due for the first allocation that is made from the housing pool for single-family housing
10.21 programs in the immediately succeeding calendar year may not apply to the housing pool
10.22 for a single-family mortgage bond or mortgage credit certificate program allocation that
10.23 exceeds the amount of its allotment for the preceding year that was used by the city in the
10.24 immediately preceding year or receive an allotment from the housing pool in the succeeding
10.25 calendar year that exceeds the amount of its allotment for the preceding year that was used
10.26 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
10.27 ~~July 15~~ 1, regardless of the amount used in the preceding calendar year, except that a city
10.28 whose allocation in the preceding year was the minimum amount of \$100,000 and who did
10.29 not use at least 50 percent of its allocation from the preceding year is ineligible for an
10.30 allocation in the immediate succeeding calendar year. Each local government unit in a
10.31 consortium must meet the requirements of this paragraph.

10.32 Sec. 14. Minnesota Statutes 2018, section 474A.061, subdivision 2b, is amended to read:

10.33 Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January
10.34 and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner

11.1 shall allocate available bonding authority from the small issue pool to applications received
11.2 on or before the Monday of the preceding week for manufacturing projects and enterprise
11.3 zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~
11.4 June, the commissioner shall reserve \$5,000,000 of the available bonding authority from
11.5 the small issue pool for applications for agricultural development bond loan projects of the
11.6 Minnesota Rural Finance Authority.

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

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

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

11.25 Sec. 15. Minnesota Statutes 2018, section 474A.061, subdivision 2c, is amended to read:

11.26 Subd. 2c. **Public facilities pool allocation.** From the beginning of the calendar year and
11.27 continuing for a period of 120 days, the commissioner shall reserve \$5,000,000 of the
11.28 available bonding authority from the public facilities pool for applications for public facilities
11.29 projects to be financed by the Western Lake Superior Sanitary District. Commencing on
11.30 the second Tuesday in January and continuing on each Monday through the last Monday
11.31 in ~~July~~ June, the commissioner shall allocate available bonding authority from the public
11.32 facilities pool to applications for eligible public facilities projects received on or before the
11.33 Monday of the preceding week. If there are two or more applications for public facilities
11.34 projects from the pool and there is insufficient available bonding authority to provide

12.1 allocations for all projects in any one week, the available bonding authority shall be awarded
12.2 by lot unless otherwise agreed to by the respective issuers.

12.3 Sec. 16. Minnesota Statutes 2018, section 474A.061, subdivision 4, is amended to read:

12.4 Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities**

12.5 **pool.** (a) For any requested allocations from the small issue pool or the public facilities

12.6 pool, If an issuer that receives an allocation under this section determines that it will not

12.7 issue obligations equal to all or a portion of the allocation received under this section within

12.8 120 days of allocation or within the time period permitted by federal tax law, whichever is

12.9 less, the issuer must notify the department. If the issuer notifies the department or the 120-day

12.10 period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of

12.11 allocation is canceled and returned for reallocation through the pool from which it was

12.12 originally allocated. If the issuer notifies the department or the 120-day period since allocation

12.13 has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled

12.14 and returned for reallocation through the unified pool. If the issuer notifies the department

12.15 after the last Monday in November, the amount of allocation is canceled and returned for

12.16 reallocation to the Minnesota Housing Finance Agency. To encourage a competitive

12.17 application process, the commissioner shall reserve, for new applications, the amount of

12.18 allocation that is canceled and returned for reallocation under this section for a minimum

12.19 of seven calendar days.

12.20 (b) An issuer that returns for reallocation all or a portion of an allocation received under

12.21 this ~~section~~ subdivision within 120 days of allocation shall receive within 30 days a refund

12.22 equal to:

12.23 (1) one-half of the application deposit for the amount of bonding authority returned

12.24 within 30 days of receiving allocation;

12.25 (2) one-fourth of the application deposit for the amount of bonding authority returned

12.26 between 31 and 60 days of receiving allocation; and

12.27 (3) one-eighth of the application deposit for the amount of bonding authority returned

12.28 between 61 and 120 days of receiving allocation.

12.29 (c) No refund shall be available for allocations returned 120 or more days after receiving

12.30 the allocation or beyond the last Monday in November.

13.1 Sec. 17. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision
13.2 to read:

13.3 Subd. 7. **Return of allocation; deposit refund for housing pool.** (a) For any requested
13.4 allocations from the housing pool, if an issuer that receives an allocation under this section
13.5 determines that it will not issue obligations equal to all or a portion of the allocation received
13.6 under this section within the time period provided under section 474A.061, subdivision 2a,
13.7 paragraph (a), or within the time period permitted by federal tax law, whichever is less, the
13.8 issuer must notify the department. If the issuer notifies the department or the time period
13.9 provided under section 474A.061, subdivision 2a, paragraph (a), has expired prior to the
13.10 last Monday in June, the amount of allocation is canceled and returned for reallocation
13.11 through the pool from which it was originally allocated. If the issuer notifies the department
13.12 or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has
13.13 expired on or after the last Monday in June, the amount of allocation is canceled and returned
13.14 for reallocation through the unified pool. If the issuer notifies the department after the last
13.15 Monday in November, the amount of allocation is canceled and returned for reallocation
13.16 to the Minnesota Housing Finance Agency. To encourage a competitive application process,
13.17 the commissioner shall reserve, for new applications, the amount of allocation that is canceled
13.18 and returned for reallocation under this section for a minimum of seven calendar days.

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

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

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

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

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

14.1 Sec. 18. Minnesota Statutes 2018, section 474A.062, is amended to read:

14.2 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY ISSUANCE**
 14.3 **EXEMPTION.**

14.4 The Minnesota Office of Higher Education is exempt from ~~the 120-day~~ any time
 14.5 limitation on issuance requirements of bonds set forth in this chapter and may carry forward
 14.6 allocations for student loan bonds, subject to carryforward notice requirements of section
 14.7 474A.131, subdivision 2.

14.8 Sec. 19. Minnesota Statutes 2018, section 474A.091, subdivision 1, is amended to read:

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

14.13 Sec. 20. Minnesota Statutes 2018, section 474A.091, subdivision 2, is amended to read:

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

14.17 (1) a preliminary resolution;

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

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

14.26 (4) a sworn statement from the applicant identifying the project as a preservation project,
 14.27 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
 14.28 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
 14.29 and

14.30 (5) a certification from the applicant or its accountant stating whether the requested
 14.31 allocation exceeds the aggregate bond limitation.

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

15.8 (b) An issuer that receives an allocation under this subdivision must issue obligations
15.9 equal to all or a portion of the allocation received on or before the later of 180 days of the
15.10 allocation or within 18 months after the allocation date if the applicant submits an additional
15.11 application deposit equal to one percent of the allocation amount on or prior to 180 days
15.12 after the allocation date. If an issuer that receives an allocation under this subdivision does
15.13 not issue obligations equal to all or a portion of the allocation received within the time
15.14 period provided in this paragraph or returns the allocation to the commissioner, the amount
15.15 of the allocation is canceled and returned for reallocation through the unified pool. If an
15.16 issuer that receives an allocation under this subdivision issues obligations within the time
15.17 period provided in this paragraph, the commissioner shall refund 50 percent of any application
15.18 deposit previously paid within 30 days of the issuance of the obligations and the remaining
15.19 50 percent of the application deposit within 30 days after completion of construction of the
15.20 project.

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

15.28 Sec. 21. Minnesota Statutes 2018, section 474A.091, is amended by adding a subdivision
15.29 to read:

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

15.34 (1) a preliminary resolution;

- 16.1 (2) a statement of bond counsel that the proposed issue of obligations requires an
16.2 allocation under this chapter and the Internal Revenue Code;
- 16.3 (3) the type of qualified bonds to be issued;
- 16.4 (4) an application deposit in the amount of two percent of the requested allocation; and
- 16.5 (5) a public purpose scoring worksheet for manufacturing and enterprise zone
16.6 applications.

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

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

16.20 Sec. 22. Minnesota Statutes 2018, section 474A.091, subdivision 3, is amended to read:

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

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

- 16.29 (1) applications for residential rental project bonds;
- 16.30 (2) applications for small issue bonds for manufacturing projects; and
- 16.31 (3) applications for small issue bonds for agricultural development bond loan projects.

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

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

17.5 (2) applications for mortgage bonds;

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

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

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

17.9 (6) applications for residential rental project bonds;

17.10 (7) applications for enterprise zone facility bonds;

17.11 (8) applications for governmental bonds; and

17.12 (9) applications for redevelopment bonds.

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

17.20 (e) If there are two or more applications for enterprise zone facility projects from the
17.21 unified pool and there is insufficient bonding authority to provide allocations for all enterprise
17.22 zone facility projects in any one allocation period, the available bonding authority shall be
17.23 awarded based on the number of points awarded a project under section 474A.045 with
17.24 those projects receiving the greatest number of points receiving allocation first. If two or
17.25 more applications for enterprise zone facility projects receive an equal amount of points,
17.26 available bonding authority shall be awarded by lot unless otherwise agreed to by the
17.27 respective issuers.

17.28 (f) If there are two or more applications for residential rental projects from the unified
17.29 pool and there is insufficient bonding authority to provide allocations for all residential
17.30 rental projects in any one allocation period, the available bonding authority shall be awarded
17.31 in the following order of priority: (1) ~~projects that preserve existing federally subsidized~~
17.32 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~

18.1 ~~(3)~~ preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI
18.2 residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects;
18.3 and (6) other residential rental projects. If there are two or more applications for residential
18.4 rental projects at the same priority level and there is insufficient bonding authority to provide
18.5 allocations for all the projects in any one allocation period, available bonding authority shall
18.6 be randomly awarded by lot but only for projects that received the full amount of their
18.7 respective requested allocations. If a residential rental project does not receive any of its
18.8 requested allocation pursuant to this paragraph and the project applies in the future to the
18.9 housing pool or the unified pool for additional allocation of bonds, the project shall be fully
18.10 funded up to its original application request for bonding authority before any new project,
18.11 applying in the same allocation period, that has an equal priority shall receive bonding
18.12 authority.

18.13 (g) From the first Monday in ~~August~~ July through the last Monday in November,
18.14 \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding
18.15 authority allocated to the small issue pool under section 474A.03, subdivision 1, less the
18.16 amount allocated to issuers from the small issue pool for that year, whichever is less, is
18.17 reserved within the unified pool for small issue bonds to the extent ~~such~~ the amounts are
18.18 available within the unified pool.

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

18.21 (1) \$10,000,000 for any one city; or

18.22 (2) \$20,000,000 for any number of cities in any one county.

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

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

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

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

19.1 Sec. 23. Minnesota Statutes 2018, section 474A.091, subdivision 5, is amended to read:

19.2 Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation
19.3 under this section determines that it will not issue obligations equal to all or a portion of
19.4 the allocation received under this section within ~~120~~ the applicable number of days ~~of~~ after
19.5 the allocation required in this chapter or within the time period permitted by federal tax law,
19.6 whichever is less, the issuer must notify the department. If the issuer notifies the department
19.7 or the 120-day period since allocation has expired prior to the last Monday in November,
19.8 the amount of allocation is canceled and returned for reallocation through the unified pool.
19.9 If the issuer notifies the department on or after the last Monday in November, the amount
19.10 of allocation is canceled and returned for reallocation to the Minnesota Housing Finance
19.11 Agency. To encourage a competitive application process, the commissioner shall reserve,
19.12 for new applications, the amount of allocation that is canceled and returned for reallocation
19.13 under this section for a minimum of seven calendar days.

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

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

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

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

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

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

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

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

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

20.1 Sec. 24. Minnesota Statutes 2018, section 474A.131, subdivision 1, is amended to read:

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

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

20.6 (2) the title of the issue;

20.7 (3) the principal amount of the bonds;

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

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

20.10 and

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

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

20.22 Sec. 25. Minnesota Statutes 2018, section 474A.131, subdivision 1b, is amended to read:

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

20.29 (b) If an issuer for an allocation received for a residential rental project has not issued
20.30 the obligations before 4:30 p.m. on the last business day in December and the time period
20.31 for issuance of the obligations provided under section 474A.061, subdivision 2a, or section
20.32 474A.091, subdivision 2a, as applicable, has not expired, the bonding authority shall be

21.1 allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner
 21.2 under section 474A.091, subdivision 6; provided, however, that the allocation shall remain
 21.3 reserved by the Minnesota Housing Finance Agency for the residential rental project
 21.4 described in the original application and the Minnesota Housing Finance Agency will have
 21.5 the fiduciary duty to issue the bonds as intended by the original issuer. In addition, any
 21.6 obligations issued by the Minnesota Housing Finance Agency for a residential rental project
 21.7 that is subject to this paragraph shall not be subject to the debt management policies of the
 21.8 Minnesota Housing Finance Agency, as adopted and amended from time to time.

21.9 Sec. 26. Minnesota Statutes 2018, section 474A.131, subdivision 2, is amended to read:

21.10 Subd. 2. **Carryforward notice.** If an issuer intends to carry forward an allocation received
 21.11 under this chapter, it must notify the department in writing before 4:30 p.m. on the last
 21.12 business day in December. This notice requirement does not apply to the Minnesota Housing
 21.13 Finance Agency for the carryforward of unallocated unified pool balances or for the
 21.14 carryforward of allocations of residential rental project bonds pursuant to section 474A.131,
 21.15 subdivision 1b.

21.16 Sec. 27. Minnesota Statutes 2018, section 474A.14, is amended to read:

21.17 **474A.14 NOTICE OF AVAILABLE AUTHORITY.**

21.18 The department shall provide at its official website a written notice of the amount of
 21.19 bonding authority in the housing, small issue, and public facilities pools as soon after January
 21.20 1 as possible. The department shall provide at its official website a written notice of the
 21.21 amount of bonding authority available for allocation in the unified pool as soon after ~~August~~
 21.22 July 1 as possible."

21.23 Renumber the sections in sequence and correct the internal references

21.24 Amend the title accordingly