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

Delete everything after the enacting clause and insert:

"Section 1. 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.

Sec. 2. 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.

Sec. 3. 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.

Sec. 4. 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 such 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.

Sec. 5. 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 e.g., 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 greater than 40 percent AMI would be subject to an income limitation on average of not greater than 30 percent AMI.
Sec. 6. 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 e.g., 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.

Sec. 7. 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.

Sec. 8. 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.
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.

Sec. 9. 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 percent of the adjusted allocation is reserved until the last Monday in June for single-family housing 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.

Sec. 10. 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 1 shall be reallocated through the housing pool. Any amount returned on or after July 1 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.

Sec. 11. 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, or in the amount of two percent of the requested allocation on or after the last Monday in July, 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.

(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.

Sec. 12. 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 whether the requested allocation
exceeds 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.

Sec. 13. 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 end of 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 in the future to the housing pool or unified pool for additional 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. 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 the later of 180 days of the allocation or within 18 months after the allocation date if the applicant submits an additional application deposit equal to one percent of the allocation amount on or prior to 180 days after the allocation date. 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. If an issuer that receives an allocation under this paragraph issues obligations within the time period provided in this paragraph, 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 of the application deposit within 30 days after completion of construction of the project.

(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 AMI; 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 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 1 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 1 shall notify the Minnesota Housing Finance Agency by July 1. The Minnesota Housing Finance Agency shall notify each city making a request of the amount of its allocation within three business days after July 1. 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 percent of the adjusted allocation to the housing pool until after July 1.

(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 any time after the second Tuesday in January and through the last Monday in 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. 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 1, 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.

Sec. 14. 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, the commissioner
shall allocate available bonding authority from the small issue pool to applications received on or before the Monday of the preceding week 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 $5,000,000 of the available bonding authority in the small issue pool for applications for agricultural development bond loan projects of the Minnesota Rural Finance Authority. 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.

Sec. 15. 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.

Sec. 16. 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, the amount of
allocation is canceled and returned for reallocation through the pool from which it was
originally allocated. If the issuer notifies the department or the 120-day period since allocation
has expired on or after the last Monday in July, the amount of allocation is canceled
and returned for reallocation through the unified pool. If the issuer notifies the department
after the last Monday in November, the amount of allocation is canceled and returned for
reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
application process, the commissioner shall reserve, for new applications, the amount of
allocation that is canceled and returned for reallocation under this section for a minimum
of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under
this section 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.
Sec. 17. 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 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 pool from which it was originally allocated. 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 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.

(c) No refund shall be available for allocations returned 180 or more days after receiving the allocation or beyond the last Monday in November.
Sec. 18. 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.

Sec. 19. 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 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.

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

**Subd. 2. Application.** (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 whether the requested allocation exceeds 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 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 issue obligations equal to all or a portion of the allocation received on or before the later of 180 days of the allocation or within 18 months after the allocation date if the applicant submits an additional application deposit equal to one percent of the allocation amount on or prior to 180 days after the allocation date. If an issuer that receives an allocation under this subdivision 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 unified pool. If an issuer that receives an allocation under this subdivision issues obligations within the time period provided in this paragraph, 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 of the application deposit within 30 days after completion of construction of the project.

(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.

Sec. 21. 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;

Sec. 21.
(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 by check. 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) 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.

Sec. 22. 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 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.

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

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(3) 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. 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 received 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 future to the housing pool or the unified pool for additional allocation of bonds, the project shall be fully funded up to its original application request for bonding authority before any new project applyin in the same allocation period, that has an equal priority shall receive bonding authority.

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

(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.
Sec. 23. 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 issue obligations equal to all or a portion of the allocation received under this section within 120 days 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 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) No refund of the application deposit shall be available for allocations returned on or after the last Monday in November.

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

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

(1) the date of issuance of the bonds;
(2) the title of the issue;
(3) the principal amount of the bonds;
(4) the type of qualified bonds under federal tax law;
(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.

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

Subd. 1b. Deadline for issuance of qualified bonds. (a) If an issuer fails to notify the department before 4:30 p.m. on the last business day in December of issuance of obligations pursuant to an allocation received for any qualified bond project or issuance of an entitlement allocation other than those involving residential rental bonds, 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.

(b) If an issuer for an allocation received for a residential rental project has not issued the obligations before 4:30 p.m. on the last business day in December and the time period for issuance of the obligations provided under section 474A.061, subdivision 2a, or section 474A.091, subdivision 2a, as applicable, has not expired, the bonding authority shall be...
allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner
under section 474A.091, subdivision 6; provided, however, that the allocation shall remain
reserved by the Minnesota Housing Finance Agency for the residential rental project
described in the original application and the Minnesota Housing Finance Agency will have
the fiduciary duty to issue the bonds as intended by the original issuer. In addition, any
obligations issued by the Minnesota Housing Finance Agency for a residential rental project
that is subject to this paragraph shall not be subject to the debt management policies of the
Minnesota Housing Finance Agency, as adopted and amended from time to time.

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

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

Sec. 27. 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."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly