....................... moves to amend H.F. No. 4289 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

JOBS AND ENERGY APPROPRIATIONS

Section 1. APPROPRIATIONS

The sums shown in the columns under "Appropriations" are added to appropriations in Laws 2017, chapter 94, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. Appropriations for the fiscal year ending June 30, 2018, are effective the day following final enactment. Reductions may be taken in either fiscal year.

<table>
<thead>
<tr>
<th>APPROPRIATIONS</th>
<th>Available for the Year</th>
<th>Ending June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subdivision 1. Total Appropriation</td>
<td>$</td>
<td>0 $</td>
</tr>
<tr>
<td>Appropriations by Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>-0-</td>
<td>$19,720,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>-0-</td>
<td>$600,000</td>
</tr>
</tbody>
</table>
The amounts that may be spent for each purpose are specified in the following subdivisions.

### Subd. 2. Business and Community Development

| Appropriations by Fund |  |  |
|------------------------|---------------|
| General                | -0-           | $4,720,000 |
| Special Revenue        | -0-           | $600,000   |

(a) $50,000 in fiscal year 2019 is for a grant to Advocating Change Together to address barriers to employment for people with disabilities and provide skills training. This appropriation is available until June 30, 2021.

(b) $400,000 in fiscal year 2019 is for a grant to Project Build Minnesota for a statewide public awareness campaign to encourage middle school and high school students to consider careers in the construction industry, with a special emphasis on reaching individuals and groups that are economically disadvantaged or historically underrepresented in the construction industry. Grant funds must be used to develop educational resources, including a Web site; perform outreach to students, parents, guidance counselors, and others about opportunities in the construction industry; and partner with educational institutions and nonprofits to offer technical training. This is a onetime appropriation.

(c) $1,500,000 in fiscal year 2019 is for a grant to the city of Cambridge for costs associated with relocating and constructing a propane distribution facility and for costs associated with demolition, cleanup and restoration of the existing propane facility. Eligible costs include: land acquisition, site preparation and...
improvements, moving expenses, building
construction, rail construction, rail switch
demolition, environmental
toxic remediation, engineering, and other necessary
site improvements. This is a onetime
appropriation and is available until the project
is completed or abandoned subject to
Minnesota Statutes, section 16A.642.

(d) $590,000 in fiscal year 2019 is for grants
to centers for independent living under
Minnesota Statutes, section 268A.11. The
grant money under this paragraph must be
used to hire eight full-time employees to
provide services to veterans. This is a onetime
appropriation and is available until June 30, 2021.

(e) $150,000 in fiscal year 2019 is for transfer
to the Cook County Higher Education Board
to provide educational programming and
academic support services to remote regions
in northeastern Minnesota. This is a onetime
appropriation.

(f) $250,000 in fiscal year 2019 is for a grant
to Logistic Specialties, Inc. to create a pilot
workforce and development program in the
east metropolitan area focused on government
contract procurement and targeted to low- and
moderate-income communities of color. Every
six months, beginning on December 15, 2019,
the commissioner of employment and
economic development must submit a brief
update on the progress of the pilot project to
the chairs and ranking minority members of
the legislative committees with jurisdiction
over economic development. A final report
on pilot outcomes must be submitted to the
chairs and ranking minority members of the
legislative committees with jurisdiction over
This is a onetime appropriation and funds are

(g) $500,000 in fiscal year 2019 is for job
training grants under Minnesota Statutes,
section 116L.42. This is a onetime
appropriation.

(h) $250,000 in fiscal year 2019 is for a grant
to the Hallie Q. Brown Community Center,
Inc., for youth intervention services through
the community ambassadors and youth
employment program. This is a onetime
appropriation.

(i) Notwithstanding Minnesota Statutes,
section 116C.779, subdivision 1, paragraph
(k), $600,000 in fiscal year 2019 is from the
renewable development account in the special
revenue fund established in Minnesota
Statutes, section 116C.779, subdivision 1, for
a grant to the Board of Regents of the
University of Minnesota for academic and
applied research through MnDRIVE at the
Natural Resources Research Institute. Of this
amount, $300,000 is to develop and
demonstrate biomass conversion technology
for higher value fuels and $300,000 is to
develop and demonstrate advanced biogas
technologies for clean methane fuels. Both
programs must focus on translation and
deployment of technologies developed in
partnerships between industry and the
University of Minnesota. This is a onetime appropriation.

(j) $230,000 in fiscal year 2019 is for a grant to a city of the second class that is designated as an economically depressed area by the United States Department of Commerce. The grant is for economic development, redevelopment, and job creation programs and projects. This is a onetime appropriation and is available until June 30, 2021.

(k)(1) $300,000 in fiscal year 2019 for a grant to the Minnesota Environmental Science and Economic Review Board (MESERB) to review water quality regulation and national pollutant discharge elimination system permits (NPDES). This grant is subject to Minnesota Statutes, section 16B.98. MESERB may select the water quality regulations and permits to be reviewed but must give preference to reviewing any draft NPDES permit that has new effluent limit requirements for a publicly owned wastewater treatment facility outside the seven county metropolitan area. Any permit review must analyze the technical accuracy of the permit and the impact on both business and residential rates, the water quality benefit of permit compliance, and the anticipated funding for the permittee from federal and state sources. This is a onetime appropriation and is available until June 30, 2021.

(2) Upon completion of the permit review, MESERB must provide a copy of the review to the permittee and the commissioner of the Pollution Control Agency. MESERB must
also submit a report summarizing its findings in each permit review performed in the previous calendar year to the chairs and ranking minority members of the legislative committees with jurisdiction over capital investment, environmental policy and finance, and economic development.

(l) $500,000 in fiscal year 2019 is for a grant to Comunidades Latinas Unidas en Servicio (CLUES) to acquire property and to construct, furnish, and equip a new education and technology institute connected to CLUES headquarters in St. Paul to provide education and community gathering space. This appropriation is available when the commissioner of management and budget determines that sufficient resources have been committed to complete the project, as required by Minnesota Statutes, section 16A.502. This appropriation is onetime and available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

Subd. 3. Broadband Development $15,000,000 in fiscal year 2019 is for transfer to the border-to-border broadband fund account in the special revenue fund established under Minnesota Statutes, section 116J.396 and may be used for purposes provided in Minnesota Statutes, section 116J.395. This appropriation is onetime and is available until spent. Of this appropriation, up to three percent is for costs incurred by the commissioner to administer Minnesota Statutes, section 116J.395. Administrative costs may include the following activities...
related to measuring progress toward the state's broadband goals established in Minnesota Statutes, section 237.012:

(1) collecting broadband deployment data from Minnesota providers, verifying its accuracy through on-the-ground testing, and creating state and county maps available to the public showing the availability of broadband service at various upload and download speeds throughout Minnesota;

(2) analyzing the deployment data collected to help inform future investments in broadband infrastructure; and

(3) conducting business and residential surveys that measure broadband adoption and use in the state.

Data provided by a broadband provider under this subdivision is nonpublic data under Minnesota Statutes, section 13.02, subdivision 9. Maps produced under this subdivision are public data under Minnesota Statutes, section 13.03.

Sec. 3. HOUSING FINANCE AGENCY

(a) $1,000,000 in fiscal year 2019 is for transfer to the housing development fund for the programs in Minnesota Statutes, sections 462A.201, subdivision 2, paragraph (a), clause (4), and 462A.204, subdivision 8. The agency may allocate this appropriation as necessary to these two programs to facilitate the Homework Starts with Home program. This is a onetime appropriation.
(b) $500,000 in fiscal year 2019 is for park infrastructure grants under Minnesota Statutes, section 462A.2035, subdivision 1b. This is a one-time appropriation.

Sec. 4. DEPARTMENT OF COMMERCE

This appropriation is from the special revenue fund.

(a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (k), $3,000,000 in fiscal year 2019 is from the renewable development account in the special revenue fund under Minnesota Statutes, section 116C.779, subdivision 1, for the local government emerald ash borer removal grant program under Minnesota Statutes, section 216C.437. This appropriation is onetime and available until June 30, 2021.

(b)(1) $1,000,000 in fiscal year 2019 is from the renewable development account in the special revenue fund under Minnesota Statutes, section 116C.779, subdivision 1, to fund grants for demonstration projects that assess the technical and economic effectiveness of deploying energy storage systems to restore electrical energy to critical health care facilities following electrical outages due to storms or other catastrophic events. This is a one-time appropriation.

(2) The commissioner of commerce shall endeavor to make grant awards under this section for projects at critical health care facilities located in all regions of the state.

(3) For the purposes of this paragraph, "energy storage system" means a commercially...
available technology capable of (i) absorbing and storing electrical energy, and (ii) dispatching sorted electrical energy for use at a later time.

(c) $1,100,000 in fiscal year 2019 is from the renewable development account in the special revenue fund under Minnesota Statutes, section 116C.779, subdivision 1, for the residential biomass heating system grant program under Minnesota Statutes, section 216C.418. This is a onetime appropriation and available until June 30, 2020.

(d) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (k), $2,000,000 in fiscal year 2019 is appropriated from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner for a grant to the public utility that owns the Prairie Island nuclear generation plant, for the following purposes:

(1) $1,000,000 is to conduct a study to determine the most rapid, safe, and economical methods to remove spent nuclear fuel from the independent spent fuel storage installations at the Prairie Island and Monticello nuclear electric generating plants, including, but not limited to, an evaluation of alternative modes of transport, possible routes, and infrastructure needs; and

(2) $1,000,000 is to support the preparation of applications by independent private parties seeking a license from the Nuclear Regulatory Commission to establish a consolidated
interim storage facility that could store spent nuclear fuel currently stored at the independent spent fuel storage installations at the Monticello and Prairie Island nuclear electric generating plants.

By July 15, 2019, the public utility that owns the Prairie Island nuclear electric generating plant must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over electric utilities and to the commissioner describing the activities on which funds have been expended under this paragraph, the results or progress of any study or initiative, and future planned uses of the funds. The public utility must submit updated reports to the same persons each succeeding July 15 until all funds have been expended or unexpended funds have been returned to the account. Any funds not expended at the time of the final report must be returned to the account. This is a onetime appropriation.

Sec. 5. PUBLIC FACILITIES AUTHORITY $0 3,550,000

(a) $750,000 in fiscal year 2019 is for a grant to the city of Deer River to predesign, design, engineer, and construct a stabilization pond and to predesign, design, construct, and install the replacement and expansion of storm sewer lines, sanitary sewer lines, and water lines in the city of Deer River. This appropriation is available when the commissioner of management and budget determines that resources sufficient to complete the project are committed to the project, as required in Minnesota Statutes, section 16A.502. This is
a onetime appropriation and is available until
the project is completed or abandoned subject
to Minnesota Statutes, section 16A.642.

(b) $600,000 in fiscal year 2019 is for a grant
to the Alexandria Lake Area Sanitary District
for lake management activities, including but
not limited to alum treatment in Lake Agnes,
carp removal in Lake Winona, and related
management and reassessment measures that
are intended to achieve and maintain
compliance with water quality standards for
phosphorus and the total maximum daily load
for Lake Winona. This is a onetime
appropriation and is available until June 30, 2021.

(c) $1,100,000 in fiscal year 2019 is for a grant
to the city of Cold Spring to acquire land,
predesign, design, engineer, construct, furnish,
and equip water infrastructure, including
drilling new wells, a water treatment plant,
and piping for water distribution. This is a
onetime appropriation and is available until
the project is completed or abandoned subject
to Minnesota Statutes, section 16A.642.

(d) $1,100,000 in fiscal year 2019 is for a
grant to the Big Lake Area Sanitary District
to construct a pressure sewer system and force
main to convey sewage to the Western Lake
Superior Sanitary District connection in the
city of Cloquet. This is a onetime
appropriation and is available until the project
is completed or abandoned subject to
Minnesota Statutes, section 16A.642.
Sec. 6. Laws 2017, chapter 94, article 1, section 2, subdivision 2, as amended by Laws 2017, First Special Session chapter 7, section 2, is amended to read:

Subd. 2. **Business and Community Development** $46,074,000 $30,585,000

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$43,363,000 $28,074,000</td>
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<tr>
<td>Remediation</td>
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<tr>
<td>Workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>$1,861,000 $1,811,000</td>
<td></td>
</tr>
<tr>
<td>Special Revenue</td>
<td>$150,000 -0-</td>
<td></td>
</tr>
</tbody>
</table>

(a) $4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(b) $750,000 each year is for grants to the Neighborhood Development Center for small business programs:

1. (1) training, lending, and business services;

2. (2) model outreach and training in greater Minnesota; and

3. (3) development of new business incubators.

This is a onetime appropriation.

(c) $1,175,000 each year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. This is a onetime appropriation.
(d) $125,000 each year is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(e)(1) $12,500,000 each year in fiscal year 2018 and $7,500,000 in fiscal year 2019 are for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until spent. In fiscal year 2020, the base amount is $12,500,000. For fiscal year 2021 and beyond, the base amount is $9,500,000.

(2) Of the amount appropriated in fiscal year 2018, $4,000,000 is for a loan to construct and equip a wholesale electronic component distribution center investing a minimum of $200,000,000 and constructing a facility at least 700,000 square feet in size. Loan funds may be used for purchases of materials, supplies, and equipment for the construction of the facility and are available from July 1, 2017, to June 30, 2021. The commissioner of employment and economic development shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.
(3) Of the amount appropriated in fiscal year 2018, $700,000 is for a loan to extend an effluent pipe that will deliver reclaimed water to an innovative waste-to-biofuel project investing a minimum of $150,000,000 and constructing a facility that is designed to process approximately 400,000 tons of waste annually. Loan funds are available until June 30, 2021.

(4) Of the amount appropriated in fiscal year 2019, $2,000,000 is for one or more grants to Florence Township in Goodhue County to predesign, design, engineer, construct, and install infrastructure for storm water protection, wells, roads, public safety, and power access in southeastern Minnesota, in partnership with a tribal government and a nonprofit organization, to enable future economic development and increase economic activity in southeastern Minnesota. The grant recipient must provide a nonstate contribution in an amount at least equal to the grant. This portion of the appropriation is available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

(5) Of the amount appropriated in fiscal year 2019, $500,000 is for a grant to Mille Lacs County to provide loans as described in Minnesota Statutes, section 116J.8731, for eligible projects located within one of the follow municipalities surrounding Lake Mille Lacs:

(i) in Crow Wing County, the city of Garrison, township of Garrison, or township of Roosevelt:

Article 1 Sec. 6.
(ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of Malmo, or township of Lakeside; or

(iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio.

(6) Of the amount appropriated in fiscal year 2019, $500,000 is for a grant to the city of Minnetonka for a high-risk, high-return jobs retention and creation initiative to be conducted by a local organization that produces lactic acid/lactate, to help grow and expand the bioeconomy in Minnesota. The grant under this clause is not subject to the limitations under Minnesota Statutes, section 116J.8731, subdivision 5, or the performance goals and contractual obligations under Minnesota Statutes, section 116J.8731, subdivision 7.

(7) Of the amount appropriated in fiscal year 2019, $500,000 is for a loan to a paper mill in Duluth to support the operation and manufacture of packaging paper grades. The company that owns the paper mill must spend $15,000,000 on expansion activities by December 31, 2019, in order to be eligible to receive funds under this appropriation. Appropriation funds may be used for the mill's equipment, materials, supplies, and other operating expenses. The commissioner of employment and economic development shall forgive a portion of the loan each year after verification that the mill has retained 195 full-time jobs over a period of five years and...
has satisfied other performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(f) $8,500,000 each year is in fiscal year 2018 and $1,500,000 in fiscal year 2019 are for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. In fiscal year 2020 and beyond, the base amount is $8,000,000. In fiscal year 2021 and beyond, the base amount is $5,000,000.

(g) $1,647,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is $1,772,000.

(h) $12,000 each year is for a grant to the Upper Minnesota Film Office.

(i) $163,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(j) $500,000 each year is from the general fund for a grant to the Minnesota Film and TV
Board for the film production jobs program under Minnesota Statutes, section 116U.26.

This appropriation is available until June 30, 2021.

(k) $139,000 each year is for a grant to the Rural Policy and Development Center under Minnesota Statutes, section 116J.421.

(l)(1) $1,300,000 each year is in fiscal year 2018 and $2,200,000 in fiscal year 2019 are for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. If the appropriation for either year is insufficient, the appropriation for the other year is available. In fiscal year 2020 and beyond, the base amount is $1,787,000. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(2) Of the amounts appropriated, $1,600,000 in fiscal year 2018 is for a grant to the city of Thief River Falls to support utility extensions, roads, and other public improvements related to the construction of a wholesale electronic component distribution center at least 700,000 square feet in size and investing a minimum of $200,000,000. Notwithstanding Minnesota Statutes, section 116J.431, a local match is not required. Grant funds are available from July 1, 2017, to June 30, 2021.

(m) $876,000 the first year and $500,000 the second year are for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available

Article 1 Sec. 6.
under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until spent. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

(n) $875,000 each year is for a grant to Enterprise Minnesota, Inc. for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(o) $250,000 in fiscal year 2018 is for a grant to the Minnesota Design Center at the University of Minnesota for the greater Minnesota community design pilot project.

(p) $275,000 in fiscal year 2018 is from the general fund to the commissioner of employment and economic development for a grant to Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. CEDA shall report on the findings and recommendations of the study to the committees of the house of representatives and senate with jurisdiction over economic development and workforce issues by February 15, 2019. All results and information gathered from the study shall be made available for use by cities in southeast Minnesota by March 15, 2019. This appropriation is available until June 30, 2020.
(q) $2,000,000 in fiscal year 2018 is for a
grant to Pillsbury United Communities for
construction and renovation of a building in
north Minneapolis for use as the "North
Market" grocery store and wellness center,
focused on offering healthy food, increasing
health care access, and providing job creation
and economic opportunities in one place for
children and families living in the area. To the
extent possible, Pillsbury United Communities
shall employ individuals who reside within a
five mile radius of the grocery store and
wellness center. This appropriation is not
available until at least an equal amount of
money is committed from nonstate sources.
This appropriation is available until the project
is completed or abandoned, subject to
Minnesota Statutes, section 16A.642.

(r) $1,425,000 each year is for the business
development competitive grant program. Of
this amount, up to five percent is for
administration and monitoring of the business
development competitive grant program. All
grant awards shall be for two consecutive
years. Grants shall be awarded in the first year.

(s) $875,000 each year is for the host
community economic development grant
program established in Minnesota Statutes,
section 116J.548.

(t) $700,000 each year is from the remediation
fund for contaminated site cleanup and
development grants under Minnesota Statutes,
sections 116J.551 to 116J.558. This
appropriation is available until spent.
(u) $161,000 each year is from the workforce development fund for a grant to the Rural Policy and Development Center. This is a onetime appropriation.

(v) $300,000 each year is from the workforce development fund for a grant to Enterprise Minnesota, Inc. This is a onetime appropriation.

(w) $50,000 in fiscal year 2018 is from the workforce development fund for a grant to Fighting Chance for behavioral intervention programs for at-risk youth.

(x) $1,350,000 each year is from the workforce development fund for job training grants under Minnesota Statutes, section 116L.42.

(y)(1) $519,000 in fiscal year 2018 is and $750,000 in fiscal year 2019 are for grants to local communities to increase the supply of quality child care providers in order to support economic development. At least 60 percent of grant funds must go to communities located outside of the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Grant funds available under this paragraph must be used to implement solutions to reduce the child care shortage in the state including but not limited to funding for child care business start-ups or expansions, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements.
In awarding grants, the commissioner must give priority to communities that have documented a shortage of child care providers in the area. At least half of the money appropriated in fiscal year 2019 is reserved for new grant recipients. The base amount in fiscal year 2020 and beyond is $0.

(2) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of local funds invested.

(3) By January 1 of each year, starting in 2019, the commissioner must report to the standing committees of the legislature having jurisdiction over child care and economic development on the outcomes of the program to date.

(z) $319,000 in fiscal year 2018 is from the general fund for a grant to the East Phillips Improvement Coalition to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and create green jobs. The grant shall fund the collaborative work of Tamales y Bicicletas, Little Earth of the United Tribes, a nonprofit serving East Africans, and other coalition members towards developing EPNI as a community space to host activities including, but not limited to, creation and expansion of small businesses, culturally specific
entrepreneurial activities, indoor urban farming, job training, education, and skills development for residents of this low-income, environmental justice designated neighborhood. Eligible uses for grant funds include, but are not limited to, planning and start-up costs, staff and consultant costs, building improvements, rent, supplies, utilities, vehicles, marketing, and program activities.

The commissioner shall submit a report on grant activities and quantifiable outcomes to the committees of the house of representatives and the senate with jurisdiction over economic development by December 15, 2020. This appropriation is available until June 30, 2020.

(aa) $150,000 the first year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to conduct the biomass facility closure economic impact study.

(bb)(1)$300,000 in fiscal year 2018 is for a grant to East Side Enterprise Center (ESEC) to expand culturally tailored resources that address small business growth and job creation. This appropriation is available until June 30, 2020. The appropriation shall fund the work of African Economic Development Solutions, the Asian Economic Development Association, the Dayton's Bluff Community Council, and the Latino Economic Development Center in a collaborative approach to economic development that is effective with smaller, culturally diverse communities that seek to increase the
productivity and success of new immigrant and minority populations living and working in the community. Programs shall provide minority business growth and capacity building that generate wealth and jobs creation for local residents and business owners on the East Side of St. Paul.

(2) In fiscal year 2019 ESEC shall use funds to share its integrated service model and evolving collaboration principles with civic and economic development leaders in greater Minnesota communities which have diverse populations similar to the East Side of St. Paul. ESEC shall submit a report of activities and program outcomes, including quantifiable measures of success annually to the house of representatives and senate committees with jurisdiction over economic development.

(cc) $150,000 in fiscal year 2018 is for a grant to Mille Lacs County for the purpose of reimbursement grants to small resort businesses located in the city of Isle with less than $350,000 in annual revenue, at least four rental units, which are open during both summer and winter months, and whose business was adversely impacted by a decline in walleye fishing on Lake Mille Lacs.

(dd)(1) $250,000 in fiscal year 2018 is for a grant to the Small Business Development Center hosted at Minnesota State University, Mankato, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation. Funds available under this section must be used to provide entrepreneur and small business development direct professional
business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this section, "direct professional business assistance services" must include, but is not limited to, pre-venture assistance for individuals considering starting a business. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. Any balance in the first year does not cancel and is available for expenditure in the second year.

(2) Grant recipients shall report to the commissioner by February 1 of each year and include information on the number of customers served in each county; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates in each county. By April 1 of each year, the commissioner shall report the information submitted by grant recipients to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over economic development issues.

(ee) $500,000 in fiscal year 2018 is for the central Minnesota opportunity grant program established under Minnesota Statutes, section 116J.9922. This appropriation is available until June 30, 2022.

(ff) $25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.
Sec. 7. Laws 2017, chapter 94, article 1, section 4, subdivision 3, is amended to read:

Subd. 3. Labor Standards and Apprenticeship  3,645,000  3,868,000

Appropriations by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1,776,000</td>
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<tr>
<td>Workforce</td>
<td>1,869,000</td>
<td>1,878,000</td>
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</table>

(a) $500,000 each year is from the general fund in fiscal year 2018 and $700,000 in fiscal year 2019 are for wage theft prevention under the division of labor standards.

(b) $100,000 each year is from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11, to expand and promote registered apprenticeship training for minorities and women.

(c) $300,000 each year is from the workforce development fund for the PIPELINE program.

(d) $200,000 each year is from the workforce development fund for grants to the Construction Careers Foundation for the Helmets to Hardhats Minnesota initiative.

Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation into apprenticeship programs registered with the Department of Labor and Industry and connect them with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental
disability, receipt of public assistance, or age.

This is a onetime appropriation.

(e) $1,029,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(f) $150,000 each year is from the workforce development fund for prevailing wage enforcement.

Sec. 8. Laws 2017, chapter 94, article 1, section 4, subdivision 5, is amended to read:

Subd. 5. General Support

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Development Fund</td>
<td>200,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>6,039,000</td>
<td>6,039,000</td>
</tr>
</tbody>
</table>

(a) Except as provided in paragraphs (b) and (c), this appropriation is from the workers' compensation fund.

(b) $200,000 in fiscal year 2018 is from the workforce development fund for the commissioner of labor and industry to convene and collaborate with stakeholders as provided under Minnesota Statutes, section 175.46, subdivision 3, and to develop youth skills training competencies for approved occupations. This is a onetime appropriation.

(c) $500,000 in fiscal year 2019 is from the workforce development fund to administer the youth skills training program under Minnesota Statutes, section 175.46. The commissioner shall award up to five grants each year to local partnerships located throughout the state, not to exceed $100,000 per local partnership grant.
The commissioner may use a portion of this appropriation for administration of the grant program. The base amount for this program is $500,000 each year beginning in fiscal year 2020.

ARTICLE 2
EMPLOYMENT AND ECONOMIC DEVELOPMENT

Section 1. **DISLOCATED WORKER RAPID RESPONSE ACTIVITY.**

Notwithstanding anything to the contrary, of the money appropriated to the Job Skills Partnership Board for the purposes of Minnesota Statutes, section 116L.17, under Minnesota Statutes, section 116L.20, subdivision 2, at least $650,000 in fiscal year 2019 must be used for rapid response activities under Minnesota Statutes, section 116L.17, subdivision 10, at Career Solutions in St. Cloud, to address the substantial anticipated job losses at the Electrolux plant and in related industries affected by its closure. Grant funds may be used for, but are not limited to, GED programs, English language courses, computer literacy efforts, and training in the manufacturing and construction trades. In addition, the commissioner of employment and economic development is directed to take all necessary steps, including application for any required federal waivers, to begin providing services to affected workers before December 31, 2018.

Sec. 2. **USE OF LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

Notwithstanding Minnesota Statutes, section 116J.8731, and any law to the contrary, a home rule charter or statutory city, county, or town may, before July 1, 2018, commit money received from the repayment of funds awarded under Minnesota Statutes, section 116J.8731, to a business revolving loan fund partially funded by the federal government. Once committed, funds may be used for any purpose allowed by the federal program.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

Sec. 3. **REVISOR'S INSTRUCTION; MIF NAME CHANGE TO N-SODA.**

In Minnesota Statutes, the revisor of statutes shall change the term "Minnesota investment fund" to "North Star Opportunity and Development Account" wherever it is apparent from context that the term "Minnesota investment fund" refers to the program under Minnesota Statutes, section 116J.8731.
ARTICLE 3

ENERGY

Section 1. Minnesota Statutes 2017 Supplement, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. Renewable development account. (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (e) and (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, Beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island and Monticello nuclear generating plants must transfer to the renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for $20,000,000 each year the either plant is in operation, and $7,500,000 each year the plant is not in operation, if ordered by the commission pursuant to paragraph (i), (h), $7,500,000 each year the Prairie Island plant is not in operation and $5,250,000 each year the Monticello plant is not in operation. The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island or Monticello for any part of a year.

(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered...
by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
any part of a year.

(e) (d) Each year, the public utility shall withhold from the funds transferred to the
renewable development account under paragraphs (c) and (d) the amount necessary
to pay its obligations under paragraphs (e), (f), (g), (k), and (n), and sections 116C.7792
and 216C.41, for that calendar year.

(f) (e) If the commission approves a new or amended power purchase agreement, the
termination of a power purchase agreement, or the purchase and closure of a facility under
section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
the public utility subject to this section shall enter into a contract with the city in which the
poultry litter plant is located to provide grants to the city for the purposes of economic
development on the following schedule: $4,000,000 in fiscal year 2018; $6,500,000 each
fiscal year in 2019 and 2020; and $3,000,000 in fiscal year 2021. The grants shall be paid
by the public utility from funds withheld from the transfer to the renewable development
account, as provided in paragraphs (b) and (e) (d).

(g) (f) If the commission approves a new or amended power purchase agreement, or the
termination of a power purchase agreement under section 216B.2424, subdivision 9, with
an entity owned or controlled, directly or indirectly, by two municipal utilities located north
of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
grant contract with such entity to provide $6,800,000 per year for five years, commencing
30 days after the commission approves the new or amended power purchase agreement, or
the termination of the power purchase agreement, and on each June 1 thereafter through
2021, to assist the transition required by the new, amended, or terminated power purchase
agreement. The grant shall be paid by the public utility from funds withheld from the transfer
to the renewable development account as provided in paragraphs (b) and (e) (d).

(h) (g) The collective amount paid under the grant contracts awarded under paragraphs
(e) and (f) and (g) is limited to the amount deposited into the renewable development account,
and its predecessor, the renewable development account, established under this section, that
was not required to be deposited into the account under Laws 1994, chapter 641, article 1,
section 10.

(i) (h) After discontinuation of operation of the Prairie Island nuclear plant or the
Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
discontinued facility, the commission shall require the public utility to pay $7,500,000 for
the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello
facility for any year in which the commission finds, by the preponderance of the evidence,
that the public utility did not make a good faith effort to remove the spent nuclear fuel stored
at the facility to a permanent or interim storage site out of the state. This determination shall
be made at least every two years.

(i) The public utility shall file annually with the commission a petition for the recovery
of all funds required to be transferred or withheld under paragraphs (c) to (f) for the next
year through a rider mechanism. The commission shall approve a reasonable cost recovery
schedule for all such funds.

(j) On or before January 15 of each year, the public utility shall file a petition with the
commission setting forth the amounts withheld by the public utility in the prior year under
paragraph (d) and the amount actually paid in that year for obligations identified in paragraph
(d). If the amount actually paid is less than the amount withheld, the public utility shall
deduct the surplus from the amount withheld for the current year under paragraph (d). If
the amount actually paid is more than the amount withheld, the public utility shall add the
deficit to the amount withheld in the current year under paragraph (d). Any surplus remaining
in the account after all programs identified in paragraph (d) are terminated must be returned
to the customers of the public utility.

(1) Funds in the account may be expended only for any of the following purposes:

(1) to stimulate research and development of renewable electric energy technologies;

(2) to encourage grid modernization, including, but not limited to, projects that implement
electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system
efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
from the utility that owns a nuclear-powered electric generating plant in this state or the
Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for grants under this
subdivision.

(1) For the purposes of paragraph (1), the following terms have the meanings
given:
(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

(m) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. Members of the advisory group shall be chosen by the public utility. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (k), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (k), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

(n) The cost of acquiring the services of the independent third-party expert described in paragraph (m) and any other reasonable costs incurred in administering the advisory group and its actions as required by this section shall be paid from funds withheld by the public utility under paragraph (d).

(o) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the legislature commission. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance...
with this subdivision or otherwise not in the public interest, and may, if agreed to by the
public utility, modify proposed expenditures. The commission shall, by order, submit its
funding recommendations to the legislature as provided under paragraph (n) (p).

(n) (p) The commission shall present its recommended appropriations from the account
to the senate and house of representatives committees with jurisdiction over energy policy
and finance annually by February 15. Expenditures from the account must be appropriated
by law. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for
a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended
funding.

(q) A request for proposal for renewable energy generation projects must, when
feasible and reasonable, give preference to projects that are most cost-effective for a particular
energy source.

(r) The advisory group must annually, by February 15, report to the chairs and ranking
minority members of the legislative committees with jurisdiction over energy policy on
projects funded by the account under paragraph (k) for the prior year and all previous years.
The report must, to the extent possible and reasonable, itemize the actual and projected
financial benefit to the public utility's ratepayers of each project.

(s) By June 1, 2018, and each June 1 thereafter, the public utility that owns the Prairie
Island Nuclear Electric Generating Plant must submit to the commissioner of management
and budget an estimate of the amount that the public utility will deposit into the account
the following January 15, based on the provisions of paragraphs (c) to (h) and any
appropriations made from the fund during the most recent legislative sessions.

(t) By February 1 June 30, 2018, and each February 1 June 30 thereafter, the
commissioner of management and budget shall estimate the balance in the account as of
the following January 31, taking into account the balance in the account as of June 30 and
the information provided under paragraph (r), and, by July 15, 2018, and each July 15
thereafter, shall submit a written report regarding the availability of funds in and obligations
of the account to the chairs and ranking minority members of the senate and house
committees with jurisdiction over energy policy and finance, the public utility, and the
advisory group. If more than $15,000,000 is estimated to be available in the account as of
January 31, the advisory group must, by July 30, 2018, and each July 30 thereafter, issue a
request for proposals to initiate a grant cycle for the purposes of paragraph (k).
A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for non-technical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the commissioner of commerce.

All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development account, noting that the account is financed by the public utility's ratepayers.

Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

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

Sec. 2. Minnesota Statutes 2017 Supplement, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts direct current per premises. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts. The program shall be operated for eight consecutive calendar years commencing in 2014. $5,000,000 shall be allocated in each of the first four years, $15,000,000 in the fifth year, $10,000,000 in each of the sixth and seventh years, and $5,000,000 in the eighth year from funds withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e), paragraph (d), and placed in a separate account for the purpose of the solar production incentive program operated by the utility and not for any other program or purpose. Any unspent amount allocated in the fifth year is available until December 31 of the sixth year. Any unspent amount remaining at the end of an allocation year must be transferred to the renewable development account or returned to customers. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise.
The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

**EFFECTIVE DATE.** This section is effective June 1, 2018.

Sec. 3. **[116C.7793] PRAIRIE ISLAND NET ZERO PROJECT.**

Subd. 1. **Program established.** The Prairie Island Net Zero Project is established with the goal of the Prairie Island Indian Community developing an energy system that results in net zero emissions.

Subd. 2. **Grant.** The commissioner of employment and economic development shall enter into a grant contract with the Prairie Island Indian Community to provide $20,000,000 on July 1, 2018, and $5,000,000 each year thereafter for four years to stimulate research, development, and implementation of renewable energy projects benefitting the Prairie Island Indian Community or its members.

Subd. 3. **Plan; report.** The Prairie Island Indian Community shall file a plan with the commissioner of employment and economic development no later than July 1, 2019, describing the elements and implementation strategy of the Prairie Island Net Zero Project.

The Prairie Island Indian Community shall file a report on July 1, 2020, and each July 1 thereafter through 2023, describing the progress made in implementing the project and the use of funds expended.

Subd. 4. **Appropriation.** Notwithstanding section 116C.779, subdivision 1, paragraph (k), $20,000,000 is appropriated in fiscal year 2019 and $5,000,000 is appropriated each year in fiscal years 2020, 2021, 2022, and 2023, from the renewable development account under section 116C.779, subdivision 1, to the commissioner of employment and economic development for a grant to the Prairie Island Indian Community for the purposes of this section. Any funds remaining at the end of a fiscal year do not cancel to the renewable development account but remain available until spent. This subdivision expires upon the last transfer of funds to the commissioner.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 4. Minnesota Statutes 2016, section 216A.03, is amended by adding a subdivision to read:

Subd. 10. **Offices.** The Public Utilities Commission's offices must be located in Virginia, Minnesota.

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

Sec. 5. Minnesota Statutes 2016, section 216B.16, is amended by adding a subdivision to read:

Subd. 13a. **Pension rate base.** The commission must allow a public utility to include in the rate base and recover from ratepayers the costs incurred to contribute to employee pensions, including (1) accumulated contributions in excess of net periodic benefit costs, and (2) contributions necessary to comply with the federal Pension Protection Act of 2006 and other applicable federal and state pension funding requirements. A public utility is authorized to track for future recovery any unrecoverable return of pension rate base costs and investments at the return on investment level established in the public utility's last general rate case that have been incurred during the period between general rate cases.

Sec. 6. Minnesota Statutes 2017 Supplement, section 216B.164, subdivision 5, is amended to read:

Subd. 5. **Dispute; resolution.** (a) In the event of disputes between a qualifying facility and a public utility or a cooperative electric association that has not elected to resolve disputes under subdivision 11, either party may request a determination of the issue by the commission. In any such determination, the burden of proof shall be on the public utility or cooperative electric association. The commission in its order resolving each such dispute shall require payments to the prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys' fees, except that the qualifying facility will be required to pay the costs, disbursements, and attorneys' fees of the public utility or cooperative electric association only if the commission finds that the claims of the qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

(b) Notwithstanding subdivisions 9 and 11, a qualifying facility over 20 megawatts may, until December 31, 2022, request that the commission resolve a dispute with any utility, including a cooperative electric association or municipal utility, under paragraph (a).

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 7. Minnesota Statutes 2016, section 216B.1691, subdivision 2d, is amended to read:

Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing
the criteria and standards by which it will measure an electric utility's efforts to meet the
renewable energy objectives of subdivision 2 to determine whether the utility is making the
required good faith effort. In this order, the commission shall include criteria and standards
that protect against undesirable impacts on the reliability of the utility's system and economic
impacts on the utility's ratepayers and that consider technical feasibility. In an order under
this subdivision, the commission must also include criteria evaluating whether at least 50
percent of the hours worked by construction employees at each of the electric utility's eligible
energy technology project work sites are performed by employees who are (1) Minnesota
residents for income tax purposes, or (2) reside within 100 miles of the eligible energy
technology project construction site.

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

Sec. 8. Minnesota Statutes 2017 Supplement, section 216B.1691, subdivision 2f, is amended
to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
and 2b, each public utility shall generate or procure sufficient electricity generated by solar
energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at
least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is
generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten
percent of the 1.5 percent goal must be met by solar energy generated by or procured from
solar photovoltaic devices with a nameplate capacity of 20 40 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
of 40 kilowatts or less to a community solar garden program operated by the public utility
that has been approved by the commission.

(d) The solar energy standard established in this subdivision is subject to all the provisions
of this section governing a utility's standard obligation under subdivision 2a.
(e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

(f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

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

Sec. 9. Minnesota Statutes 2016, section 216B.1691, is amended by adding a subdivision to read:

Subd. 3a. **Reports on state and local employment opportunities.** (a) For purposes of this subdivision and subdivision 2d, "construction employees" means employees working in construction occupations, as defined by the United States Bureau of Labor Statistics.

(b) Each electric utility engaged in building an eligible energy technology project under the objectives and standards of this section must submit to the commission a quarterly report certifying to the best of the utility’s knowledge:
(1) the total number of hours worked for any employer that quarter by all construction employees at the project site, including the full names and addresses of all the construction employees;

(2) the total number of hours worked that quarter for any employer at the project site by all construction employees who are Minnesota residents for income tax purposes, including the full names and addresses of all Minnesota resident employees; and

(3) the total number of hours worked for any employer that quarter at the project site by all construction employees who reside within 100 miles of the project site, including the full names and addresses of all such local resident employees.

The commission must develop a standard reporting form to facilitate compliance with this subdivision.

c) The commission must submit to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy an annual report prepared with the assistance of the Department of Commerce and the Department of Labor and Industry that addresses the training and use of Minnesota workers for the general and specialized skills required to build eligible energy technology projects that comply with the objectives and standards of this section. The report must include the estimated economic impacts resulting from the use of local and nonlocal labor on projects under this section.

(d) Reports submitted under this subdivision are public data under section 13.03, subdivision 1.

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

Sec. 10. Minnesota Statutes 2016, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. Local benefits. The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented to maximize benefits to Minnesota citizens, balancing factors such as local ownership of or participation in energy production, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the creation of high-quality employment opportunities for Minnesota workers and local workers, the costs of energy generation to satisfy the renewable standard, and the reliability of electric service to Minnesotans.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 11. Minnesota Statutes 2016, section 216B.243, subdivision 3, is amended to read:

Subd. 3. **Showing required for construction.** No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

1. the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;
2. the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;
3. the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under section 216B.2425;
4. promotional activities that may have given rise to the demand for this facility;
5. benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;
6. possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation;
7. the policies, rules, and regulations of other state and federal agencies and local governments;
8. any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;
9. with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota;
10. whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date certain an application for certificate of need under this section or for certification as a priority...
electric transmission project under section 216B.2425 for any transmission facilities or
upgrades identified under section 216B.2425, subdivision 7;

(11) whether the applicant has made the demonstrations required under subdivision 3a;
and

(12) if the applicant is proposing a nonrenewable generating plant, the applicant's
assessment of the risk of environmental costs and regulation on that proposed facility over
the expected useful life of the plant, including a proposed means of allocating costs associated
with that risk; and

(13) whether the applicant has demonstrated that at least 50 percent of the hours to be
performed by construction employees at the proposed large energy facility construction site
are by employees who are Minnesota residents for income tax purposes or employees who
reside within 100 miles of the proposed large energy facility construction site.

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

Sec. 12. Minnesota Statutes 2016, section 216B.243, is amended by adding a subdivision
to read:

Subd. 3c. Reports on state and local employment opportunities. (a) For purposes of
this subdivision and subdivision 3, clause (13), "construction employees" means employees
working in construction occupations, as defined by the United States Bureau of Labor
Statistics.

(b) A project owner or developer building a large energy facility for which a certificate
of need has been approved must submit to the commission a quarterly report certifying to
the best of the project owner's or developer's knowledge:

(1) the total number of hours worked that quarter by construction employees at the large
energy facility project site, including the full names and addresses of all the construction
employees;

(2) the total number of hours worked that quarter at the project site by construction
employees who are Minnesota residents for income tax purposes, including the full names
and addresses of all Minnesota resident employees; and

(3) the total number of hours worked that quarter at the project site by construction
employees who reside within 100 miles of the project site, including the full names and
addresses of all local resident employees.
The commission must develop a standard reporting form to facilitate compliance with this subdivision.

(c) The commission must prepare annual reports with the assistance of the Department of Commerce and the Department of Labor and Industry that address the training and use of Minnesota workers for the general and specialized skills required to build large energy facilities approved by the commission. The reports must include the estimated economic impacts resulting from the use of local and nonlocal labor on the projects. The reports must be submitted each year to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy.

(d) Reports submitted under this subdivision are public data under section 13.03, subdivision 1.

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

Sec. 13. Minnesota Statutes 2016, section 216B.243, subdivision 8, is amended to read:

Subd. 8. Exemptions. (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;
the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a wind energy conversion system or solar electric generation facility if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section 216B.2421, subdivision 2, 216E.01, subdivision 9a, with a nameplate capacity of five megawatts or more, including such systems that are engaging in a repowering project that:

(i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the facility exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a large wind energy conversion system or a solar energy generating system that has not received a final decision on a certificate of need application filed with the commission before that date.
"Homeowner" means the owner of a residential homestead, as defined in section 273.124, subdivision 1, paragraph (a), or the owner of an agricultural homestead, as defined in section 273.13, subdivision 23, paragraph (a).

"Residential biomass heating system" means:

1. a pellet stove or wood heater, as defined in Code of Federal Regulations, title 40, section 60.531; or
2. a residential forced-air furnace or residential hydronic heater, as defined in Code of Federal Regulations, title 40, section 60.5473.

Subd. 2. Establishment. A grant program is established under the Department of Commerce to award grants to homeowners to fund the purchase and installation of a residential biomass heating system.

Subd. 3. Eligible expenditures. (a) Grants awarded to a homeowner under this section may be used to pay up to the lesser of 33 percent of the cost to purchase and install a residential biomass heating system in the homeowner's residence, or $5,000.

(b) No grant may be awarded under this section to a homeowner for a residential biomass heating system that is not certified by the federal Environmental Protection Agency as meeting the 2015 New Source Performance Standards for air emissions for these heating systems, contained in Code of Federal Regulations, title 40, part 60, subparts AAA and QQQQ, as applicable.

Subd. 4. Application process. A homeowner must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner must develop administrative procedures governing the application and grant award process, and must award grants on a first-come, first-served basis.

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

Sec. 15. [216C.437] LOCAL GOVERNMENT EMERALD ASH BORER REMOVAL GRANT PROGRAM.

Subdivision 1. Establishment. The Department of Agriculture must establish a program to:

1. assist eligible local units of government collect and dispose of the wood waste created when ash trees are removed from public land due to either (i) emerald ash borer infestation, or (ii) an emerald ash borer management program;
(2) award grants to process the wood waste into usable biomass fuel, properly transport
the biomass fuel to an eligible district heating and cooling system cogeneration facility, and
use the biomass fuel to generate electricity and thermal energy; and

(3) reduce the biomass fuel costs passed through by an eligible heating and cooling
system cogeneration facility to the public utility that owns the Prairie Island nuclear
generating plant.

Subd. 2. Eligibility. In order to be eligible for the program under subdivision 1, an
applicant must be a district heating and cooling system cogeneration facility that:

(1) is located in the city of St. Paul;
(2) operates as a nonprofit entity;
(3) accepts wood waste from a local unit of government that is:
   (i) located within the service area of the public utility that is subject to section 116C.779;
   (ii) located in a county or portion of a county that has been designated by the
        commissioner of agriculture as quarantined with respect to the transportation of woody
        materials from ash trees due to demonstrated emerald ash borer infestation; and
   (iii) responsible for the removal of diseased ash trees from public lands within its
        jurisdiction; and
(4) uses biomass fuel to generate electricity and thermal energy.

Subd. 3. Eligible expenditures. (a) Grants may be awarded under this section to an
eligible recipient under subdivision 2 to:

(1) process into acceptable biomass fuel woody materials containing ash trees that have
been removed due to disease or implementation of an emerald ash borer management
program; or
(2) transport processed biomass fuel, woody materials infested by emerald ash borer,
and woody material removed under an emerald ash borer management program to a storage
location or to the district heating and cooling system cogeneration facility in downtown St.
Paul.

(b) Grant funds may be used to pay reasonable costs incurred by the Department of
Agriculture to administer this section.

(c) All funds awarded under paragraph (a) must reduce on a dollar-for-dollar basis the
charges billed by an eligible heating and cooling system cogeneration facility to the public
utility that owns the Prairie Island Nuclear Electric Generating Plant under the power
purchase agreement in effect on January 1, 2018. A heating and cooling system cogeneration
facility receiving a grant under this section must submit a monthly statement showing the
reduction in charges resulting from the requirement of this paragraph to the public utility
that owns the Prairie Island Nuclear Electric Generating Plant.

Subd. 4. Expiration. This section expires the day after the power purchase agreement
in effect on January 1, 2018, between an eligible heating and cooling system cogeneration
facility and the public utility that owns the Prairie Island Nuclear Electric Generating Plant
expires. This section does not extend or renew a power purchase agreement referenced in
this subdivision.

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

Sec. 16. Minnesota Statutes 2016, section 216E.03, subdivision 9, is amended to read:

Subd. 9. Timing. The commission shall make a final decision on an application within
60 days after receipt of the report of the administrative law judge. A final decision on the
request for a site permit or route permit shall be made within one year after the commission's
determination that an application is complete. The commission may extend this time limit
for up to 30 days for just cause or upon agreement of the applicant.

EFFECTIVE DATE. This section is effective the day following final enactment and
applies to any application filed with the commission on or after that date.

Sec. 17. Minnesota Statutes 2016, section 216E.04, subdivision 2, is amended to read:

Subd. 2. Applicable projects. The requirements and procedures in this section apply to
the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;
(2) large electric power generating plants that are fueled by natural gas;
(3) high-voltage transmission lines of between 100 and 200 kilovolts;
(4) high-voltage transmission lines in excess of 200 kilovolts and less than five miles
in length in Minnesota;
(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of
the distance of the line in Minnesota will be located along existing high-voltage transmission
line right-of-way;

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(6) a high-voltage transmission line service extension to a single customer between 200
and 300 kilovolts and less than ten miles in length;

(7) a high-voltage transmission line rerouting to serve the demand of a single customer
when the rerouted line will be located at least 80 percent on property owned or controlled
by the customer or the owner of the transmission line; and

(8) large electric power generating plants that are powered by solar energy; and

(9) a high-voltage transmission line in excess of 200 kilovolts, if the applicant is able
to demonstrate secured voluntary easements or other agreements with all landowners located
within the proposed route's right-of-way.

Sec. 18. Minnesota Statutes 2016, section 216E.04, subdivision 7, is amended to read:

Subd. 7. Timing. The commission shall make a final decision on an application within
60 days after completion of the public hearing. A final decision on the request for a site
permit or route permit under this section shall be made within six months after the
commission's determination that an application is complete. The commission may extend
this time limit for up to three months for just cause or upon agreement of the
applicant.

EFFECTIVE DATE. This section is effective the day following final enactment and
applies to any application filed with the commission on or after that date.

Sec. 19. Minnesota Statutes 2016, section 216F.01, subdivision 2, is amended to read:

Subd. 2. Large wind energy conversion system or LWECS. "Large wind energy
conversion system" or "LWECS" means any combination of WECS with a combined
nameplate capacity of 5,000 kilowatts or more and transmission lines directly associated
with the LWECS that are necessary to interconnect the LWECS with the transmission
system.

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

Sec. 20. Laws 2017, chapter 94, article 10, section 28, is amended to read:

Sec. 28. PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR
THERMAL REBATES.

(a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner
of a solar thermal system whose application was approved by the commissioner of commerce
after the effective date of this act.
(b) Unspent money remaining in the account established under Minnesota Statutes 2014, section 216C.416, as of July 2, 2017, must be transferred to the C-LEAF renewable development account established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

Sec. 21. Laws 2017, chapter 94, article 10, section 29, is amended to read:

Sec. 29. RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF UNEXPENDED GRANT FUNDS.

(a) No later than 30 days after the effective date of this section, the utility subject to Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person who received a grant funded from the renewable development account previously established under that subdivision:

1. after January 1, 2012; and
2. before January 1, 2012, if the funded project remains incomplete as of the effective date of this section.

The notice must contain the provisions of this section and instructions directing grant recipients how unexpended funds can be transferred to the clean energy advancement fund renewable development account.

(b) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after receiving the notice required under paragraph (a), transfer any grant funds that remain unexpended as of the effective date of this section to the clean energy advancement fund renewable development account if, by that effective date, all of the following conditions are met:

1. the grant was awarded more than five years before the effective date of this section;
2. the grant recipient has failed to obtain control of the site on which the project is to be constructed;
3. the grant recipient has failed to secure all necessary permits or approvals from any unit of government with respect to the project; and
4. construction of the project has not begun.
(c) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds that remain unexpended five years after the grant funds are received by the grant recipient if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary of the receipt of the grant funds.

(d) A person who transfers funds to the clean energy advancement fund renewable development account under this section is eligible to apply for funding from the clean energy advancement fund renewable development account.

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

Sec. 22. **REPEALER.**

Minnesota Statutes 2016, section 216B.2423, is repealed.

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

**ARTICLE 4**

**HOUSING**

Section 1. [14.1275] **RULES IMPACTING RESIDENTIAL CONSTRUCTION OR REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

**Subdivision 1. Definition.** As used in this section, "residential construction" means the new construction or remodeling of any building subject to the Minnesota Residential Code.

**Subd. 2. Impact on housing; agency determination.** (a) An agency must determine if implementation of a proposed rule, or any portion of a proposed rule, will, on average, increase the cost of residential construction or remodeling by $1,000 or more per unit, and whether the proposed rule meets the state regulatory policy objectives described in section 14.002. In calculating the cost of implementing a proposed rule, the agency may consider the impact of other related proposed rules on the overall cost of residential construction. If applicable, the agency may include offsetting savings that may be achieved through implementation of related proposed rules in its calculation under this subdivision.

(b) The agency must make the determination required by paragraph (a) before the close of the hearing record, or before the agency submits the record to the administrative law judge if there is no hearing. Upon request of a party affected by the proposed rule, the administrative law judge must review and approve or disapprove an agency's determination under this subdivision.
Subd. 3. Notice to legislature; legislative review. If the agency determines that the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision 2, or if the administrative law judge separately confirms the cost of any portion of a rule exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing, the chair and ranking minority members of the policy committees of the legislature with jurisdiction over the subject matter of the proposed rule within ten days of the determination. The agency shall not adopt the proposed rule until after the adjournment of the next annual session of the legislature convened on or after the date that notice required in this subdivision is given to the chairs and ranking minority members.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to administrative rules proposed on or after that date.

Sec. 2. Minnesota Statutes 2016, section 326B.815, subdivision 1, is amended to read:

Subdivision 1. Fees. (a) For the purposes of calculating fees under section 326B.092, an initial or renewed residential contractor, residential remodeler, or residential roofer license is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured home installers under section 327B.041 is $300 for a three-year period.

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

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

Sec. 3. Minnesota Statutes 2016, section 327.31, is amended by adding a subdivision to read:

Subd. 23. Modular home. "Modular home" means a building or structural unit of closed construction that has been substantially manufactured or constructed, in whole or in part, at an off-site location, with the final assembly occurring on site alone or with other units and attached to a foundation designed to the State Building Code and occupied as a single-family dwelling. Modular home construction must comply with applicable standards adopted in Minnesota Rules, chapter 1360 or 1361.
Sec. 4. [327.335] PLACEMENT OF MODULAR HOMES.

Notwithstanding any other law or ordinance to the contrary, a modular home may be placed in a manufactured home park as defined in section 327.14, subdivision 3. A modular home placed in a manufactured home park is a manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and duties, under those chapters apply. A modular home may not be placed in a manufactured home park without prior written approval of the park owner. A modular home placed in a manufactured home park under this section shall be assessed and taxed as a manufactured home.

Sec. 5. Minnesota Statutes 2016, section 327B.041, is amended to read:

327B.041 MANUFACTURED HOME INSTALLERS.

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

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

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

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

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

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

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

(b) The commissioner may waive all or part of the requirements for licensure as a manufactured home installer for any individual who holds an unexpired license or certificate issued by any other state or other United States jurisdiction if the licensing requirements of Article 4 Sec. 5.
that jurisdiction meet or exceed the corresponding licensing requirements of the department and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. For the purposes of calculating fees under section 326B.092, licensure as a manufactured home installer is a business license.

Sec. 6. Minnesota Statutes 2016, section 327C.095, subdivision 4, is amended to read:

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

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

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

The qualified neutral third party shall be familiar with manufactured housing and the requirements of this section. The neutral third party shall keep an overall receipts and cost summary together with a detailed accounting, for each manufactured lot, of the payments received by the manufactured home park owner, and expenses approved and payments disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well as a record of all services and hours it provided and at what hourly rate it charged to the Minnesota manufactured home trust fund. This detailed accounting shall be provided to the manufactured home park owner, the municipality, and the Minnesota Housing Finance Agency to be included in its yearly August 15 report as required in subdivision 13, paragraph

Article 4 Sec. 6.
(h), not later than 30 days after the expiration of the nine-month notice provided in the
closure statement.

Sec. 7. Minnesota Statutes 2016, section 327C.095, subdivision 6, is amended to read:

Subd. 6. Intent to convert use of park at time of purchase. Before the execution of
an agreement to purchase a manufactured home park, the purchaser must notify the park
owner, in writing, if the purchaser intends to close the manufactured home park or convert
it to another use within one year of the execution of the agreement. The park owner shall
provide a resident of each manufactured home with a 45-day written notice of the purchaser's
intent to close the park or convert it to another use. The notice must state that the park owner
will provide information on the cash price and the terms and conditions of the purchaser's
offer to residents requesting the information. The notice must be sent by first class mail to
a resident of each manufactured home in the park. The notice period begins on the postmark
date affixed to the notice and ends 45 days after it begins. During the notice period required
in this subdivision, the owners of at least 51 percent of the manufactured homes in the park
or a nonprofit organization which has the written permission of the owners of at least 51
percent of the manufactured homes in the park to represent them in the acquisition of the
park shall have the right to meet the cash price and execute an agreement to purchase the
park for the purposes of keeping the park as a manufactured housing community, provided
that the owners or nonprofit organization will covenant and warrant to the park owner in
the agreement that they will continue to operate the park for not less than six years from
the date of closing. The park owner must accept the offer if it meets the cash price and the
same terms and conditions set forth in the purchaser's offer except that the seller is not
obligated to provide owner financing. For purposes of this section, cash price means the
cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1,
paragraph (d).

Sec. 8. Minnesota Statutes 2016, section 327C.095, subdivision 12, is amended to read:

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

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

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

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

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

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

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

(6) the owner of the manufactured home is not a resident of the manufactured home
park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home
is a resident, but came to reside in the manufactured home park after the mailing date of
the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund
is less than $3,250,000 as of June 30 of each year, the commissioner of
management and budget shall assess each manufactured home park owner by mail the total
amount of $15 for each licensed lot in their park, payable on or before September

Article 4 Sec. 8.
15 of that year. The commissioner of management Failure to notify and budget shall periodically deposit any payments in the Minnesota timely assess the manufactured home relocation trust fund.

On or before July 15 of park owner by August 30 of any year shall waive the assessment and payment obligations of the manufactured home park owner for that year. Together with said assessment notice, each year, the commissioner of management and budget shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year, information about the collection, an invoice for all licensed lots, and a sample form for the park owners to collect information on which park residents have been accounted for. If assessed under this paragraph, the park owner may recoup the cost of the $15 assessment as a lump sum or as a monthly fee of no more than $1.25 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b), and deduct from the assessment accordingly. The commissioner of management and budget shall deposit any payments in the Minnesota manufactured home relocation trust fund.

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

Sec. 9. Minnesota Statutes 2016, section 327C.095, subdivision 13, is amended to read:

Subd. 13. Change in use, relocation expenses; payments by park owner. (a) If a manufactured home owner is required to relocate due to the conversion of all or a portion of a manufactured home park to another use, the closure of a manufactured home park, or cessation of use of the land as a manufactured home park under subdivision 1, and the manufactured home owner complies with the requirements of this section, the manufactured home owner is entitled to payment from the Minnesota manufactured home relocation trust fund equal to the manufactured home owner's actual relocation costs for relocating the manufactured home to a new location within a 25-mile radius of the park that is being closed, up to a maximum of $7,000 $9,000 for a single-section and $12,500 for a multisection manufactured home. The actual relocation costs must include the reasonable cost of taking down, moving, and setting up the manufactured home, including equipment rental, utility connection and disconnection charges, minor repairs, modifications necessary for transportation of the home, necessary moving permits and insurance, moving costs for any appurtenances, which meet applicable local, state, and federal building and construction codes.
(b) A manufactured home owner is not entitled to compensation under paragraph (a) if the manufactured home park owner is not required to make a payment to the Minnesota manufactured home relocation trust fund under subdivision 12, paragraph (b).

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

1. a copy of the closure statement under subdivision 1;
2. a copy of the contract with a moving or towing contractor, which includes the relocation costs for relocating the manufactured home;
3. a statement with supporting materials of any additional relocation costs as outlined in subdivision 1;
4. a statement certifying that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), apply to the manufactured home owner;
5. a statement from the manufactured park owner that the lot rental is current and that the annual $15 payments payment to the Minnesota manufactured home relocation trust fund have has been paid when due; and
6. a statement from the county where the manufactured home is located certifying that personal property taxes for the manufactured home are paid through the end of that year.

(d) The neutral third party shall promptly process all payments within 14 days. If the neutral third party has acted reasonably and does not approve or deny payment within 45 days after receipt of the information set forth in paragraph (c), the payment is deemed approved. Upon approval and request by the neutral third party, the Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent of the contract price payable to the mover and towing contractor for relocating the manufactured home in the amount of the actual relocation cost, plus a check to the home owner for additional certified costs associated with third-party vendors, that were necessary in relocating the manufactured home. The moving or towing contractor shall receive 50 percent upon execution of the contract and 50 percent upon completion of the relocation and approval by the manufactured home owner. The moving or towing contractor may not apply the funds to any other purpose other than relocation of the manufactured home as provided in the contract. A copy of the approval must be forwarded by the neutral third party to the park owner with an invoice for payment of the amount specified in subdivision 12, paragraph (a).
(e) In lieu of collecting a relocation payment from the Minnesota manufactured home relocation trust fund under paragraph (a), the manufactured home owner may collect an amount from the fund after reasonable efforts to relocate the manufactured home have failed due to the age or condition of the manufactured home, or because there are no manufactured home parks willing or able to accept the manufactured home within a 25-mile radius. A manufactured home owner may tender title of the manufactured home in the manufactured home park to the manufactured home park owner, and collect an amount to be determined by an independent appraisal. The appraiser must be agreed to by both the manufactured home park owner and the manufactured home owner. If the appraised market value cannot be determined, the tax market value, averaged over a period of five years, can be used as a substitute. The maximum amount that may be reimbursed under the fund is $8,000 for a single-section and $14,500 for a multisection manufactured home. The minimum amount that may be reimbursed under the fund is $2,000 for a single section and $4,000 for a multisection manufactured home. The manufactured home owner shall deliver to the manufactured home park owner the current certificate of title to the manufactured home duly endorsed by the owner of record, and valid releases of all liens shown on the certificate of title, and a statement from the county where the manufactured home is located evidencing that the personal property taxes have been paid. The manufactured home owner's application for funds under this paragraph must include a document certifying that the manufactured home cannot be relocated, that the lot rental is current, that the annual $15 payments to the Minnesota manufactured home relocation trust fund have been paid when due, that the manufactured home owner has chosen to tender title under this section, and that the park owner agrees to make a payment to the commissioner of management and budget in the amount established in subdivision 12, paragraph (a), less any documented costs submitted to the neutral third party, required for demolition and removal of the home, and any debris or refuse left on the lot, not to exceed $1,000 $3,000. The manufactured home owner must also provide a copy of the certificate of title endorsed by the owner of record, and certify to the neutral third party, with a copy to the park owner, that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the manufactured home owner, and that the home owner will vacate the home within 60 days after receipt of payment or the date of park closure, whichever is earlier, provided that the monthly lot rent is kept current.

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

(g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be
liable to any person for recovery if the funds in the Minnesota manufactured home relocation
trust fund are insufficient to pay the amounts claimed. The Minnesota Housing Finance
Agency shall keep a record of the time and date of its approval of payment to a claimant.

(h)(1) By October 15, 2018, the Minnesota Housing Finance Agency shall post on its
Web site and report to the chairs of the senate Finance Committee and house of
representatives Ways and Means Committee on the Minnesota manufactured home relocation
trust fund, including the account balance, payments to claimants, the amount of any advances
to the fund, the amount of any insufficiencies encountered during the previous calendar
year, and any itemized administrative charges or expenses deducted from the trust fund
balance. If sufficient funds become available, the Minnesota Housing Finance Agency shall
pay the manufactured home owner whose unpaid claim is the earliest by time and date of
approval.

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

Sec. 10. Minnesota Statutes 2016, section 327C.095, is amended by adding a subdivision
to read:

Subd. 16. Reporting of licensed manufactured home parks. The Department of Health
or, if applicable, local units of government that have entered into a delegation of authority
agreement with the Department of Health as provided in section 145A.07 shall provide, by
March 31 of each year, a list of names and addresses of the manufactured home parks
Sec. 11. Minnesota Statutes 2016, section 462A.222, subdivision 3, is amended to read:

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

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

(c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the project satisfies the requirements of the allocating agency's qualified allocation plan. For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds for the project, or the issuer of the bonds for the project is located outside the jurisdiction of a city or county that has received reserved tax credits, the applicable allocation plan is the agency's qualified allocation plan. Notwithstanding this paragraph, any projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, for which the Minnesota Housing Finance Agency is the issuer of the bonds for the project, or the issuer of the bonds for the project is located outside the jurisdiction of a city or county that has received reserved tax credits, and such project meets the requirements of both section 474A.047 and section 42 of the Internal Revenue Code, such projects shall be deemed for all purposes to have satisfied all the requirements of the Minnesota Housing Finance Agency's qualified allocation plan and all other related guidance and requirements and the agency shall timely issue the necessary determination letters under section 42(m) of the Internal Revenue Code of 1986, as amended, or Form 8609. The Minnesota Housing Finance Agency's qualified allocation plan is required to contain the provisions of this subdivision.

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

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

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

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

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

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

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

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

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

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

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

(4) projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of tax credits is necessary to prevent conversion to market rate use or to remedy physical deterioration of the project which would result in loss of existing federal subsidies; or
(5) projects financed by the Farmers Home Administration, or its successor agency, which meet statewide distribution goals.

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

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

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

Sec. 12. Minnesota Statutes 2016, 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. 13. Minnesota Statutes 2016, 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. 14. Minnesota Statutes 2016, 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. 15. Minnesota Statutes 2016, 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 receives federal project-based rental subsidies. In addition, to qualify as a preservation project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 16. Minnesota Statutes 2016, 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:
   1. are reserved for tenants whose income, on average, is 30 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; or
2. (i) located 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.

Sec. 17. Minnesota Statutes 2016, 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.

Sec. 18. Minnesota Statutes 2016, 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. 19. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

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

Sec. 20. Minnesota Statutes 2016, 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 July 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.

EFFECTIVE DATE. This section is effective the day following final enactment and
expires January 1, 2021.

Sec. 21. Minnesota Statutes 2016, section 474A.04, subdivision 1a, is amended to read:

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

Sec. 22. Minnesota Statutes 2016, section 474A.047, subdivision 1, is amended to read:

Subdivision 1. Eligibility. (a) An issuer may only use the proceeds from residential
rental bonds if the proposed project meets the following requirements:

(1) the proposed residential rental project meets the requirements of section 142(d) of
the Internal Revenue Code regarding the incomes of the occupants of the housing; and

(2) the maximum rent for at least 20 percent of the units in the proposed residential rental
project do not exceed the area fair market rent or exception fair market rents for existing
housing, if applicable, as established by the federal Department of Housing and Urban
Development. The rental rates of units in a residential rental project for which project-based
federal assistance payments are made are deemed to be within the rent limitations of this
clause.

(b) The proceeds from residential rental bonds may be used for a project for which
project-based federal rental assistance payments are made only if the owner of the project
enters into a binding agreement with the issuer under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof.

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

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

   (i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem (2), effective May 1, 1997; or
   (ii) the level of project reserves available prior to the bond issue, provided that additional money is available to accomplish repairs and replacements needed at the time of bond issue.

Sec. 23. Minnesota Statutes 2016, section 474A.047, subdivision 2, is amended to read:

Subd. 2. 15-year agreement. Prior to the issuance of residential rental bonds, the developer of the project for which the bond proceeds will be used must enter into a 15-year agreement with the issuer that specifies the maximum rental rates of the rent-restricted units in the project and the income levels of the residents of the project occupying income-restricted units, and in which the developer will agree to maintain the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, or 20 percent LIHTC project, as applicable and as described in its application. Such rental rates and income levels must be within the limitations established under subdivision 1. The developer must annually certify to the issuer over the term of the agreement that the rental rates for the rent-restricted units are within the limitations under subdivision 1. The issuer may request individual certification of the income of residents of the income-restricted units. The commissioner may request from the issuer a copy of the annual certification prepared by the developer. The commissioner may require the issuer to request individual certification of all residents of the income-restricted units.

Sec. 24. Minnesota Statutes 2016, section 474A.061, is amended to read:

474A.061 MANUFACTURING, HOUSING, AND PUBLIC FACILITIES POOLS.

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 or wire transfer 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.

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 by a check made payable to the Department of Management and Budget or wire transfer. 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.

Subd. 2a. Housing pool allocation. (a) Commencing on the second Tuesday in January and continuing on each Monday through July 15, 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;

(6) after June 1 in calendar years 2018, 2019, and 2020, and after January 1 starting in calendar year 2021, single family housing programs; and

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

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 such projects in any one allocation period, available bonding authority shall be randomly awarded by lot. If a residential rental project is selected by lot, but the remaining allocation is insufficient to receive the full amount of its requested allocation, the remaining bonding authority shall be reserved by the commissioner, or by the Minnesota Housing Finance Agency if such authority is carried forward pursuant to section 474A.131, for the project for up to 24 months thereafter, and if 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 the remaining amount of 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. Within 180 days of receiving an allocation under this paragraph, an issuer must either begin issuing obligations or submit an additional application deposit equal to one percent of the allocation amount; if an additional deposit is submitted, the issuer must begin issuing obligations within 18 months of receiving an allocation. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within 120 days of the allocation the relevant time period 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 15. If an issuer that receives an allocation under this paragraph issues obligations within the relevant time period 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 will be refunded (i) within 30 days after the date on which the Internal Revenue Service Forms 8609 are issued with respect to projects generating low-income housing tax credits, or (ii) within 90 days after the issuer provides a certification...
and any other reasonable documentation requested by the commissioner evidencing that
construction of the project has been completed.

(b) After January 1, and through January 15, The Minnesota Housing Finance Agency
may accept applications, according to the schedule in paragraph (c), from cities for
single-family housing programs which meet program requirements as follows:

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

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

(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) (e). 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) The Minnesota Housing Finance Agency may accept applications under paragraph
(b) after June 1 in calendar years 2018, 2019, and 2020, and after January 1 and through
January 15 starting in calendar year 2021.

(d) 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 (4) (e) and (4) (g). 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) (g) 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 15 June 1 shall notify the Minnesota Housing Finance Agency by July 15 June 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 15 June 1. The city must comply with paragraph (f) (g).

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

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 15.

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 July. 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) (e). (g) 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) (e) 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. (h) 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. (i) 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 4§ 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.

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,
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, the commissioner shall reserve $10,000,000 of available bonding
authority in the small issue pool for applications for student loan bonds of or on behalf of
the Minnesota Office of Higher Education. The total amount of allocations for student loan
bonds from the small issue pool may not exceed $10,000,000 per year.

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

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

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 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.

Subd. 4. *Return of allocation; deposit refund for small issue pool or public facilities pool.* (a) For any requested allocation 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 June, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 120-day period since allocation has expired on or after the last Monday in June, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

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

Subd. 4a. 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 the allocation is canceled and
returned for reallocation through the unified pool. If the issuer notifies the department after
the last Monday in November, the amount of allocation is canceled and returned for
reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
application process, the commissioner shall reserve, for new applications, the amount of
allocation that is canceled and returned for reallocation under this section for a minimum
of seven calendar days.

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

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

(2) one-fourth of the allocation 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. 25. Minnesota Statutes 2016, 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 issuance requirements any time limitation on issuance 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. 26. Minnesota Statutes 2016, section 474A.091, is amended to read:

474A.091 ALLOCATION OF UNIFIED POOL.

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.

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

1. a preliminary resolution,
2. a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code,
3. the type of qualified bonds to be issued, (4) an application deposit in the amount of two percent of the requested allocation, (5) a public purpose scoring worksheet for manufacturing and enterprise zone applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing and whether the project is restricted to persons who are 55 years of age or older.

4. a sworn statement from the applicant identifying the project as 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. Applications for projects requesting bonds in excess of the aggregate bond limitation may not apply or be allocated bonding authority until after September 1 each year.

The issuer must pay the application deposit by check. An entitlement issuer may not apply for an allocation for public facility bonds, residential rental project bonds, or mortgage articles.
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) Within 180 days of receiving an allocation under this subdivision, an issuer must
either begin issuing obligations or submit an additional application deposit equal to one
percent of the allocation amount; if an additional deposit is submitted, the issuer must begin
issuing obligations within 18 months of receiving an allocation. 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 180-day 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 180-day 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 such application
deposit will be refunded (1) within 30 days after the date on which Internal Revenue Service
Forms 8609 are issued with respect to projects generating low-income housing tax credits,
or (2) within 90 days after the issuer provides a certification and any other reasonable
documentation requested by the commissioner evidencing that construction of the project
has been completed.

(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.

Subd. 2a. Application for all other types of qualified bonds. Issuers may apply for an
allocation for all types of qualified bonds other than residential rental bonds under this
section by submitting to the department an application on forms provided by the department
accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the
proposed issue of obligations requires an allocation under this chapter and the Internal
Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in
the amount of two percent of the requested allocation, and (5) a public purpose scoring
worksheet for manufacturing and enterprise zone applications. The issuer must pay the
application deposit 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, its entitlement allocation includes
an amount obtained under section 474A.04, subdivision 6.

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.

Subd. 3. Allocation procedure. (a) The commissioner shall allocate available bonding
authority under this section on the Monday of every other week beginning with the first
Monday in August through and on the last Monday in November. Applications for
allocations must be received by the department by 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 (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; (6) other residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation; and (7) other residential rental projects for which the amount of bonds requested in their respective applications exceeds the aggregate bond limitation and which apply on or after September 1 of a calendar year. 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 such 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 under the random award, the remaining bonding authority not allocated to the project shall be reserved by the commissioner, or by the Minnesota Housing Finance Agency if the authority is carried forward pursuant to section 474A.131, for the project for up to 24 months thereafter, and if 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 the remaining amount of its original application request for bonding authority before any new project applying in the same allocation period that has an equal priority shall receive bonding authority.

(g) From the first Monday in August 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.

Subd. 3a. Mortgage bonds. (a) Bonding authority remaining in the unified pool on October 1 is available for single-family housing programs for cities that applied in January June and received an allocation under section 474A.061, subdivision 2a, in the same calendar.
The Minnesota Housing Finance Agency shall receive an allocation for mortgage bonds pursuant to this section, minus any amounts for a city or consortium that intends to issue bonds on its own behalf under paragraph (c).

(b) 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. Allocations shall be awarded by the commissioner each Monday commencing on the first Monday in October through the last Monday in November for applications received by 4:30 p.m. on the Monday of the week preceding an allocation.

For cities who choose to have the agency issue bonds on their behalf, allocations will be made loan by loan, on a first-come, first-served basis among the cities. The agency shall submit an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to two percent of the requested allocation to the commissioner when requesting an allocation from the unified pool. After awarding an allocation and receiving a notice of issuance for mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposit to the Minnesota Housing Finance Agency.

For purposes of paragraphs (a) to (d), "city" means a county or a consortium of local government units that agree through a joint powers agreement to apply together for single-family housing programs, and has the meaning given it in section 462C.02, subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

(c) Any city that received an allocation pursuant to section 474A.061, subdivision 2a, paragraph (f), in the current year that wishes to receive an additional allocation from the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement shall notify the Minnesota Housing Finance Agency by the third Monday in September. The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the unified pool, multiplied by the ratio of the population of each city that applied in January and received an allocation under section 474A.061, subdivision 2a, in the same calendar year, as determined by the most recent estimate of the city's population released by the state demographer's office to the total of the population of all the cities that applied in January and received an allocation under section 474A.061, subdivision 2a, in the same calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers agreement is located within a county that has also chosen to issue bonds on its own behalf or through
a joint powers agreement, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

The Minnesota Housing Finance Agency shall notify each city choosing to issue bonds on its own behalf or pursuant to a joint powers agreement of the amount of its allocation by October 15. Upon determining the amount of the allocation of each choosing to issue bonds on its own behalf or through a joint powers agreement, the agency shall forward a list specifying the amounts allotted to each city.

A city that chooses to issue bonds on its own behalf or through a joint powers agreement may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to two percent of the requested amount to the commissioner no later than 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that choose to issue bonds on their own behalf shall be awarded by the commissioner on the first Monday after October 15 through the last Monday in November. No city may receive an allocation from the commissioner after the last Monday in November. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this subdivision.

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.

(d) 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 unified pool.

(e) An allocation awarded to the agency for mortgage bonds under this section may be carried forward by the agency subject to notice requirements under section 474A.131.

Subd. 4. Remaining bonding authority. All remaining bonding authority available for allocation under this section on December 1, is allocated to the Minnesota Housing Finance Agency.

Subd. 5. Return of allocation; deposit refund. (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of 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.

(c) An issuer that returns for reallocation all or a portion of an allocation for residential rental project bonds received under this section within the earlier of 180 days of the allocation or the end of the year 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.

No refund of the application deposit shall be available for allocations returned on or after the last Monday in November.
Subd. 6. **Final allocation; carryforward.** Notwithstanding the notice requirements of section 474A.131, subdivision 2, any bonding authority remaining unissued by the Minnesota Housing Finance Agency on the last business day in December shall be carried forward into the next calendar year by the commissioner for the Minnesota Housing Finance Agency.

Any authority carried forward shall be allocated to utilize such authority that is closest to expiring first, and in all events, Minnesota Housing Finance Agency shall allocate its bonding authority to utilize such authority carried forward prior to any current year's allocation.

Sec. 27. Minnesota Statutes 2016, section 474A.131, is amended to read:

**474A.131 NOTICE OF ISSUE AND NOTICE OF CARRYFORWARD.**

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 the applicable application deposit was made, less any penalty amount.

Subd. 1a. **Certificate of notice.** If an allocation received under this chapter is used for mortgage credit certificates, a certificate notice must be submitted to the department on forms provided by the department stating the date of the filing of the election not to issue mortgages. Article 4 Sec. 27.
bonds as provided under section 25, paragraph (c), of the Internal Revenue Code and the
amount of allocation authority to be used under the program.

A penalty of one-half of the amount of the application deposit not to exceed $5,000 shall
apply to any mortgage credit certificate program for which a certificate notice is not provided
to the department within five days of the date of the filing of the election not to issue bonds
or before the last Monday in December, whichever occurs first. Within 30 days after receipt
of a certificate notice the department shall refund a portion of the application deposit equal
to one percent of the amount of the bonding authority to be used for the mortgage credit
certificate program, less any penalty amount.

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) With respect to (1) an allocation received for a residential rental project for which
such obligations have not been issued before 4:30 p.m. on the last business day in December
and the time period for issuance of such obligations provided under section 474A.061,
subdivision 2a, or section 474A.091, subdivision 2, as applicable has not expired, or (2)
bonding authority reserved for a project for up to 24 months under section 474A.061,
subdivision 2a, or section 474A.091, subdivision 3, paragraph (f), as of 4:30 p.m. on the
last business day of December, such 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 such 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 such bonds
as intended by the originally intended issuer. In addition, any obligations issued by the
Minnesota Housing Finance Agency for a residential rental project that is subject to this
subdivision shall not be subject to the debt management policies of the Minnesota Housing
Finance Agency, as adopted and amended from time to time. The Minnesota Housing
Finance Agency shall not charge any issuer fees for an issuance under this subdivision and
all issuer fees shall be paid to the original applicant for the bonds. Notwithstanding this
paragraph, the Minnesota Housing Finance Agency may be reimbursed for its reasonable
costs to issue the bonds.
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 subdivision 1b.

Subd. 3. **Irrevocable allocation.** The department may not revoke an allocation received under this chapter after receiving a notice of issue or certificate notice from the issuer.

Subd. 4. **Allocation plan.** By January 15 of each year, the commissioner of the Minnesota Housing Finance Agency shall annually prepare a tax-exempt bond allocation plan that identifies the amount of tax-exempt bonds allocated to the Minnesota Housing Finance Agency during the previous calendar year, identifies the amount of carryforward bonds and the respective issuers pursuant to subdivision 1b, and for all other bond carryforward, whether or not the Minnesota Housing Finance Agency intends to carryforward such bonds not otherwise allocated in the previous year as qualified residential rental bonds or qualified mortgage bonds or mortgage credit certificates consistent with the requirements of Internal Revenue Service Form 8328, identifies the carryforward balance of any tax-exempt bonds allocated to the Minnesota Housing Finance Agency including those bonds carried forward as qualified residential rental bonds and qualified mortgage bonds or mortgage credit certificates. Prior to January 15 of each year, the Minnesota Housing Finance Agency must post on its official Web site the tax-exempt bond allocation plan and invite public comment until February 1. The Minnesota Housing Finance Agency shall not file the Internal Revenue Service Form 8328 until the public comment period had closed on February 1 unless otherwise required by federal law.

Sec. 28. Minnesota Statutes 2016, section 474A.14, is amended to read:

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

The department shall provide at its official Web site 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 Web site a written notice of the amount of bonding authority available for allocation in the unified pool as soon after August 1 as possible.
Sec. 29. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter 85.1 189, article 7, section 8, and Laws 2017, chapter 94, article 6, section 17, is amended to 85.2 read:

Sec. 14. ASSIGNED RISK TRANSFER.

(a) By June 30, 2015, if the commissioner of commerce determines on the basis of an 85.3 audit that there is an excess surplus in the assigned risk plan created under Minnesota 85.4 Statutes, section 79.252, the commissioner of management and budget shall transfer the 85.5 amount of the excess surplus, not to exceed $10,500,000, to the general fund. This transfer 85.6 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, 85.7 paragraph (a), clause (1). This is a onetime transfer.

(b) By June 30, 2015, and each year thereafter, if the commissioner of commerce 85.9 determines on the basis of an audit that there is an excess surplus in the assigned risk plan 85.10 created under Minnesota Statutes, section 79.252, the commissioner of management and 85.11 budget shall transfer the amount of the excess surplus, not to exceed $4,820,000 each year, 85.12 to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. 85.13 This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, 85.14 subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) 85.15 and (f). The total amount authorized for all transfers under this paragraph must not exceed 85.16 $24,100,000. This paragraph expires the day following the transfer in which the total amount 85.17 transferred under this paragraph to the Minnesota minerals 21st century fund equals 85.18 $24,100,000.

(c) By June 30, 2015, if the commissioner of commerce determines on the basis of an 85.22 audit that there is an excess surplus in the assigned risk plan created under Minnesota 85.23 Statutes, section 79.252, the commissioner of management and budget shall transfer the 85.24 amount of the excess surplus, not to exceed $4,820,000, to the general fund. This transfer 85.25 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, 85.26 paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a 85.27 transfer occurs under this paragraph, the amount transferred is appropriated from the general 85.28 fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section 85.29 15. Both the transfer and appropriation under this paragraph are onetime.

(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an 85.31 audit that there is an excess surplus in the assigned risk plan created under Minnesota 85.32 Statutes, section 79.252, the commissioner of management and budget shall transfer the 85.33 amount of the excess surplus, not to exceed $4,820,000, to the general fund. This transfer
occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of management and budget shall transfer to the general fund, any unencumbered or unexpended balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or the date the commissioner of commerce determines that an excess surplus in the assigned risk plan does not exist, whichever occurs earlier.

(f) By June 30, 2017, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed $2,000,000 $3,000,000 each year, to the rural policy and development center fund under Minnesota Statutes, section 116J.4221 Minnesota manufactured home relocation trust fund established in Minnesota Statutes, section 462A.35, subdivision 1. This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all transfers under this paragraph must not exceed $2,000,000 $3,000,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the rural policy and development center fund equals $2,000,000 $3,000,000.

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

Sec. 30. ADVANCES TO THE MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.

(a) Until June 30, 2020, the Minnesota Housing Finance Agency is authorized to advance up to $400,000 from available resources to the Minnesota manufactured home relocation trust fund established under Minnesota Statutes, section 462A.35, if the account balance in the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section 327C.095, subdivision 13.

(b) The Minnesota Housing Finance Agency shall be reimbursed from the Minnesota manufactured home relocation trust fund for any money advanced by the agency under paragraph (a) to the fund.
Sec. 31. REPEALER.

Minnesota Statutes 2016, section 471.9996, subdivision 2, is repealed.

Sec. 32. EFFECTIVE DATE.

Except as otherwise noted, sections 11 to 28 are effective the day following final enactment.

ARTICLE 5
LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2016, section 177.24, subdivision 1, is amended to read:

Subdivision 1. Amount. (a) For purposes of this subdivision, the terms defined in this paragraph have the meanings given them.

(1) "Large employer" means an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(2) "Small employer" means an enterprise whose annual gross volume of sales made or business done is less than $500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(3) "Employee receiving gratuities" means an employee who customarily and regularly receives more than $30 per month in gratuities.

(b) Except as otherwise provided in sections 177.21 to 177.35:

(1) every large employer must pay each employee wages at a rate of at least:

(i) $8.00 per hour beginning August 1, 2014;

(ii) $9.00 per hour beginning August 1, 2015;

(iii) $9.50 per hour beginning August 1, 2016; and

(iv) the rate established under paragraph (f) beginning January 1, 2018; and

(2) every small employer must pay each employee at a rate of at least:

(i) $6.50 per hour beginning August 1, 2014;

(ii) $7.25 per hour beginning August 1, 2015;
(iii) $7.75 per hour beginning August 1, 2016; and

(iv) the rate established under paragraph (f) beginning January 1, 2018.

(c) Notwithstanding paragraph (b), during the first 90 consecutive days of employment, an employer may pay an employee under the age of 20 years a wage of at least:

1. $6.50 per hour beginning August 1, 2014;
2. $7.25 per hour beginning August 1, 2015;
3. $7.75 per hour beginning August 1, 2016; and
4. the rate established under paragraph (f) beginning January 1, 2018.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

(d) Notwithstanding paragraph (b), an employer that is a "hotel or motel," "lodging establishment," or "resort" as defined in Minnesota Statutes 2012, section 157.15, subdivisions 7, 8, and 11, must pay an employee working under a contract with the employer that includes the provision by the employer of a food or lodging benefit, if the employee is working under authority of a summer work travel exchange visitor program (J) nonimmigrant visa, a wage of at least:

1. $7.25 per hour beginning August 1, 2014;
2. $7.50 per hour beginning August 1, 2015;
3. $7.75 per hour beginning August 1, 2016; and
4. the rate established under paragraph (f) beginning January 1, 2018.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

(e) Notwithstanding paragraph (b), a large employer must pay an employee under the age of 18 at a rate of at least:

1. $6.50 per hour beginning August 1, 2014;
2. $7.25 per hour beginning August 1, 2015;
3. $7.75 per hour beginning August 1, 2016; and
4. the rate established under paragraph (f) beginning January 1, 2018.
No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

(f) No later than August 31 of each year, beginning in 2017, the commissioner shall determine the percentage increase in the rate of inflation, as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis during the 12-month period immediately preceding that August or, if that data is unavailable, during the most recent 12-month period for which data is available. The minimum wage rates in paragraphs (b), (c), (d), and (e) are increased by the lesser of: (1) 2.5 percent, rounded to the nearest cent; or (2) the percentage calculated by the commissioner, rounded to the nearest cent. A minimum wage rate shall not be reduced under this paragraph. The new minimum wage rates determined under this paragraph take effect on the next January 1.

(g)(1) No later than September 30 of each year, beginning in 2017, the commissioner may issue an order that an increase calculated under paragraph (f) not take effect. The commissioner may issue the order only if the commissioner, after consultation with the commissioner of management and budget, finds that leading economic indicators, including but not limited to projections of gross domestic product calculated by the United States Department of Commerce, Bureau of Economic Analysis; the Consumer Confidence Index issued by the Conference Board; and seasonally adjusted Minnesota unemployment rates, indicate the potential for a substantial downturn in the state's economy. Prior to issuing an order, the commissioner shall also calculate and consider the ratio of the rate of the calculated change in the minimum wage rate to the rate of change in state median income over the same time period used to calculate the change in wage rate. Prior to issuing the order, the commissioner shall hold a public hearing, notice of which must be published in the State Register, on the department's Web site, in newspapers of general circulation, and by other means likely to inform interested persons of the hearing, at least ten days prior to the hearing. The commissioner must allow interested persons to submit written comments to the commissioner before the public hearing and for 20 days after the public hearing.

(2) The commissioner may in a year subsequent to issuing an order under clause (1), make a supplemental increase in the minimum wage rate in addition to the increase for a year calculated under paragraph (f). The supplemental increase may be in an amount up to the full amount of the increase not put into effect because of the order. If the supplemental increase is not the full amount, the commissioner may make a supplemental increase of the difference, or any part of a difference, in a subsequent year until the full amount of the
increase ordered not to take effect has been included in a supplemental increase. In making
a determination to award a supplemental increase under this clause, the commissioner shall
use the same considerations and use the same process as for an order under clause (1). A
supplemental wage increase is not subject to and shall not be considered in determining
whether a wage rate increase exceeds the limits for annual wage rate increases allowed
under paragraph (f).

(h) Notwithstanding paragraph (b), every large employer must pay an employee receiving
gratuities a wage of at least:

(1) $9.65 per hour if the employee earns sufficient gratuities during the workweek so
that the sum of $9.65 per hour and gratuities received averages at least the amount established
for large employers under paragraph (j); or

(2) the greater of the wage rate under this section or United States Code, title 29, section
206(a)(1), if the employee does not earn sufficient gratuities during the workweek so that
the sum of $9.65 per hour and gratuities received averages at least the amount established
for large employers under paragraph (j).

(i) Notwithstanding paragraph (b), every small employer must pay an employee receiving
gratuities a wage of at least:

(1) $7.87 per hour if the employee earns sufficient gratuities during the workweek so
that the sum of $7.87 per hour and gratuities received averages at least the amount established
for small employers under paragraph (j); or

(2) the greater of the wage rate under this section or United States Code, title 29, section
206(a)(1), if the employee does not earn sufficient gratuities during the workweek so that
the sum of $7.87 per hour and gratuities received averages at least the amount established
for small employers under paragraph (j).

(j)(1) For large employers, the average hourly wage and gratuity amount begins at $14
and increases annually by the lesser of:

(i) two percent, rounded to the nearest cent; or

(ii) the percentage calculated by the commissioner under paragraph (f), rounded to the
nearest cent.

(2) For small employers, the average hourly wage and gratuity amount begins at $12
and increases annually by the lesser of:

(i) two percent, rounded to the nearest cent; or
(ii) the percentage calculated by the commissioner under paragraph (f), rounded to the nearest cent.

An average hourly wage and gratuity amount shall not be reduced under this paragraph. The adjusted average hourly wage and salary amounts determined under this paragraph take effect on the next January 1.

Sec. 2. Minnesota Statutes 2016, section 182.666, subdivision 1, is amended to read:

Subdivision 1. Willful or repeated violations. Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed $70,000 $126,750 for each violation. The minimum fine for a willful violation is $5,000 $9,055.

Sec. 3. Minnesota Statutes 2016, section 182.666, subdivision 2, is amended to read:

Subd. 2. Serious violations. Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed $7,000 $12,675 for each violation. If a serious violation under section 182.653, subdivision 2, causes or contributes to the death of an employee, the employer shall be assessed a fine of up to $25,000 for each violation.

Sec. 4. Minnesota Statutes 2016, section 182.666, subdivision 3, is amended to read:

Subd. 3. Nonserious violations. Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to $7,000 $12,675 for each violation.

Sec. 5. Minnesota Statutes 2016, section 182.666, subdivision 4, is amended to read:

Subd. 4. Failure to correct a violation. Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the commissioner in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than $7,000 $12,675 for each day during which the failure or violation continues.
Sec. 6. Minnesota Statutes 2016, section 182.666, subdivision 5, is amended to read:

Subd. 5. Posting violations. Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to $7,000 $12,675 for each violation.

Sec. 7. Minnesota Statutes 2016, section 182.666, is amended by adding a subdivision to read:

Subd. 6a. Increases for inflation. (a) No later than August 31 of each year, beginning in 2018, the commissioner shall determine the percentage increase in the rate of inflation, as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis during the 12-month period immediately preceding that August or, if that data is unavailable, during the most recent 12-month period for which data is available. The fines in subdivisions 1, 2, 3, 4, and 5, except for the fine for a serious violation under section 182.653, subdivision 2, that causes or contributes to the death of an employee, are increased by the lesser of (1) 2.5 percent, rounded to the nearest dollar amount evenly divisible by ten, or (2) the percentage calculated by the commissioner, rounded to the nearest dollar amount evenly divisible by ten.

(b) The fines increased under paragraph (a) shall not be increased to an amount greater than the corresponding federal penalties for the specified violations promulgated in United States Code, title 29, section 666, subsections (a)-(d), (i), as amended through November 5, 1990, and adjusted according to United States Code, title 28, section 2461, note (Federal Civil Penalties Inflation Adjustment), as amended through November 2, 2015.

(c) A fine must not be reduced under this subdivision. A fine increased under this subdivision takes effect on the next January 1.

Sec. 8. REPEALER.

Minnesota Statutes 2016, section 177.24, subdivision 2, is repealed.

ARTICLE 6

LAKE WINONA MANAGEMENT

Section 1. LAKE WINONA MANAGEMENT; USING OFFSET, ADAPTIVE PLANNING.
(a) To facilitate implementation of the Lake Winona total maximum daily load, the Alexandria Lake Area Sanitary District may fund or perform lake management activities in Lake Winona and in Lake Agnes. Lake management activities may include but are not limited to carp removal and alum treatment. If the district agrees to fund or perform lake management activities in Lake Winona and in Lake Agnes, the commissioner of the Pollution Control Agency shall do one of the following unless the district chooses another path to compliance that conforms to state and federal law, such as facility construction:

1. Approve an offset of the phosphorous loading proportional to the reduction achievable through lake management activities in Lake Winona and Lake Agnes creditable to the Alexandria Lake Area Sanitary District's wastewater treatment facility and issue or amend the district's NPDES permit MN004738 to include the offset. The approved offset may be related to the lake eutrophication response variable chlorophyll-a, but shall ensure the district can achieve compliance with phosphorus effluent limits through wastewater optimization techniques without performing capital upgrades to the wastewater treatment facility. The lake management activities contemplated under paragraph (a) need not be completed before the commissioner approves the offset and related discharge limits or issues the permit, but the permit may include a schedule of compliance outlining the required lake management activities and requiring that lake management activities in Lake Winona and Lake Agnes begin immediately upon permit issuance. The approved offset and related permit language must be consistent with Clean Water Act requirements and Minnesota Statutes, section 115.03, subdivision 10; or

2. Amend the district's NPDES permit MN004738 in a manner consistent with state and federal law to include an integrated and adaptive lake management plan and to extend the final compliance deadline for the final phosphorus concentration effluent limit related to the site specific standard for Lake Winona contained in the district's permit until such time that carp removal in Lake Winona can be completed and the lake can be reassessed. The permit may include a schedule of compliance outlining the required lake management activities and requiring that lake management activities in Lake Winona and Lake Agnes begin immediately upon permit issuance.

(b) If the district agrees to fund or perform the lake management activities identified in paragraph (a), the district may cooperate with the city of Alexandria in those efforts. The district's responsibility for lake management activities in Lake Winona and Lake Agnes terminates upon completion of the lake management activities identified in the schedule of compliance contemplated under paragraph (a).
EFFECTIVE DATE. This section is effective the day after the governing body of the Alexandria Lake Area Sanitary District and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 7

TELECOMMUNICATIONS

Section 1. [394.38] FEES; WIRELESS FACILITY.

(a) This section applies to an application to install a new or replacement wireless facility on (1) a new or existing structure specifically designed to support wireless facilities, or (2) a water tower, building, or other structure designed primarily for other purposes.

(b) A local government unit must limit an application fee to the actual cost incurred, including the cost of any third-party consultant used to assist with the application review. A local government unit is prohibited from imposing an application fee under this section that exceeds $3,000.

(c) For the purposes of this section, "wireless facility" means equipment at a fixed location that enables the provision of wireless services between user equipment and a wireless service network. Wireless facility includes an adjacent facility used to store equipment necessary to support the wireless facility, but does not include a small wireless facility as defined in section 237.162.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to an application filed on or after that date.

Sec. 2. Minnesota Statutes 2016, section 462.353, is amended by adding a subdivision to read:

Subd. 4b. Fees; wireless facility. (a) This subdivision applies to an application to install a new or replacement wireless facility on (1) a new or existing structure specifically designed to support wireless facilities, or (2) a water tower, building, or other structure designed primarily for other purposes.

(b) A local government unit must limit an application fee to the actual cost incurred, including the cost of any third-party consultant used to assist with the application review. A local government unit is prohibited from imposing an application fee under this subdivision that exceeds $3,000.

(c) For the purposes of this section, "wireless facility" means equipment at a fixed location that enables the provision of wireless services between user equipment and a
95.1 wireless service network. Wireless facility includes an adjacent facility used to store
95.2 equipment necessary to support the wireless facility, but does not include a small wireless
95.3 facility as defined in section 237.162.

95.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and
95.5 applies to an application filed on or after that date."

95.6 Amend the title accordingly