

1.1 moves to amend H.F. No. 2112 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2016, section 462A.222, subdivision 3, is amended to read:

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

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

1.11 (c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4)
1.12 of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the
1.13 project satisfies the requirements of the allocating agency's qualified allocation plan. For
1.14 projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the
1.15 Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds
1.16 for the project, or the issuer of the bonds for the project is located outside the jurisdiction
1.17 of a city or county that has received reserved tax credits, the applicable allocation plan is
1.18 the agency's qualified allocation plan. Notwithstanding the foregoing, any projects that are
1.19 eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue
1.20 Code of 1986, as amended, for which the Minnesota Housing Finance Agency is the issuer
1.21 of the bonds for the project, or the issuer of the bonds for the project is located outside the
1.22 jurisdiction of a city or county that has received reserved tax credits, and such project meets
1.23 the requirements of both section 474A.047 and section 42 of the Internal Revenue Code,
1.24 such projects shall be deemed for all purposes to have satisfied all the requirements of the
1.25 Minnesota Housing Finance Agency's qualified allocation plan and all other related guidance
1.26 and requirements and the agency shall timely issue the necessary determination letters under

2.1 section 42(m) of the Internal Revenue Code or Form 8609. The Minnesota Housing Finance
2.2 Agency's qualified allocation plan is required to contain the provisions of this subdivision.

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

2.5 (1) in the metropolitan area:

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

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

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

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

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

2.22 (i) with a serious and persistent mental illness as defined in section 245.462, subdivision
2.23 20, paragraph (c);

2.24 (ii) with a developmental disability as defined in United States Code, title 42, section
2.25 6001, paragraph (5), as amended through December 31, 1990;

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

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

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

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

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

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

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

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

3.21 Sec. 2. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
3.22 read:

3.23 Subd. 30. **Preservation project.** "Preservation project" means any residential rental
3.24 project (regardless of whether or not such project is restricted to persons of a certain age or
3.25 older) which receives federal project-based rental subsidies. In addition, to qualify as a
3.26 preservation project, the amount of bonds requested in the application must not exceed the
3.27 aggregate bond limitation.

3.28 Sec. 3. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
3.29 read:

3.30 Subd. 31. **30 percent AMI residential rental project.** "30 percent AMI residential
3.31 rental project" means a residential rental project that does not otherwise qualify as a

4.1 preservation project, is expected to generate low-income housing tax credits under section
4.2 42 of the Internal Revenue Code from 100 percent of its residential units, and in which:

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

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

4.5 (ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code;

4.6 and

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

4.8 or

4.9 (2)(i) is located within a county or metropolitan area that has a current median area gross
4.10 income that is less than the statewide area median income for the state of Minnesota;

4.11 (ii) all of the units of such project are rent-restricted in accordance with section 42(g)(2)
4.12 of the Internal Revenue Code; and

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

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

4.17 Sec. 4. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
4.18 read:

4.19 Subd. 32. **50 percent AMI residential rental project.** "50 percent AMI residential
4.20 rental project," means a residential rental project that does not qualify as a preservation
4.21 project or 30 percent AMI residential rental project, is expected to generate low-income
4.22 housing tax credits under section 42 of the Internal Revenue Code from 100 percent of its
4.23 residential units, and in which all the residential units of the project:

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

4.25 (2) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code;

4.26 and

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

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

5.1 Sec. 5. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
5.2 read:

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

5.9 Sec. 6. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
5.10 read:

5.11 Subd. 34. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential
5.12 rental project that is expected to generate low-income housing tax credits under section 42
5.13 of the Internal Revenue Code from at least 20 percent of its residential units and does not
5.14 otherwise qualify as a preservation project, 30 percent AMI residential rental project, 50
5.15 percent AMI residential rental project, or 100 percent LIHTC project. In addition, to qualify
5.16 as a 20 percent LIHTC project, the amount of bonds requested in the application must not
5.17 exceed the aggregate bond limitation.

5.18 Sec. 7. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
5.19 read:

5.20 Subd. 35. **AMI.** "AMI" means the area median income for the applicable county or
5.21 metropolitan area as published by the Department of Housing and Urban Development, as
5.22 adjusted for household size.

5.23 Sec. 8. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
5.24 read:

5.25 Subd. 36. **LIHTC.** "LIHTC" means low-income housing tax credits under section 42
5.26 of the Internal Revenue Code.

5.27 Sec. 9. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to
5.28 read:

5.29 Subd. 37. **Aggregate bond limitation.** "Aggregate bond limitation" means up to 55
5.30 percent of the reasonably expected aggregate basis of a residential rental project and the
5.31 land on which the project is or will be located.

6.1 Sec. 10. Minnesota Statutes 2016, section 474A.03, subdivision 1, is amended to read:

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

6.6 (1) \$74,530,000 to the small issue pool;

6.7 (2) \$122,060,000 to the housing pool, ~~of which 31 percent of the adjusted allocation is~~
6.8 ~~reserved until the last Monday in July for single-family housing programs;~~

6.9 (3) \$12,750,000 to the public facilities pool; and

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

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

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

6.17 Sec. 11. Minnesota Statutes 2016, section 474A.04, subdivision 1a, is amended to read:

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

6.22 Sec. 12. Minnesota Statutes 2016, section 474A.047, is amended to read:

6.23 **474A.047 RESIDENTIAL RENTAL BONDS; LIMITATIONS.**

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

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

6.28 (2) the maximum rent for at least 20 percent of the units in the proposed residential rental
6.29 project do not exceed the area fair market rent or exception fair market rents for existing
6.30 housing, if applicable, as established by the federal Department of Housing and Urban

7.1 Development. The rental rates of units in a residential rental project for which project-based
7.2 federal assistance payments are made are deemed to be within the rent limitations of this
7.3 clause.

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

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

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

7.15 ~~(i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem~~
7.16 ~~(2), effective May 1, 1997; or~~

7.17 ~~(ii) the level of project reserves available prior to the bond issue, provided that additional~~
7.18 ~~money is available to accomplish repairs and replacements needed at the time of bond issue.~~

7.19 Subd. 2. **15-year agreement.** Prior to the issuance of residential rental bonds, the
7.20 developer of the project for which the bond proceeds will be used must enter into a 15-year
7.21 agreement with the issuer that specifies the maximum rental rates of the rent-restricted units
7.22 in the project and the income levels of the residents of the project occupying income-restricted
7.23 units and in which the developer will agree to maintain such project as a preservation project,
7.24 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
7.25 percent LIHTC project, or 20 percent LIHTC project, as applicable and as described in its
7.26 application. Such rental rates and income levels must be within the limitations established
7.27 under subdivision 1. The developer must annually certify to the issuer over the term of the
7.28 agreement that the rental rates for the rent-restricted units are within the limitations under
7.29 subdivision 1. The issuer may request individual certification of the income of residents of
7.30 the income-restricted units. The commissioner may request from the issuer a copy of the
7.31 annual certification prepared by the developer. The commissioner may require the issuer
7.32 to request individual certification of all residents of the income-restricted units.

7.33 Subd. 3. **Penalty.** The issuer shall monitor project compliance with the rental rate and
7.34 income level requirements under subdivision 1. The issuer may issue an order of

8.1 noncompliance if a project is found by the issuer to be out of compliance with the rental
 8.2 rate or income level requirements under subdivision 1. The owner or owners of the project
 8.3 shall pay a penalty to the issuer equal to one-half of one percent of the total amount of bonds
 8.4 issued for the project under this chapter if the issuer issues an order of noncompliance. For
 8.5 each additional year a project is out of compliance, the annual penalty must be increased
 8.6 by one-half of one percent of the total amount of bonds issued under this chapter for the
 8.7 project. The issuer may waive insubstantial violations.

8.8 Sec. 13. Minnesota Statutes 2016, section 474A.061, is amended to read:

8.9 **474A.061 MANUFACTURING, HOUSING, AND PUBLIC FACILITIES POOLS.**

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

8.28 (b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~
 8.29 under this subdivision unless it has either permanently issued bonds equal to the amount of
 8.30 its entitlement allocation for the current year plus any amount of bonding authority carried
 8.31 forward from previous years or returned for reallocation all of its unused entitlement
 8.32 allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool~~
 8.33 ~~unless it either has permanently issued bonds equal to any amount of bonding authority~~
 8.34 ~~carried forward from a previous year or has returned for reallocation any unused bonding~~

9.1 ~~authority carried forward from a previous year.~~ For purposes of this subdivision, its
9.2 entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.
9.3 ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency~~
9.4 ~~for an allocation under subdivision 2a for cities who choose to have the agency issue bonds~~
9.5 ~~on their behalf.~~

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

9.10 Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from
9.11 the housing pool, an issuer may apply for an allocation under this section by submitting to
9.12 the department an application on forms provided by the department, accompanied by (1) a
9.13 preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations
9.14 requires an allocation under this chapter and the Internal Revenue Code, (3) an application
9.15 deposit in the amount of two percent of the requested allocation, (4) a sworn statement from
9.16 the applicant identifying the project as either a preservation project, 30 percent AMI
9.17 residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC
9.18 project, 20 percent LIHTC project, or any other residential rental project, and (5) a
9.19 certification from the applicant or its accountant stating whether the requested allocation
9.20 exceeds the aggregate bond limitation. The issuer must pay the application deposit by a
9.21 check made payable to the Department of Management and Budget or wire transfer. The
9.22 Minnesota Housing Finance Agency may apply for and receive an allocation under this
9.23 section without submitting an application deposit.

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

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

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

10.11 (1) preservation projects;

10.12 (2) 30 percent AMI residential rental projects;

10.13 (3) 50 percent AMI residential rental projects;

10.14 (4) 100 percent LIHTC projects;

10.15 (5) 20 percent LIHTC projects;

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

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

10.20 If there are two or more applications for residential rental projects at the same priority level
 10.21 and there is insufficient bonding authority to provide allocations for all such projects in any
 10.22 one allocation period, available bonding authority shall be randomly awarded by lot. If a
 10.23 residential rental project is selected by lot, but the remaining allocation is insufficient to
 10.24 receive the full amount of its requested allocation, the remaining bonding authority shall
 10.25 be reserved by the commissioner (or by the Minnesota Housing Finance Agency if such
 10.26 authority is carried forward pursuant to section 474A.131) for such project for up to 24
 10.27 months thereafter, and if the project applies in the future to the housing pool or unified pool
 10.28 for additional allocation of bonds, the project shall be fully funded up to the remaining
 10.29 amount of its original application request for bonding authority before any new project
 10.30 applying in the same allocation period that has an equal priority shall receive bonding
 10.31 authority. Within 180 days of receiving an allocation under this paragraph, an issuer must
 10.32 either begin issuing obligations or submit an additional application deposit equal to one
 10.33 percent of the allocation amount; if an additional deposit is submitted, the issuer must begin

11.1 issuing obligations within 18 months of receiving an allocation. If an issuer that receives
11.2 an allocation under this paragraph does not issue obligations equal to all or a portion of the
11.3 allocation received within ~~120 days of the allocation~~ the time period provided in the foregoing
11.4 sentence or returns the allocation to the commissioner, the amount of the allocation is
11.5 canceled and returned for reallocation through the housing pool or to the unified pool after
11.6 ~~July 15.~~ 1. If an issuer that receives an allocation under this paragraph issues obligations
11.7 within the time period provided above, the commissioner shall refund 50 percent of any
11.8 application deposit previously paid within 30 days of the issuance of the obligations and
11.9 the remaining 50 percent of such application deposit will be refunded (i) within 30 days
11.10 after the date on which Internal Revenue Service Form 8609(s) are issued with respect to
11.11 projects generating low-income housing tax credits, or (ii) within 90 days after the issuer
11.12 provides a certification and any other reasonable documentation requested by the
11.13 commissioner evidencing that construction of the project has been completed.

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

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

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

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

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

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

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

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

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

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

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

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

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

13.3 ~~(e)~~ (f) The agency may issue bonds on behalf of participating cities. The agency shall
13.4 request an allocation from the commissioner for all applicants who choose to have the
13.5 agency issue bonds on their behalf and the commissioner shall allocate the requested amount
13.6 to the agency. The agency may request an allocation at any time after ~~the second Tuesday~~
13.7 ~~in January and through the last Monday in July~~ June 1. After awarding an allocation and
13.8 receiving a notice of issuance for the mortgage bonds issued on behalf of the participating
13.9 cities, the commissioner shall transfer the application deposits to the Minnesota Housing
13.10 Finance Agency to be returned to the participating cities. The Minnesota Housing Finance
13.11 Agency shall return any application deposit to a city that paid an application deposit under
13.12 paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under
13.13 paragraph (d).

13.14 ~~(f)~~ (g) A city may choose to issue bonds on its own behalf or through a joint powers
13.15 agreement and may request an allocation from the commissioner by forwarding an application
13.16 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
13.17 application deposit to the commissioner no later than the Monday of the week preceding
13.18 an allocation. If the total amount requested by all applicants exceeds the amount available
13.19 in the pool, the city may not receive a greater allocation than the amount it would have
13.20 received under the list forwarded by the Minnesota Housing Finance Agency to the
13.21 commissioner. No city may request or receive an allocation from the commissioner until
13.22 the list under paragraph (d) has been forwarded to the commissioner. A city must request
13.23 an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city
13.24 may receive an allocation from the housing pool for mortgage bonds which has not first
13.25 applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the
13.26 requested amount to the city or cities subject to the limitations under this paragraph.

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

13.34 ~~(g)~~ (h) No entitlement city or county or city in an entitlement county may apply for or
13.35 be allocated authority to issue mortgage bonds or use mortgage credit certificates from the

14.1 housing pool. No city in an entitlement county may apply for or be allocated authority to
14.2 issue residential rental bonds from the housing pool or the unified pool.

14.3 ~~(h)~~ (i) A city that does not use at least 50 percent of its allotment by the date applications
14.4 are due for the first allocation that is made from the housing pool for single-family housing
14.5 programs in the immediately succeeding calendar year may not apply to the housing pool
14.6 for a single-family mortgage bond or mortgage credit certificate program allocation that
14.7 exceeds the amount of its allotment for the preceding year that was used by the city in the
14.8 immediately preceding year or receive an allotment from the housing pool in the succeeding
14.9 calendar year that exceeds the amount of its allotment for the preceding year that was used
14.10 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
14.11 July ~~15~~ 1, regardless of the amount used in the preceding calendar year, except that a city
14.12 whose allocation in the preceding year was the minimum amount of \$100,000 and who did
14.13 not use at least 50 percent of its allocation from the preceding year is ineligible for an
14.14 allocation in the immediate succeeding calendar year. Each local government unit in a
14.15 consortium must meet the requirements of this paragraph.

14.16 Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January
14.17 and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner
14.18 shall allocate available bonding authority from the small issue pool to applications received
14.19 on or before the Monday of the preceding week for manufacturing projects and enterprise
14.20 zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~
14.21 June, the commissioner shall reserve \$5,000,000 of the available bonding authority from
14.22 the small issue pool for applications for agricultural development bond loan projects of the
14.23 Minnesota Rural Finance Authority.

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

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

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

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

15.19 Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities**
15.20 **pool.** (a) For any requested allocation from the small issue pool or the public facilities pool,
15.21 if an issuer that receives an allocation under this section determines that it will not issue
15.22 obligations equal to all or a portion of the allocation received under this section within 120
15.23 days of allocation or within the time period permitted by federal tax law, whichever is less,
15.24 the issuer must notify the department. If the issuer notifies the department or the 120-day
15.25 period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of
15.26 allocation is canceled and returned for reallocation through the pool from which it was
15.27 originally allocated. If the issuer notifies the department or the 120-day period since allocation
15.28 has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled
15.29 and returned for reallocation through the unified pool. If the issuer notifies the department
15.30 after the last Monday in November, the amount of allocation is canceled and returned for
15.31 reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
15.32 application process, the commissioner shall reserve, for new applications, the amount of
15.33 allocation that is canceled and returned for reallocation under this section for a minimum
15.34 of seven calendar days.

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

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

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

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

16.10 (c) No refund shall be available for allocations returned 120 or more days after receiving
16.11 the allocation or beyond the last Monday in November.

16.12 **Subd. 4a. Return of allocation; deposit refund for housing pool.** (a) For any requested
16.13 allocations from the housing pool, if an issuer that receives an allocation under this section
16.14 determines that it will not issue obligations equal to all or a portion of the allocation received
16.15 under this section within the time period provided under section 474A.061, subdivision 2a,
16.16 paragraph (a), or within the time period permitted by federal tax law, whichever is less, the
16.17 issuer must notify the department. If the issuer notifies the department or the time period
16.18 provided under section 474A.061, subdivision 2a, paragraph (a), has expired prior to the
16.19 last Monday in June, the amount of allocation is canceled and returned for reallocation
16.20 through the pool from which it was originally allocated. If the issuer notifies the department
16.21 or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has
16.22 expired on or after the last Monday in June, the amount of the allocation is canceled and
16.23 returned for reallocation through the unified pool. If the issuer notifies the department after
16.24 the last Monday in November, the amount of allocation is canceled and returned for
16.25 reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
16.26 application process, the commissioner shall reserve, for new applications, the amount of
16.27 allocation that is canceled and returned for reallocation under this section for a minimum
16.28 of seven calendar days.

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

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

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

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

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

17.7 Sec. 14. Minnesota Statutes 2016, section 474A.062, is amended to read:

17.8 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION ~~120-DAY~~ ISSUANCE**
 17.9 **EXEMPTION.**

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

17.14 Sec. 15. Minnesota Statutes 2016, section 474A.091, is amended to read:

17.15 **474A.091 ALLOCATION OF UNIFIED POOL.**

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

17.20 Subd. 2. **Application for residential rental projects.** Issuers may apply for an allocation
 17.21 for residential rental bonds under this section by submitting to the department an application
 17.22 on forms provided by the department accompanied by (1) a preliminary resolution, (2) a
 17.23 statement of bond counsel that the proposed issue of obligations requires an allocation under
 17.24 this chapter and the Internal Revenue Code, (3) ~~the type of qualified bonds to be issued,~~ (4)
 17.25 an application deposit in the amount of two percent of the requested allocation, (5) ~~a public~~
 17.26 ~~purpose scoring worksheet for manufacturing and enterprise zone applications,~~ and (6) ~~for~~
 17.27 ~~residential rental projects,~~ a statement from the applicant or bond counsel as to whether the
 17.28 ~~project preserves existing federally subsidized housing and whether the project is restricted~~
 17.29 ~~to persons who are 55 years of age or older.~~ (4) a sworn statement from the applicant
 17.30 identifying the project as either a preservation project, 30 percent AMI residential rental
 17.31 project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent
 17.32 LIHTC project, or any other residential rental project, and (5) a certification from the

18.1 applicant or its accountant stating whether the requested allocation exceeds the aggregate
18.2 bond limitation. Applications for projects requesting bonds in excess of the aggregate bond
18.3 limitation may not apply or be allocated bonding authority until after September 1 each
18.4 year. The issuer must pay the application deposit by check. An entitlement issuer may not
18.5 apply for an allocation for ~~public facility bonds~~, residential rental project bonds, ~~or mortgage~~
18.6 ~~bonds~~ under this section unless it has either permanently issued bonds equal to the amount
18.7 of its entitlement allocation for the current year plus any amount carried forward from
18.8 previous years or returned for reallocation all of its unused entitlement allocation. For
18.9 purposes of this subdivision, its entitlement allocation includes an amount obtained under
18.10 section 474A.04, subdivision 6.

18.11 Within 180 days of receiving an allocation under this paragraph, an issuer must either
18.12 begin issuing obligations or submit an additional application deposit equal to one percent
18.13 of the allocation amount; if an additional deposit is submitted, the issuer must begin issuing
18.14 obligations within 18 months of receiving an allocation. If an issuer that receives an allocation
18.15 under this subdivision does not issue obligations equal to all or a portion of the allocation
18.16 received within the time period provided in the foregoing sentence or returns the allocation
18.17 to the commissioner, the amount of the allocation is canceled and returned for reallocation
18.18 through the unified pool. If an issuer that receives an allocation under this subdivision issues
18.19 obligations within the time period provided above, the commissioner shall refund 50 percent
18.20 of any application deposit previously paid within 30 days of the issuance of the obligations
18.21 and the remaining 50 percent of such application deposit will be refunded (i) within 30 days
18.22 after the date on which Internal Revenue Service Form 8609(s) are issued with respect to
18.23 projects generating low-income housing tax credits, or (ii) within 90 days after the issuer
18.24 provides a certification and any other reasonable documentation requested by the
18.25 commissioner evidencing that construction of the project has been completed.

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

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

19.1 accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the
19.2 proposed issue of obligations requires an allocation under this chapter and the Internal
19.3 Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in
19.4 the amount of two percent of the requested allocation, and (5) a public purpose scoring
19.5 worksheet for manufacturing and enterprise zone applications. The issuer must pay the
19.6 application deposit by check. An entitlement issuer may not apply for an allocation for
19.7 public facility bonds or mortgage bonds under this section unless it has either permanently
19.8 issued bonds equal to the amount of its entitlement allocation for the current year plus any
19.9 amount carried forward from previous years or returned for reallocation all of its unused
19.10 entitlement allocation. For purposes of this subdivision, its entitlement allocation includes
19.11 an amount obtained under section 474A.04, subdivision 6.

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

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

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

19.27 (1) applications for residential rental project bonds;

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

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

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

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

- 20.1 (2) applications for mortgage bonds;
- 20.2 (3) applications for public facility projects funded by public facility bonds;
- 20.3 (4) applications for small issue bonds for manufacturing projects;
- 20.4 (5) applications for small issue bonds for agricultural development bond loan projects;
- 20.5 (6) applications for residential rental project bonds;
- 20.6 (7) applications for enterprise zone facility bonds;
- 20.7 (8) applications for governmental bonds; and
- 20.8 (9) applications for redevelopment bonds.

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

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

20.24 (f) If there are two or more applications for residential rental projects from the unified
20.25 pool and there is insufficient bonding authority to provide allocations for all residential
20.26 rental projects in any one allocation period, the available bonding authority shall be awarded
20.27 in the following order of priority: (1) ~~projects that preserve existing federally subsidized~~
20.28 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~
20.29 (3) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI
20.30 residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects;
20.31 (6) other residential rental projects for which the amount of bonds requested in their
20.32 respective applications do not exceed the aggregate bond limitation; and (7) other residential
20.33 rental projects for which the amount of bonds requested in their respective applications

21.1 exceeds the aggregate bond limitation and which apply on or after September 1 of a calendar
21.2 year. If there are two or more applications for residential rental projects at the same priority
21.3 level and there is insufficient bonding authority to provide allocations for all such projects
21.4 in any one allocation period, available bonding authority shall be randomly awarded by lot
21.5 but only for projects that can receive the full amount of their respective requested allocations.
21.6 If a residential rental project does not receive any of its requested allocation pursuant to the
21.7 foregoing sentence, such remaining bonding authority not allocated to such project shall be
21.8 reserved by the commissioner (or by the Minnesota Housing Finance Agency if such authority
21.9 is carried forward pursuant to section 474A.131) for such project for up to 24 months
21.10 thereafter, and if the project applies in the future to the housing pool or unified pool for
21.11 additional allocation of bonds, the project shall be fully funded up to the remaining amount
21.12 of its original application request for bonding authority before any new project applying in
21.13 the same allocation period that has an equal priority shall receive bonding authority.

21.14 (g) From the first Monday in ~~August~~ July through the last Monday in ~~November~~ August,
21.15 \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding
21.16 authority allocated to the small issue pool under section 474A.03, subdivision 1, less the
21.17 amount allocated to issuers from the small issue pool for that year, whichever is less, is
21.18 reserved within the unified pool for small issue bonds to the extent such amounts are available
21.19 within the unified pool.

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

21.22 (1) \$10,000,000 for any one city; or

21.23 (2) \$20,000,000 for any number of cities in any one county.

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

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

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

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

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

22.9 (b) The agency may issue bonds on behalf of participating cities. The agency shall request
22.10 an allocation from the commissioner for all applicants who choose to have the agency issue
22.11 bonds on their behalf and the commissioner shall allocate the requested amount to the
22.12 agency. Allocations shall be awarded by the commissioner each Monday commencing on
22.13 the first Monday in October through the last Monday in November for applications received
22.14 by 4:30 p.m. on the Monday of the week preceding an allocation.

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

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

22.26 (c) Any city that received an allocation pursuant to section 474A.061, subdivision 2a,
22.27 paragraph (f), in the current year that wishes to receive an additional allocation from the
22.28 unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement shall
22.29 notify the Minnesota Housing Finance Agency by the third Monday in September. The total
22.30 amount of allocation for mortgage bonds for a city choosing to issue bonds on its own behalf
22.31 or through a joint powers agreement is limited to the lesser of: (i) the amount requested, or
22.32 (ii) the product of the total amount available for mortgage bonds from the unified pool,
22.33 multiplied by the ratio of the population of each city that applied in January and received
22.34 an allocation under section 474A.061, subdivision 2a, in the same calendar year, as

23.1 determined by the most recent estimate of the city's population released by the state
23.2 demographer's office to the total of the population of all the cities that applied in January
23.3 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
23.4 year. If a city choosing to issue bonds on its own behalf or through a joint powers agreement
23.5 is located within a county that has also chosen to issue bonds on its own behalf or through
23.6 a joint powers agreement, the city's population will be deducted from the county's population
23.7 in calculating the amount of allocations under this paragraph.

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

23.13 A city that chooses to issue bonds on its own behalf or through a joint powers agreement
23.14 may request an allocation from the commissioner by forwarding an application with an
23.15 application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
23.16 to two percent of the requested amount to the commissioner no later than 4:30 p.m. on the
23.17 Monday of the week preceding an allocation. Allocations to cities that choose to issue bonds
23.18 on their own behalf shall be awarded by the commissioner on the first Monday after October
23.19 15 through the last Monday in November. No city may receive an allocation from the
23.20 commissioner after the last Monday in November. The commissioner shall allocate the
23.21 requested amount to the city or cities subject to the limitations under this subdivision.

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

23.29 (d) No entitlement city or county or city in an entitlement county may apply for or be
23.30 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
23.31 unified pool.

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

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

24.4 Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation
24.5 under this section determines that it will not issue obligations equal to all or a portion of
24.6 the allocation received under this section within ~~120~~ the applicable number of days ~~of~~ after
24.7 the allocation required in this chapter or within the time period permitted by federal tax law,
24.8 whichever is less, the issuer must notify the department. If the issuer notifies the department
24.9 or ~~the 120-day~~ such period since allocation has expired prior to the last Monday in November,
24.10 the amount of allocation is canceled and returned for reallocation through the unified pool.
24.11 If the issuer notifies the department on or after the last Monday in November, the amount
24.12 of allocation is canceled and returned for reallocation to the Minnesota Housing Finance
24.13 Agency. To encourage a competitive application process, the commissioner shall reserve,
24.14 for new applications, the amount of allocation that is canceled and returned for reallocation
24.15 under this section for a minimum of seven calendar days.

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

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

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

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

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

24.27 (c) An issuer that returns for reallocation all or a portion of an allocation for residential
24.28 rental project bonds received under this section within the earlier of 180 days of the allocation
24.29 or the end of the year shall receive within 30 days a refund equal to:

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

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

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

25.3 No refund of the application deposit shall be available for allocations returned on or after
 25.4 the last Monday in November.

25.5 Subd. 6. **Final allocation; carryforward.** Notwithstanding the notice requirements of
 25.6 section 474A.131, subdivision 2, any bonding authority remaining unissued by the Minnesota
 25.7 Housing Finance Agency on the last business day in December shall be carried forward
 25.8 into the next calendar year by the commissioner for the Minnesota Housing Finance Agency.
 25.9 Any authority carried forward shall be allocated to utilize such authority that is closest to
 25.10 expiring first, and in all events, Minnesota Housing Finance Agency shall allocate its bonding
 25.11 authority to utilize such authority carried forward prior to any current year's allocation.

25.12 Sec. 16. Minnesota Statutes 2016, section 474A.131, is amended to read:

25.13 **474A.131 NOTICE OF ISSUE AND NOTICE OF CARRYFORWARD.**

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

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

25.18 (2) the title of the issue;

25.19 (3) the principal amount of the bonds;

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

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

25.22 and

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

25.25 For obligations that are issued as a part of a series of obligations, a notice must be
 25.26 provided for each series. A penalty of one-half of the amount of the application deposit not
 25.27 to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not
 25.28 provided to the department within five business days after issuance or before 4:30 p.m. on
 25.29 the last business day in December, whichever occurs first. Within 30 days after receipt of
 25.30 a notice of issue the department shall refund a portion of the application deposit equal to
 25.31 one percent of the amount of the bonding authority actually issued if a one percent application

26.1 deposit was made, or equal to two percent of the amount of the bonding authority actually
26.2 issued if ~~a two percent~~ the applicable application deposit was made, less any penalty amount.

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

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

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

26.21 With respect to (1) an allocation received for a residential rental project for which such
26.22 obligations have not been issued before 4:30 p.m. on the last business day in December and
26.23 the time period for issuance of such obligations provided under section 474A.061, subdivision
26.24 2a, or section 471A.091, subdivision 2, as applicable has not expired, or (2) bonding authority
26.25 reserved for a project for up to 24 months under section 474A.061, subdivision 2a or section
26.26 471A.091, subdivision 3, paragraph (f), as of 4:30 p.m. on the last business day of December,
26.27 such bonding authority shall be allocated to the Minnesota Housing Finance Agency for
26.28 carryforward by the commissioner under section 474A.091, subdivision 6; provided, however,
26.29 that such allocation shall remain reserved by the Minnesota Housing Finance Agency for
26.30 the residential rental project described in the original application and the Minnesota Housing
26.31 Finance Agency will have the fiduciary duty to issue such bonds as intended by the originally
26.32 intended issuer. In addition, any obligations issued by the Minnesota Housing Finance
26.33 Agency for a residential rental project that is subject to this paragraph shall not be subject
26.34 to the debt management policies of the Minnesota Housing Finance Agency, as adopted
26.35 and amended from time to time. The Minnesota Housing Finance Agency shall not charge

27.1 any issuer fees for an issuance under this subdivision and all issuer fees shall be paid to the
27.2 original applicant for the bonds. Notwithstanding the foregoing, the Minnesota Housing
27.3 Finance Agency may be reimbursed for its reasonable costs to issue the bonds.

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

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

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

27.27 Sec. 17. Minnesota Statutes 2016, section 474A.14, is amended to read:

27.28 **474A.14 NOTICE OF AVAILABLE AUTHORITY.**

27.29 The department shall provide at its official Web site a written notice of the amount of
27.30 bonding authority in the housing, small issue, and public facilities pools as soon after January
27.31 1 as possible. The department shall provide at its official Web site a written notice of the
27.32 amount of bonding authority available for allocation in the unified pool as soon after ~~August~~
27.33 July 1 as possible.

28.1 Sec. 18. **EFFECTIVE DATE.**

28.2 Except as otherwise noted, all sections are effective the day following final enactment."

28.3 Delete the title and insert:

28.4 "A bill for an act
28.5 relating to housing finance; providing for housing project bonding authority
28.6 allocations; amending Minnesota Statutes 2016, sections 462A.222, subdivision
28.7 3; 474A.02, by adding subdivisions; 474A.03, subdivision 1; 474A.04, subdivision
28.8 1a; 474A.047; 474A.061; 474A.062; 474A.091; 474A.131; 474A.14."