

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1389

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Introduction and first reading
Referred to Agriculture, Rural Development, and Housing Finance

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to housing; authorizing the creation of housing trust funds by local
1.3 governments; authorizing counties and cities to impose a surcharge on document
1.4 recording fees for deposit into a housing trust fund; requiring reports; appropriating
1.5 money; amending Minnesota Statutes 2016, sections 357.18, by adding a
1.6 subdivision; 357.182, subdivision 2; 508.82, by adding a subdivision; 508A.82,
1.7 by adding a subdivision; proposing coding for new law in Minnesota Statutes,
1.8 chapter 462C.

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

1.10 Section 1. Minnesota Statutes 2016, section 357.18, is amended by adding a subdivision
1.11 to read:

1.12 Subd. 7. **County or city; additional fee.** A county or home rule charter or statutory city
1.13 may impose an additional recording fee to fund a local or regional housing trust fund under
1.14 section 462C.16.

1.15 Sec. 2. Minnesota Statutes 2016, section 357.182, subdivision 2, is amended to read:

1.16 Subd. 2. **Fee restrictions.** Notwithstanding any local law or ordinance to the contrary,
1.17 no county may charge or collect any fee, special or otherwise, or however described, other
1.18 than a fee denominated or prescribed by state law, for any service, task, or step performed
1.19 by any county officer or employee in connection with the receipt, recording, and return of
1.20 any recordable instrument by the county recorder or registrar of titles, whether received by
1.21 mail, in person, or by electronic delivery, including, but not limited to, opening mail;
1.22 handling, transferring, or transporting the instrument; certifying no-delinquent property
1.23 taxes; payment of state deed tax, mortgage registry tax, or conservation fee; recording of
1.24 approved plats, subdivision splits, or combinations; or any other prerequisites to recording,

2.1 and returning the instrument by regular mail or in person to the person identified in the
 2.2 instrument for that purpose. Nothing in this subdivision prevents a county or home rule
 2.3 charter or statutory city from imposing a fee under section 462C.16.

2.4 **Sec. 3. [462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING**
 2.5 **DEVELOPMENT.**

2.6 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
 2.7 the meanings given to them.

2.8 (b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

2.9 (c) "Fund" means a local housing trust fund or a regional housing trust fund.

2.10 (d) "Local government" means any statutory or home rule charter city or a county.

2.11 (e) "Local housing trust fund" means a fund established by a local government with one
 2.12 or more dedicated sources of public revenue for housing.

2.13 (f) "Regional housing trust fund" means a fund established and administered under a
 2.14 joint powers agreement entered into by two or more local governments with one or more
 2.15 dedicated sources of public revenue for housing.

2.16 Subd. 2. **Creation and administration.** (a) A local government may establish a local
 2.17 housing trust fund by ordinance or participate in a joint powers agreement to establish a
 2.18 regional housing trust fund.

2.19 (b) A local or regional housing trust fund may be administered through a nonprofit
 2.20 organization and shall encourage private charitable donations to the fund.

2.21 Subd. 3. **Authorized expenditures.** The board of a local or regional housing trust fund
 2.22 may use money in the fund to:

2.23 (1) pay for administrative expenses, but not more than ten percent of the balance of the
 2.24 fund may be spent on administration;

2.25 (2) make grants, loans, and loan guarantees for the development, rehabilitation, or
 2.26 financing of housing;

2.27 (3) match other funds from federal, state, or private resources; and

2.28 (4) provide down payment assistance, rental assistance, and homebuyer counseling
 2.29 services.

3.1 Subd. 4. **Funding.** (a) A local government may finance its local or regional housing
 3.2 trust fund with any money available to the local government, unless expressly prohibited
 3.3 by state law. Sources of these funds include, but are not limited to:

3.4 (1) donations;

3.5 (2) bond proceeds;

3.6 (3) grants and loans from a state, federal, or private source;

3.7 (4) appropriations by a local government to the fund;

3.8 (5) investment earnings of the fund; and

3.9 (6) housing and redevelopment authority levies.

3.10 (b) In addition, the local government may impose an additional fee not exceeding \$.....,
 3.11 on any document described in section 357.18, 508.82, or 508A.82, presented to the county
 3.12 recorder or registrar of titles relating to real property located in the county or city imposing
 3.13 the fee. A local government must certify to the county recorder or registrar of titles the
 3.14 amount of the fee imposed and the county recorder or registrar of titles must charge the fee.
 3.15 The county collecting the fee must transfer to a city imposing the fee an amount equal to
 3.16 the amount collected for the city. All such fees collected must be deposited in a local or
 3.17 regional housing trust fund and may be used only for activities serving individuals and
 3.18 households with incomes at or below 115 percent of the state median income.

3.19 (c) The local government may alter a source of funding for the local or regional housing
 3.20 trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts
 3.21 or expenditures authorized by the fund in its budget.

3.22 (d) Amounts raised under this subdivision must be expended on authorized expenditures
 3.23 listed in subdivision 3 within four years of being collected. Amounts not expended within
 3.24 this time period must be transferred to the Minnesota Housing Finance Agency.

3.25 Subd. 5. **Matching contributions.** (a) In fiscal year 2018 and fiscal year 2019 only, the
 3.26 commissioner must transfer the following amounts to any local housing trust fund that is
 3.27 funded with contributions from the additional fee authorized under subdivision 4, paragraph
 3.28 (b):

3.29 (1) if the amount of the fee is not over \$....., the amount transferred is equal to 25 percent
 3.30 of the total amount collected from the additional fee;

3.31 (2) if the amount of the fee is over \$..... but not over \$....., the amount transferred is
 3.32 equal to 50 percent of the total amount collected from the additional fee;

4.1 (3) if the amount of the fee is over \$..... but not over \$....., the amount transferred is
4.2 equal to 75 percent of the total amount collected from the additional fee; and

4.3 (4) if the amount of the fee is over \$..... the amount transferred is equal to 100 percent
4.4 of the total amount collected from the additional fee.

4.5 (b) For a regional housing trust fund, the commissioner must transfer an amount equal
4.6 to the sum of the amounts of the matching contributions that each local government subject
4.7 to the joint powers agreement would be eligible for under paragraph (a).

4.8 (c) In fiscal year 2018 and fiscal year 2019 only, if a local or regional housing trust fund
4.9 receives funds from a housing and redevelopment authority levy or special tax pursuant to
4.10 sections 469.001 to 469.047 or section 469.033, subdivision 6, the commissioner must
4.11 transfer to the trust:

4.12 (1) 100 percent of the amount not exceeding \$100,000 that the trust receives in a fiscal
4.13 year under this paragraph; and

4.14 (2) 50 percent of the amount over \$100,000 and not exceeding \$500,000 that the trust
4.15 receives in a fiscal year under this paragraph.

4.16 Subd. 6. **Local housing trust funds account.** (a) The local housing trust funds account
4.17 is hereby created in the special revenue fund.

4.18 (b) Beginning in fiscal year 2020:

4.19 (1) a local government collecting an additional fee under subdivision 4, paragraph (b),
4.20 or an additional levy or special tax under subdivision 5, paragraph (c), must transfer 15
4.21 percent of the amount collected to the commissioner for deposit in the local housing trust
4.22 funds account; and

4.23 (2) the commissioner must annually transfer an amount from the local housing trust
4.24 funds account to each contributing local or regional housing trust fund in the manner provided
4.25 under subdivision 5.

4.26 (c) If the local housing trust funds account ever lacks sufficient funds to make all of the
4.27 required transfers, the commissioner must proportionately reduce the amount transferred
4.28 to each fund.

4.29 Subd. 7. **Reports.** (a) A local or regional housing trust fund established under this section
4.30 must report annually to the local government that created the fund. The local government
4.31 or governments must post this report on its public Web site.

5.1 (b) A local or regional housing fund that imposes an additional fee under subdivision
5.2 4, paragraph (b), must report annually to the commissioner its compliance with the income
5.3 restrictions in that paragraph.

5.4 Subd. 8. **Effect of legislation on existing local or regional housing trust funds.** A
5.5 local or regional housing trust fund existing on the effective date of this section is not
5.6 required to alter the existing terms of its governing documents, but any alteration or
5.7 amendment to its governing documents must conform to the provisions of this section.

5.8 Sec. 4. Minnesota Statutes 2016, section 508.82, is amended by adding a subdivision to
5.9 read:

5.10 Subd. 3. **County or city; additional fee.** A county or home rule charter or statutory city
5.11 may impose an additional registrar of titles fee to fund a local or regional housing trust fund
5.12 under section 462C.16.

5.13 Sec. 5. Minnesota Statutes 2016, section 508A.82, is amended by adding a subdivision to
5.14 read:

5.15 Subd. 3. **County or city; additional fee.** A county or home rule charter or statutory city
5.16 may impose an additional registrar of titles fee to fund a local or regional housing trust fund
5.17 under section 462C.16.

5.18 Sec. 6. **APPROPRIATION.**

5.19 \$..... in fiscal year 2018 and \$..... in fiscal year 2019 are appropriated from the general
5.20 fund to the commissioner of the Housing Finance Agency for transfers required under
5.21 Minnesota Statutes, section 462C.16, subdivision 5. If the amount appropriated under this
5.22 section is not sufficient to make all of the required transfers, the commissioner must
5.23 proportionately reduce the amount transferred to each fund. If the amount appropriated
5.24 under this subdivision exceeds the amount required to make the transfers, the excess amount
5.25 must be transferred to the local housing trust funds account established under Minnesota
5.26 Statutes, section 462C.16, subdivision 6. This is a onetime appropriation.