

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2226

(SENATE AUTHORS: WESTROM and Weber)

DATE	D-PG	OFFICIAL STATUS
03/11/2019	759	Introduction and first reading Referred to Agriculture, Rural Development, and Housing Finance
04/03/2019	2093	Author added Weber
04/04/2019	2175a	Comm report: To pass as amended and re-refer to Finance
04/11/2019	2749a	Comm report: To pass as amended
	3043	Second reading
04/23/2019	3116a	Special Order: Amended
	3120	Third reading Passed

1.1 A bill for an act

1.2 relating to agriculture; establishing a budget for the Department of Agriculture,

1.3 the Board of Animal Health, the Agricultural Utilization Research Institute, and

1.4 the Minnesota Housing Finance Agency; modifying programs; amending Minnesota

1.5 Statutes 2018, sections 17.041, subdivision 1; 18B.34, subdivision 5; 18C.425,

1.6 subdivision 6; 18C.70, subdivision 5; 18C.71, subdivision 4; 18C.80, subdivision

1.7 2; 18K.02, subdivision 3; 18K.06; 28A.16; 41A.15, subdivision 10, by adding a

1.8 subdivision; 41A.16, subdivisions 1, 2, 4; 41A.17, subdivisions 1, 2, 3; 41A.18,

1.9 subdivisions 1, 2, 3; 41B.055, subdivision 4; 116.06, by adding a subdivision;

1.10 116.07, subdivisions 7, 7d; 223.16, subdivisions 2a, 4; 223.17, subdivisions 3, 4,

1.11 5, 6, by adding subdivisions; 223.177, subdivisions 2, 3, 8; 232.21, by adding

1.12 subdivisions; 232.22, subdivisions 3, 4; 232.23, subdivision 3; 232.24, subdivisions

1.13 1, 2; 299D.085, by adding a subdivision; 326B.815, subdivision 1; 327.31, by

1.14 adding a subdivision; 327B.041; 327C.095, subdivisions 4, 6, 12, 13, by adding

1.15 a subdivision; 428A.11, subdivisions 4, 6; 462A.2035, subdivisions 1a, 1b;

1.16 462A.209, subdivision 8; 462A.22, subdivision 9; 462A.24; 462A.33, subdivisions

1.17 1, 2, 3; 462A.37, subdivision 2; 462A.38, subdivision 1; 474A.02, by adding

1.18 subdivisions; 474A.03, subdivision 1; 474A.061, subdivisions 1, 2a, by adding a

1.19 subdivision; 474A.091, subdivisions 2, 3; proposing coding for new law in

1.20 Minnesota Statutes, chapters 41B; 327.

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

1.22 style="text-align:center">**ARTICLE 1**

1.23 style="text-align:center">**AGRICULTURE APPROPRIATIONS**

1.24 Section 1. AGRICULTURE APPROPRIATIONS.

1.25 The sums shown in the columns marked "Appropriations" are appropriated to the agencies

1.26 and for the purposes specified in this act. The appropriations are from the general fund, or

1.27 another named fund, and are available for the fiscal years indicated for each purpose. The

1.28 figures "2020" and "2021" used in this act mean that the appropriations listed under them

1.29 are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The

2.1 first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is
 2.2 fiscal years 2020 and 2021.

2.3 **APPROPRIATIONS**
 2.4 **Available for the Year**
 2.5 **Ending June 30**
 2.6 **2020** **2021**

2.7 **Sec. 2. DEPARTMENT OF AGRICULTURE**

2.8 **Subdivision 1. Total Appropriation** **\$** **54,704,000** **\$** **49,602,000**

	<u>Appropriations by Fund</u>	
	<u>2020</u>	<u>2021</u>
2.11 <u>General</u>	<u>54,305,000</u>	<u>49,203,000</u>
2.12 <u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.13 The amounts that may be spent for each
 2.14 purpose are specified in the following
 2.15 subdivisions.

2.16 **Subd. 2. Protection Services**

	<u>Appropriations by Fund</u>	
	<u>2020</u>	<u>2021</u>
2.19 <u>General</u>	<u>16,878,000</u>	<u>16,878,000</u>
2.20 <u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

2.21 (a) \$399,000 the first year and \$399,000 the
 2.22 second year are from the remediation fund for
 2.23 administrative funding for the voluntary
 2.24 cleanup program.

2.25 (b) \$175,000 the first year and \$175,000 the
 2.26 second year are for compensation for
 2.27 destroyed or crippled livestock under
 2.28 Minnesota Statutes, section 3.737. The
 2.29 appropriation for fiscal year 2020 may be
 2.30 spent to compensate for livestock that were
 2.31 destroyed or crippled during fiscal year 2019.
 2.32 If the amount for fiscal year 2020 is
 2.33 insufficient, the amount in fiscal year 2021 is
 2.34 available in fiscal year 2020. The
 2.35 commissioner may use up to \$5,000 each year

3.1 to reimburse expenses incurred by university
 3.2 extension agents to provide fair market values
 3.3 of destroyed or crippled livestock.

3.4 (c) \$155,000 the first year and \$155,000 the
 3.5 second year are for compensation for crop
 3.6 damage under Minnesota Statutes, section
 3.7 3.7371. If the amount in the first year is
 3.8 insufficient, the amount in the second year is
 3.9 available in the first year. The commissioner
 3.10 may use up to \$30,000 of the appropriation
 3.11 each year to reimburse expenses incurred by
 3.12 the commissioner or the commissioner's
 3.13 approved agent to investigate and resolve
 3.14 claims.

3.15 If the commissioner determines that claims
 3.16 made under Minnesota Statutes, section 3.737
 3.17 or 3.7371, are unusually high, amounts
 3.18 appropriated for either program may be
 3.19 transferred to the appropriation for the other
 3.20 program.

3.21 **Subd. 3. Agricultural Marketing and**
 3.22 **Development**

3,918,000

3,918,000

3.23 (a) \$186,000 the first year and \$186,000 the
 3.24 second year are for transfer to the Minnesota
 3.25 grown account and may be used as grants for
 3.26 Minnesota grown promotion under Minnesota
 3.27 Statutes, section 17.102. Grants may be made
 3.28 for one year. Notwithstanding Minnesota
 3.29 Statutes, section 16A.28, the appropriations
 3.30 encumbered under contract on or before June
 3.31 30, 2021, for Minnesota grown grants in this
 3.32 paragraph are available until June 30, 2023.

3.33 (b) \$706,000 the first year and \$706,000 the
 3.34 second year are for continuation of the dairy
 3.35 development and profitability enhancement

4.1 and dairy business planning grant programs
4.2 established under Laws 1997, chapter 216,
4.3 section 7, subdivision 2, and Laws 2001, First
4.4 Special Session chapter 2, section 9,
4.5 subdivision 2. Of the amount appropriated in
4.6 this paragraph, \$72,000 each year is onetime.
4.7 The commissioner may allocate the available
4.8 sums among permissible activities, including
4.9 efforts to improve the quality of milk produced
4.10 in the state, in the proportions that the
4.11 commissioner deems most beneficial to
4.12 Minnesota's dairy farmers. The commissioner
4.13 must submit a detailed accomplishment report
4.14 and a work plan detailing future plans for, and
4.15 anticipated accomplishments from,
4.16 expenditures under this program to the chairs
4.17 and ranking minority members of the
4.18 legislative committees with jurisdiction over
4.19 agriculture policy and finance on or before the
4.20 start of each fiscal year. If significant changes
4.21 are made to the plans in the course of the year,
4.22 the commissioner must notify the chairs and
4.23 ranking minority members.

4.24 (c) The commissioner may use funds
4.25 appropriated in this subdivision for annual
4.26 cost-share payments to resident farmers or
4.27 entities that sell, process, or package
4.28 agricultural products in this state for the costs
4.29 of organic certification. The commissioner
4.30 may allocate these funds for assistance for
4.31 persons transitioning from conventional to
4.32 organic agriculture.

5.1 **Subd. 4. Agriculture, Bioenergy, and Bioproduct**
 5.2 **Advancement**

26,100,000

21,100,000

5.3 (a) \$9,300,000 the first year and \$9,300,000
 5.4 the second year are for transfer to the
 5.5 agriculture research, education, extension, and
 5.6 technology transfer account under Minnesota
 5.7 Statutes, section 41A.14, subdivision 3. Of
 5.8 these amounts:

5.9 (1) \$600,000 the first year and \$600,000 the
 5.10 second year are for the Minnesota Agricultural
 5.11 Experiment Station's agriculture rapid
 5.12 response fund under Minnesota Statutes,
 5.13 section 41A.14, subdivision 1, clause (2);

5.14 (2) \$2,000,000 the first year and \$2,000,000
 5.15 the second year are for grants to the Minnesota
 5.16 Agriculture Education Leadership Council to
 5.17 enhance agricultural education with priority
 5.18 given to Farm Business Management
 5.19 challenge grants;

5.20 (3) \$350,000 the first year and \$350,000 the
 5.21 second year are for potato breeding;

5.22 (4) \$450,000 the first year and \$450,000 the
 5.23 second year are for the cultivated wild rice
 5.24 breeding project at the North Central Research
 5.25 and Outreach Center to include a tenure track
 5.26 and research associate plant breeder; and

5.27 (5) \$2,500,000 the first year and \$2,500,000
 5.28 the second year are for innovative soybean
 5.29 processing and research. These appropriations
 5.30 are onetime.

5.31 The commissioner shall transfer the remaining
 5.32 funds in this appropriation each year to the
 5.33 Board of Regents of the University of
 5.34 Minnesota for purposes of Minnesota Statutes,

6.1 section 41A.14. Included in this amount is
6.2 money for research on avian influenza,
6.3 including prevention measures that can be
6.4 taken.

6.5 To the extent practicable, funds expended
6.6 under Minnesota Statutes, section 41A.14,
6.7 subdivision 1, clauses (1) to (5), must
6.8 supplement and not supplant existing sources
6.9 and levels of funding. The commissioner may
6.10 use up to one percent of this appropriation for
6.11 costs incurred to administer the program.

6.12 The base budget for the agriculture research,
6.13 education, extension, and technology transfer
6.14 account is \$9,300,000 for fiscal years 2022
6.15 and 2023.

6.16 (b) \$16,775,000 the first year and \$11,775,000
6.17 the second year are for the agricultural growth,
6.18 research, and innovation program in
6.19 Minnesota Statutes, section 41A.12. Of these
6.20 amounts:

6.21 (1) \$1,000,000 the first year and \$1,000,000
6.22 the second year are for distribution in equal
6.23 amounts to each of the state's county fairs to
6.24 preserve and promote Minnesota agriculture;

6.25 (2) \$2,500,000 the first year and \$2,500,000
6.26 the second year are for incentive payments
6.27 under Minnesota Statutes, sections 41A.16,
6.28 41A.17, and 41A.18. Notwithstanding
6.29 Minnesota Statutes, section 16A.28, the first
6.30 year appropriation is available until June 30,
6.31 2021, and the second year appropriation is
6.32 available until June 30, 2022. If this
6.33 appropriation exceeds the total amount for
6.34 which all producers are eligible in a fiscal

7.1 year, the balance of the appropriation is
7.2 available for the agricultural growth, research,
7.3 and innovation program. If the total amount
7.4 for which all producers are eligible in a quarter
7.5 exceeds the amount available for payments,
7.6 the commissioner shall make the payments on
7.7 a pro rata basis;

7.8 (3) \$500,000 the first year and \$500,000 the
7.9 second year are for grants to motor fuel
7.10 wholesalers and retail motor fueling station
7.11 operators to install the equipment necessary
7.12 to store or dispense biofuels to the public to
7.13 meet the biofuel requirement goals established
7.14 under Minnesota Statutes, section 239.7911;

7.15 (4) \$2,000,000 the first year and \$2,000,000
7.16 the second year are for livestock investment
7.17 grants under Minnesota Statutes, section
7.18 17.118;

7.19 (5) \$3,500,000 the first year and \$3,500,000
7.20 the second year are for value-added grants.
7.21 The commissioner may use up to \$2,000,000
7.22 per year of the funds to award value-added
7.23 agriculture grants of between \$200,000 and
7.24 \$1,000,000 per grant for new or expanding
7.25 agricultural production or processing facilities
7.26 that provide significant economic benefit to
7.27 the region;

7.28 (6) \$600,000 the first year and \$600,000 the
7.29 second year are for Farm Business
7.30 Management tuition assistance;

7.31 (7) \$500,000 the first year and \$500,000 the
7.32 second year are for new market development
7.33 grants;

8.1 (8) \$2,000,000 the first year is for the dairy
8.2 producer margin coverage premium assistance
8.3 program under section 5; and

8.4 (9) \$3,000,000 the first year is for dairy
8.5 modernization and innovation grants, and for
8.6 buying down interest costs under the dairy
8.7 modernization and innovation loan program
8.8 under Minnesota Statutes, section 41B.0455.

8.9 The commissioner may allocate the remaining
8.10 amounts each year among the following areas:
8.11 developing new markets for Minnesota
8.12 farmers by providing more fruits, vegetables,
8.13 meat, grain, and dairy for Minnesota school
8.14 children; grants for urban youth agricultural
8.15 education or urban agriculture community
8.16 development; the good food access program
8.17 under Minnesota Statutes, section 17.1017;
8.18 facilitating the start-up, modernization, or
8.19 expansion of other beginning and transitioning
8.20 farms including by providing loans under
8.21 Minnesota Statutes, section 41B.056; crop
8.22 research grants; development or expansion of
8.23 food hubs and other alternative
8.24 community-based food distribution systems;
8.25 and good agricultural practices and good
8.26 handling practices certification assistance.

8.27 The commissioner may use up to 3.5 percent
8.28 of this appropriation for costs incurred to
8.29 administer the program.

8.30 The appropriation in paragraph (b), clauses
8.31 (8) and (9), is onetime. Any unencumbered
8.32 balance does not cancel at the end of the first
8.33 year and is available for the second year.
8.34 Notwithstanding Minnesota Statutes, section
8.35 16A.28, appropriations encumbered under

9.1 contract on or before June 30, 2021, for
 9.2 agricultural growth, research, and innovation
 9.3 grants are available until June 30, 2022.

9.4 The base budget for the agricultural growth,
 9.5 research, and innovation program is
 9.6 \$14,710,000 for fiscal years 2022 and 2023,
 9.7 and includes funding for incentive payments
 9.8 under Minnesota Statutes, sections 41A.16,
 9.9 41A.17, 41A.18, and 41A.20.

9.10 The commissioner must consult with the
 9.11 commissioner of transportation, the
 9.12 commissioner of administration, and local
 9.13 units of government to identify at least ten
 9.14 parcels of publicly owned land that are suitable
 9.15 for urban agriculture.

9.16 (c) \$25,000 the first year and \$25,000 the
 9.17 second year are for grants to the Southern
 9.18 Minnesota Initiative Foundation to promote
 9.19 local foods through an annual event that raises
 9.20 public awareness of local foods and connects
 9.21 local food producers and processors with
 9.22 potential buyers. These appropriations are
 9.23 onetime.

9.24 **Subd. 5. Administration and Financial**
 9.25 **Assistance**

7,409,000

7,307,000

9.26 (a) \$474,000 the first year and \$474,000 the
 9.27 second year are for payments to county and
 9.28 district agricultural societies and associations
 9.29 under Minnesota Statutes, section 38.02,
 9.30 subdivision 1. Aid payments to county and
 9.31 district agricultural societies and associations
 9.32 shall be disbursed no later than July 15 of each
 9.33 year. These payments are the amount of aid
 9.34 from the state for an annual fair held in the
 9.35 previous calendar year.

10.1 (b) \$2,000 the first year is for a grant to the
10.2 Minnesota State Poultry Association. This is
10.3 a onetime appropriation, and is available until
10.4 June 30, 2021.

10.5 (c) \$108,000 the first year and \$108,000 the
10.6 second year are for annual grants to the
10.7 Minnesota Turf Seed Council for basic and
10.8 applied research on: (1) the improved
10.9 production of forage and turf seed related to
10.10 new and improved varieties; and (2) native
10.11 plants, including plant breeding, nutrient
10.12 management, pest management, disease
10.13 management, yield, and viability. The grant
10.14 recipient may subcontract with a qualified
10.15 third party for some or all of the basic or
10.16 applied research. Any unencumbered balance
10.17 does not cancel at the end of the first year and
10.18 is available for the second year. These are
10.19 onetime appropriations.

10.20 (d) \$18,000 the first year and \$18,000 the
10.21 second year are for grants to the Minnesota
10.22 Livestock Breeders Association. These are
10.23 onetime appropriations.

10.24 (e) \$47,000 the first year and \$47,000 the
10.25 second year are for the Northern Crops
10.26 Institute. These appropriations may be spent
10.27 to purchase equipment. These are onetime
10.28 appropriations.

10.29 (f) \$267,000 the first year and \$267,000 the
10.30 second year are for farm advocate services.
10.31 Of the amount appropriated in this paragraph,
10.32 \$47,000 each year is onetime.

10.33 (g) \$17,000 the first year and \$17,000 the
10.34 second year are for grants to the Minnesota

11.1 Horticultural Society. These are onetime
11.2 appropriations.

11.3 (h) \$238,000 the first year and \$238,000 the
11.4 second year are for transfer to the Board of
11.5 Trustees of the Minnesota State Colleges and
11.6 Universities for statewide mental health
11.7 counseling support to farm families and
11.8 business operators. South Central College shall
11.9 serve as the fiscal agent. Of the amount
11.10 appropriated in this paragraph, \$125,000 each
11.11 year is onetime.

11.12 (i) \$550,000 the first year and \$550,000 the
11.13 second year are for grants to Second Harvest
11.14 Heartland on behalf of Minnesota's six
11.15 Feeding America food banks for the purchase
11.16 of milk for distribution to Minnesota's food
11.17 shelves and other charitable organizations that
11.18 are eligible to receive food from the food
11.19 banks. Milk purchased under the grants must
11.20 be acquired from Minnesota milk processors
11.21 and based on low-cost bids. The milk must be
11.22 allocated to each Feeding America food bank
11.23 serving Minnesota according to the formula
11.24 used in the distribution of United States
11.25 Department of Agriculture commodities under
11.26 The Emergency Food Assistance Program
11.27 (TEFAP). Second Harvest Heartland must
11.28 submit quarterly reports to the commissioner
11.29 on forms prescribed by the commissioner. The
11.30 reports must include, but are not limited to,
11.31 information on the expenditure of funds, the
11.32 amount of milk purchased, and the
11.33 organizations to which the milk was
11.34 distributed. Second Harvest Heartland may
11.35 enter into contracts or agreements with food

12.1 banks for shared funding or reimbursement of
12.2 the direct purchase of milk. Each food bank
12.3 receiving money from this appropriation may
12.4 use up to two percent of the grant for
12.5 administrative expenses. Any unencumbered
12.6 balance does not cancel at the end of the first
12.7 year and is available for the second year.

12.8 (j) \$1,100,000 the first year and \$1,100,000
12.9 the second year are for grants to Second
12.10 Harvest Heartland on behalf of the six Feeding
12.11 America food banks that serve Minnesota to
12.12 compensate agricultural producers and
12.13 processors for costs incurred to harvest and
12.14 package for transfer surplus fruits, vegetables,
12.15 and other agricultural commodities that would
12.16 otherwise go unharvested, be discarded, or
12.17 sold in a secondary market. Surplus
12.18 commodities must be distributed statewide to
12.19 food shelves and other charitable organizations
12.20 that are eligible to receive food from the food
12.21 banks. Surplus food acquired under this
12.22 appropriation must be from Minnesota
12.23 producers and processors. Second Harvest
12.24 Heartland must report in the form prescribed
12.25 by the commissioner. Second Harvest
12.26 Heartland may use up to 15 percent of each
12.27 grant for matching administrative and
12.28 transportation expenses. Any unencumbered
12.29 balance does not cancel at the end of the first
12.30 year and is available for the second year.

12.31 (k) \$50,000 the first year and \$50,000 the
12.32 second year are for grants to the Center for
12.33 Rural Policy and Development. These are
12.34 onetime appropriations.

13.1 (l) \$250,000 the first year and \$250,000 the
 13.2 second year are for grants to the Minnesota
 13.3 Agricultural Education and Leadership
 13.4 Council for programs of the council under
 13.5 Minnesota Statutes, chapter 41D.

13.6 (m) \$100,000 the first year is for a grant to
 13.7 Greater Mankato Growth, Inc. for assistance
 13.8 to agricultural-related businesses to promote
 13.9 jobs, innovation, and development of a
 13.10 synergy. Grant recipients shall report to the
 13.11 commissioner by February 1 of each year, and
 13.12 include information on the number of
 13.13 customers served in each county; the number
 13.14 of businesses started, stabilized, or expanded;
 13.15 the number of jobs created and retained; and
 13.16 business success rates in each county. By April
 13.17 1 of each year, the commissioner shall report
 13.18 the information submitted by grant recipients
 13.19 to the chairs of the standing committees of the
 13.20 house of representatives and the senate having
 13.21 jurisdiction over agriculture and rural
 13.22 development issues. This is a onetime
 13.23 appropriation.

13.24 (n) The commissioner shall continue to
 13.25 increase connections with ethnic minority and
 13.26 immigrant farmers to farming opportunities
 13.27 and farming programs throughout the state.

13.28 Sec. 3. BOARD OF ANIMAL HEALTH \$ 5,477,000 \$ 5,477,000

13.29 Sec. 4. AGRICULTURAL UTILIZATION
 13.30 RESEARCH INSTITUTE \$ 3,895,000 \$ 3,895,000

13.31 Sec. 5. DAIRY PRODUCER MARGIN COVERAGE PREMIUM ASSISTANCE
 13.32 PROGRAM.

13.33 Subdivision 1. Program. The commissioner must administer a dairy producer margin
 13.34 coverage premium assistance program for premiums paid by Minnesota dairy producers

14.1 participating in the federal dairy margin coverage program authorized in the Agriculture
 14.2 Improvement Act of 2018.

14.3 Subd. 2. **Eligibility.** A dairy producer who participates in the federal dairy margin
 14.4 coverage program and satisfies the requirements in this section is eligible to receive financial
 14.5 assistance from the commissioner under this section.

14.6 Subd. 3. **Payment rates.** The commissioner must reimburse an eligible producer at a
 14.7 rate up to six cents per hundredweight of milk up to the first 5,000,000 pounds of milk
 14.8 enrolled in the federal dairy margin coverage program. The commissioner shall determine
 14.9 the payment rate under this subdivision by dividing available funding by the number of
 14.10 eligible applicants.

14.11 Subd. 4. **Procedure.** A dairy producer must submit a completed application to the
 14.12 commissioner in a form required by the commissioner. As part of the application, the dairy
 14.13 producer must submit proof of participation in the federal dairy margin coverage program
 14.14 in the form of a valid premium payment receipt or other documentation as approved by the
 14.15 commissioner.

14.16 **ARTICLE 2**

14.17 **AGRICULTURE STATUTORY CHANGES**

14.18 Section 1. Minnesota Statutes 2018, section 17.041, subdivision 1, is amended to read:

14.19 Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is
 14.20 established in the agricultural fund. Money in the account, including interest, is appropriated
 14.21 to the commissioner for emergency response ~~and preparedness~~ activities for agricultural
 14.22 emergencies affecting producers of livestock, poultry, crops, or other agricultural products.
 14.23 Eligible uses include, ~~but are not limited to,~~ agency costs directly attributed to responding
 14.24 to agricultural emergencies and purchasing necessary equipment and reimbursing costs
 14.25 incurred by local units of government that are not eligible for reimbursement from other
 14.26 sources.

14.27 Sec. 2. Minnesota Statutes 2018, section 18B.34, subdivision 5, is amended to read:

14.28 Subd. 5. **Fees.** (a) A person initially applying for or renewing a noncommercial applicator
 14.29 license must pay a nonrefundable application fee of \$50, except an applicant who ~~is~~ uses
 14.30 pesticides in the course of performing official duties as: (1) a government employee; (2) a
 14.31 contractor providing rest area custodial services for the commissioner of transportation; or

15.1 ~~(3) a Conservation Corps Minnesota employee who uses pesticides in the course of~~
15.2 ~~performing official duties~~ must pay a nonrefundable application fee of \$10.

15.3 (b) A license renewal application received after March 1 in the year for which the license
15.4 is to be issued is subject to a penalty fee of 50 percent of the application fee. The penalty
15.5 fee must be paid before the renewal license may be issued.

15.6 (c) An application for a duplicate noncommercial applicator license must be accompanied
15.7 by a nonrefundable application fee of \$10.

15.8 Sec. 3. Minnesota Statutes 2018, section 18C.425, subdivision 6, is amended to read:

15.9 Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the
15.10 state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall
15.11 pay the inspection fee to the commissioner.

15.12 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person
15.13 not required to be so licensed shall pay the inspection fee to the commissioner, except as
15.14 exempted under section 18C.421, subdivision 1, paragraph (b).

15.15 (c) The person responsible for payment of the inspection fees for fertilizers, soil
15.16 amendments, or plant amendments sold and used in this state must pay an inspection fee of
15.17 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer,
15.18 soil amendment, and plant amendment sold or distributed in this state, with a minimum of
15.19 \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit
15.20 all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and
15.21 education account in section 18C.80. Products sold or distributed to manufacturers or
15.22 exchanged between them are exempt from the inspection fee imposed by this subdivision
15.23 if the products are used exclusively for manufacturing purposes.

15.24 (d) A registrant or licensee must retain invoices showing proof of fertilizer, plant
15.25 amendment, or soil amendment distribution amounts and inspection fees paid for a period
15.26 of three years.

15.27 Sec. 4. Minnesota Statutes 2018, section 18C.70, subdivision 5, is amended to read:

15.28 Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

15.29 Sec. 5. Minnesota Statutes 2018, section 18C.71, subdivision 4, is amended to read:

15.30 Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

16.1 Sec. 6. Minnesota Statutes 2018, section 18C.80, subdivision 2, is amended to read:

16.2 Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

16.3 Sec. 7. Minnesota Statutes 2018, section 18K.02, subdivision 3, is amended to read:

16.4 Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant *Cannabis sativa* L. and
16.5 any part of the plant, whether growing or not, including the plant's seeds, and all the plant's
16.6 derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether
16.7 growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3
16.8 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01,
16.9 subdivision 9.

16.10 Sec. 8. Minnesota Statutes 2018, section 18K.06, is amended to read:

16.11 **18K.06 RULEMAKING.**

16.12 (a) The commissioner shall adopt rules governing the production, testing, and licensing
16.13 of industrial hemp.

16.14 (b) Rules adopted under paragraph (a) must include, but not be limited to, provisions
16.15 governing:

16.16 (1) the supervision and inspection of industrial hemp during its growth and harvest;

16.17 (2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

16.18 (3) the use of background check results required under section 18K.04 to approve or
16.19 deny a license application; and

16.20 (4) any other provision or procedure necessary to carry out the purposes of this chapter.

16.21 (c) Rules issued under this section must be consistent with federal law regarding the
16.22 production, distribution, and sale of industrial hemp.

16.23 (d) After consulting with stakeholders, the commissioner may use the expedited
16.24 rulemaking process in section 14.389 to adopt the rules required under this section that are
16.25 required to conform to the Agriculture Improvement Act of 2018, Public Law 115-1072,
16.26 and federal rules authorized under that act. This paragraph expires June 30, 2020.

17.1 Sec. 9. Minnesota Statutes 2018, section 28A.16, is amended to read:

17.2 **28A.16 PERSONS SELLING LIQUOR.**

17.3 (a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01
 17.4 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent
 17.5 malt liquor "on-sale" as provided in section 340A.403, or to persons licensed to sell
 17.6 intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407,
 17.7 provided that these persons sell only ice manufactured and packaged by another, or bottled
 17.8 or canned soft drinks and prepacked candy at retail, or to persons licensed to sell intoxicating
 17.9 liquors at wholesale to retailers as provided in section 340A.301.

17.10 (b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner
 17.11 must exclude all gross sales of off-sale alcoholic beverages by the exclusive liquor store
 17.12 when determining the applicable license fee under section 28A.08, subdivision 3.

17.13 (c) For purposes of this section, "exclusive liquor store," "alcoholic beverage,"
 17.14 "intoxicating liquor," and "wholesaler" have the meanings given in section 340A.101.

17.15 Sec. 10. Minnesota Statutes 2018, section 41A.15, is amended by adding a subdivision to
 17.16 read:

17.17 Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable
 17.18 or recurring basis, including agricultural crops and trees; wood and wood waste and residues;
 17.19 plants including aquatic plants, grasses, residues, and fibers; animal waste; and the organic
 17.20 portion of solid wastes.

17.21 Sec. 11. Minnesota Statutes 2018, section 41A.15, subdivision 10, is amended to read:

17.22 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with biobased~~
 17.23 ~~content~~, polymer, monomer, plastic, or composite material that is entirely produced from
 17.24 biomass.

17.25 Sec. 12. Minnesota Statutes 2018, section 41A.16, subdivision 1, is amended to read:

17.26 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 17.27 source ~~from Minnesota~~ at least 80 percent ~~raw materials from Minnesota~~ of the biomass
 17.28 used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from
 17.29 the state border, ~~raw materials~~ biomass used to produce an advanced biofuel may be sourced
 17.30 from ~~outside of Minnesota~~, but only if at least 80 percent of the biomass is sourced from
 17.31 within a 100-mile radius ~~of the facility or from within Minnesota~~. ~~Raw materials must be~~

18.1 ~~from agricultural or forestry sources or from solid waste.~~ The facility must be located in
18.2 Minnesota, must begin production at a specific location by June 30, 2025, and must not
18.3 begin operating above 23,750 MMbtu of quarterly advanced biofuel production before July
18.4 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced
18.5 biofuel production capacity, or retrofitting existing capacity, as well as new companies and
18.6 facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible.
18.7 Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced
18.8 biofuel quarterly.

18.9 (b) No payments shall be made for advanced biofuel production that occurs after June
18.10 30, 2035, for those eligible biofuel producers under paragraph (a).

18.11 (c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility
18.12 for payments under this section to an advanced biofuel facility at a different location.

18.13 (d) A producer that ceases production for any reason is ineligible to receive payments
18.14 under this section until the producer resumes production.

18.15 (e) Renewable chemical production for which payment has been received under section
18.16 41A.17, and biomass thermal production for which payment has been received under section
18.17 41A.18, are not eligible for payment under this section.

18.18 (f) Biobutanol is eligible under this section.

18.19 Sec. 13. Minnesota Statutes 2018, section 41A.16, subdivision 2, is amended to read:

18.20 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to
18.21 eligible producers of advanced biofuel. The amount of the payment for each eligible
18.22 producer's annual production is \$2.1053 per MMbtu for advanced biofuel production from
18.23 cellulosic biomass, and \$1.053 per MMbtu for advanced biofuel production from sugar ~~or~~₂
18.24 starch, oil, or animal fat at a specific location for ten years after the start of production.

18.25 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
18.26 not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments
18.27 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
18.28 necessary for 17,100,000 MMbtu of biofuel production. ~~The commissioner shall award~~
18.29 ~~payments on a first-come, first-served basis within the limits of available funding.~~

18.30 (c) For purposes of this section, an entity that holds a controlling interest in more than
18.31 one advanced biofuel facility is considered a single eligible producer.

19.1 Sec. 14. Minnesota Statutes 2018, section 41A.16, subdivision 4, is amended to read:

19.2 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 19.3 biomass used for advanced biofuel production must be produced using Minnesota ~~state~~
 19.4 forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands
 19.5 must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting
 19.6 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
 19.7 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
 19.8 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
 19.9 parcels of 160 acres or less and federal land must be harvested by a logger who has completed
 19.10 training for biomass harvesting from the Minnesota logger education program or the
 19.11 equivalent and have a forest ~~stewardship~~ management plan, as defined in section 290C.02,
 19.12 subdivision 7, or its equivalent.

19.13 Sec. 15. Minnesota Statutes 2018, section 41A.17, subdivision 1, is amended to read:

19.14 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section
 19.15 must source from Minnesota at least 80 percent ~~biobased content from Minnesota.~~ of the
 19.16 biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or
 19.17 less from the state border, ~~biobased content must~~ biomass used to produce a renewable
 19.18 chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the
 19.19 biomass is sourced from within a 100-mile radius of the facility or from within Minnesota.
 19.20 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The
 19.21 facility must be located in Minnesota, must begin production at a specific location by June
 19.22 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly
 19.23 before January 1, 2015. Eligible facilities include existing companies and facilities that are
 19.24 adding production capacity, or retrofitting existing capacity, as well as new companies and
 19.25 facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000
 19.26 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes
 19.27 that are fully commercial before January 1, 2000, are not eligible.

19.28 (b) No payments shall be made for renewable chemical production that occurs after June
 19.29 30, 2035, for those eligible renewable chemical producers under paragraph (a).

19.30 (c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility
 19.31 for payments under this section to a renewable chemical facility at a different location.

19.32 (d) A producer that ceases production for any reason is ineligible to receive payments
 19.33 under this section until the producer resumes production.

20.1 (e) Advanced biofuel production for which payment has been received under section
 20.2 41A.16, and biomass thermal production for which payment has been received under section
 20.3 41A.18, are not eligible for payment under this section.

20.4 Sec. 16. Minnesota Statutes 2018, section 41A.17, subdivision 2, is amended to read:

20.5 Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments
 20.6 to eligible producers of renewable chemicals located in the state. The amount of the payment
 20.7 for each producer's annual production is \$0.03 per pound of sugar-derived renewable
 20.8 chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived
 20.9 renewable chemical produced at a specific location for ten years after the start of production.

20.10 (b) An eligible facility producing renewable chemicals using agricultural cellulosic
 20.11 biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural
 20.12 biomass that is derived from perennial crop or cover crop biomass.

20.13 (c) Total payments under this section to an eligible renewable chemical producer in a
 20.14 fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
 20.15 chemical production. Total payments under this section to all eligible renewable chemical
 20.16 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
 20.17 renewable chemical production. ~~The commissioner shall award payments on a first-come,
 20.18 first-served basis within the limits of available funding.~~

20.19 (d) An eligible facility may blend renewable chemicals with other chemicals that are
 20.20 not renewable chemicals, but only the percentage attributable to renewable chemicals in
 20.21 the blended product is eligible to receive payment.

20.22 ~~(d)~~ (e) For purposes of this section, an entity that holds a controlling interest in more
 20.23 than one renewable chemical production facility is considered a single eligible producer.

20.24 Sec. 17. Minnesota Statutes 2018, section 41A.17, subdivision 3, is amended to read:

20.25 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 20.26 biomass used for renewable chemical production must be produced using Minnesota ~~state~~
 20.27 forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands
 20.28 must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting
 20.29 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
 20.30 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
 20.31 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
 20.32 parcels of 160 acres or less and federal land must be harvested by a logger who has completed

21.1 training for biomass harvesting from the Minnesota logger education program or the
 21.2 equivalent and have a forest ~~stewardship~~ management plan, as defined in section 290C.02,
 21.3 subdivision 7, or its equivalent.

21.4 Sec. 18. Minnesota Statutes 2018, section 41A.18, subdivision 1, is amended to read:

21.5 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 21.6 source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass
 21.7 used for biomass thermal production, except that, if a facility is sited 50 miles or less from
 21.8 the state border, ~~raw materials should~~ biomass used for biomass thermal production may
 21.9 be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is
 21.10 sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw~~
 21.11 ~~materials~~ Biomass must be from agricultural or forestry sources. The facility must be located
 21.12 in Minnesota, must have begun production at a specific location by June 30, 2025, and must
 21.13 not begin before July 1, 2015. Eligible facilities include existing companies and facilities
 21.14 that are adding production capacity, or retrofitting existing capacity, as well as new
 21.15 companies and facilities. Eligible biomass thermal production facilities must produce at
 21.16 least 250 MMbtu of biomass thermal quarterly.

21.17 (b) No payments shall be made for biomass thermal production that occurs after June
 21.18 30, 2035, for those eligible biomass thermal producers under paragraph (a).

21.19 (c) An eligible producer of biomass thermal production shall not transfer the producer's
 21.20 eligibility for payments under this section to a biomass thermal production facility at a
 21.21 different location.

21.22 (d) A producer that ceases production for any reason is ineligible to receive payments
 21.23 under this section until the producer resumes production.

21.24 (e) Biofuel production for which payment has been received under section 41A.16, and
 21.25 renewable chemical production for which payment has been received under section 41A.17,
 21.26 are not eligible for payment under this section.

21.27 Sec. 19. Minnesota Statutes 2018, section 41A.18, subdivision 2, is amended to read:

21.28 Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall make
 21.29 payments to eligible producers of biomass thermal located in the state. The amount of the
 21.30 payment for each producer's annual production is \$5.00 per MMbtu of biomass thermal
 21.31 production produced at a specific location for ten years after the start of production.

22.1 (b) An eligible facility producing biomass thermal using agricultural cellulosic biomass
 22.2 is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural
 22.3 biomass that is derived from perennial crop or cover crop biomass.

22.4 (c) Total payments under this section to an eligible thermal producer in a fiscal year
 22.5 may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total
 22.6 payments under this section to all eligible thermal producers in a fiscal year may not exceed
 22.7 the amount necessary for 150,000 MMbtu of total thermal production. ~~The commissioner~~
 22.8 ~~shall award payments on a first-come, first-served basis within the limits of available funding.~~

22.9 (d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass
 22.10 thermal production facility, but only the percentage attributable to cellulosic material is
 22.11 eligible to receive payment.

22.12 (e) For purposes of this section, an entity that holds a controlling interest in more than
 22.13 one biomass thermal production facility is considered a single eligible producer.

22.14 Sec. 20. Minnesota Statutes 2018, section 41A.18, subdivision 3, is amended to read:

22.15 Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
 22.16 biomass used for biomass thermal production must be produced using Minnesota ~~state~~ forest
 22.17 biomass harvesting guidelines or the equivalent. All cellulosic biomass from ~~brushland~~
 22.18 brushlands must be produced using Minnesota brushland ~~harvesting~~ biomass harvesting
 22.19 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land
 22.20 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the
 22.21 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from
 22.22 parcels of 160 acres or less and federal land must be harvested by a logger who has completed
 22.23 training for biomass harvesting from the Minnesota logger education program or the
 22.24 equivalent and have a forest ~~stewardship~~ management plan, as defined in section 290C.02,
 22.25 subdivision 7, or its equivalent.

22.26 Sec. 21. **[41B.0455] DAIRY MODERNIZATION AND INNOVATION LOAN**
 22.27 **PROGRAM.**

22.28 Subdivision 1. **Establishment.** The authority may establish and implement a loan program
 22.29 to finance dairy modernization and innovations in the state.

22.30 Subd. 2. **Loan participation.** (a) The authority may participate in a dairy modernization
 22.31 and innovation loan with an eligible lender to a livestock farmer who meets the requirements
 22.32 of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a

23.1 livestock operation. A prospective borrower must have a total net worth, including assets
23.2 and liabilities of the borrower's spouse and dependents, of less than \$1,700,000 in 2017 and
23.3 an amount in subsequent years which is adjusted for inflation by multiplying that amount
23.4 by the cumulative inflation rate as determined by the United States All-Items Consumer
23.5 Price Index.

23.6 (b) Participation is limited to 45 percent of the principal amount of the loan or \$525,000,
23.7 whichever is less. The interest rates and repayment terms of the authority's participation
23.8 interest may be different from the interest rates and repayment terms of the lender's retained
23.9 portion of the loan.

23.10 Subd. 3. **Specifications.** (a) Loan participation may be for acquisition, installation of
23.11 improvements to land, buildings, and other permanent structures, including equipment
23.12 incorporated in or permanently affixed to the land, buildings, or structures, which are useful
23.13 for and intended to be used for the purpose of dairy farming, including, but not limited to:

23.14 (1) the acquisition, construction, or improvement of buildings or facilities for dairy
23.15 farming; or

23.16 (2) the acquisition of equipment for dairy farming such as:

23.17 (i) barns;

23.18 (ii) watering facilities;

23.19 (iii) feed storage and handling equipment;

23.20 (iv) milking parlors;

23.21 (v) robotic equipment;

23.22 (vi) scales;

23.23 (vii) milk storage and cooling facilities; or

23.24 (viii) bulk tanks.

23.25 (b) Each loan participation must be secured by a mortgage on real property and other
23.26 security as the authority may require.

23.27 Subd. 4. **Application and origination fee.** The authority may impose a reasonable
23.28 nonrefundable application fee for each application for a loan participation and an origination
23.29 fee for each loan issued under the dairy modernization and innovation loan program. The
23.30 origination fee initially shall be set at 1.5 percent and the application fee at \$50. The authority
23.31 may review the fees annually and make adjustments as necessary. The fees must be deposited

24.1 in the state treasury and credited to the Rural Finance Authority administrative account
24.2 established in section 41B.03.

24.3 Subd. 5. **Interest rate.** The interest rate per annum on the dairy modernization and
24.4 innovation loan participation must be at the rate of interest determined by the authority to
24.5 be necessary to provide for the timely payment of principal and interest when due on bonds
24.6 or other obligations of the authority issued under this chapter, to provide financing for loan
24.7 participations made under the dairy modernization and innovation loan program, and to
24.8 provide for reasonable and necessary costs of issuing, carrying, administering, and securing
24.9 the bonds or notes and to pay the costs incurred and to be incurred by the authority in the
24.10 implementation of the dairy modernization and innovation loan program.

24.11 Sec. 22. Minnesota Statutes 2018, section 41B.055, subdivision 4, is amended to read:

24.12 Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of
24.13 equipment for animal housing, confinement, animal feeding, milk production, and waste
24.14 management, including the following, if related to animal husbandry:

24.15 (1) fences;

24.16 (2) watering facilities;

24.17 (3) feed storage and handling equipment;

24.18 (4) milking parlors;

24.19 (5) milking equipment, including robotic equipment;

24.20 (6) scales;

24.21 (7) milk storage and cooling facilities;

24.22 (8) manure pumping and storage facilities;

24.23 (9) capital investment in pasture;

24.24 (10) hoop barns;

24.25 (11) portable structures;

24.26 (12) hay and forage equipment; and

24.27 (13) related structural work for the installation of equipment.

25.1 Sec. 23. Minnesota Statutes 2018, section 116.06, is amended by adding a subdivision to
25.2 read:

25.3 Subd. 16a. **Pastures.** "Pastures" means areas, including winter feeding areas as part of
25.4 a grazing area, where grass or other growing plants are used for grazing of livestock and
25.5 where the concentration of animals allows a vegetative cover to be maintained during the
25.6 growing season. "Pastures" also includes agricultural land that is used for growing crops
25.7 during the growing season and is used for grazing of livestock on vegetation or crop residues
25.8 during the winter. In either case, a cover of vegetation or crop residues is not required:

25.9 (1) in the immediate vicinity of supplemental feeding or watering devices;

25.10 (2) in associated corrals and chutes where livestock are gathered for the purpose of
25.11 sorting, veterinary services, loading and unloading trucks and trailers, and other necessary
25.12 activities related to good animal husbandry practices;

25.13 (3) in associated livestock access lanes used to convey livestock to and from areas of
25.14 the pasture; and

25.15 (4) in sacrificial areas that are part of a larger pasture system and are used to temporarily
25.16 accommodate livestock and protect other pasture areas when adverse soil or weather
25.17 conditions pose a risk of damaging the pastures, and on which the vegetation is naturally
25.18 restored or replanted after the adverse soil or weather conditions are removed and the
25.19 livestock are moved to other areas of the pasture.

25.20 Sec. 24. Minnesota Statutes 2018, section 116.07, subdivision 7, is amended to read:

25.21 **Subd. 7. Counties; processing applications for animal lot permits.** Any Minnesota
25.22 county board may, by resolution, with approval of the Pollution Control Agency, assume
25.23 responsibility for processing applications for permits required by the Pollution Control
25.24 Agency under this section for livestock feedlots, poultry lots or other animal lots. The
25.25 responsibility for permit application processing, if assumed by a county, may be delegated
25.26 by the county board to any appropriate county officer or employee.

25.27 (a) For the purposes of this subdivision, the term "processing" includes:

25.28 (1) the distribution to applicants of forms provided by the Pollution Control Agency;

25.29 (2) the receipt and examination of completed application forms, and the certification,
25.30 in writing, to the Pollution Control Agency either that the animal lot facility for which a
25.31 permit is sought by an applicant will comply with applicable rules and standards, or, if the

26.1 facility will not comply, the respects in which a variance would be required for the issuance
26.2 of a permit; and

26.3 (3) rendering to applicants, upon request, assistance necessary for the proper completion
26.4 of an application.

26.5 (b) For the purposes of this subdivision, the term "processing" may include, at the option
26.6 of the county board, issuing, denying, modifying, imposing conditions upon, or revoking
26.7 permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject
26.8 to review, suspension, and reversal by the Pollution Control Agency. The Pollution Control
26.9 Agency shall, after written notification, have 15 days to review, suspend, modify, or reverse
26.10 the issuance of the permit. After this period, the action of the county board is final, subject
26.11 to appeal as provided in chapter 14. For permit applications filed after October 1, 2001,
26.12 section 15.99 applies to feedlot permits issued by the agency or a county pursuant to this
26.13 subdivision.

26.14 (c) For the purpose of administration of rules adopted under this subdivision, the
26.15 commissioner and the agency may provide exceptions for cases where the owner of a feedlot
26.16 has specific written plans to close the feedlot within five years. These exceptions include
26.17 waiving requirements for major capital improvements.

26.18 (d) For purposes of this subdivision, a discharge caused by an extraordinary natural
26.19 event such as a precipitation event of greater magnitude than the 25-year, 24-hour event,
26.20 tornado, or flood in excess of the 100-year flood is not a "direct discharge of pollutants."

26.21 (e) In adopting and enforcing rules under this subdivision, the commissioner shall
26.22 cooperate closely with other governmental agencies.

26.23 (f) The Pollution Control Agency shall work with the Minnesota Extension Service, the
26.24 Department of Agriculture, the Board of Water and Soil Resources, producer groups, local
26.25 units of government, as well as with appropriate federal agencies such as the Natural
26.26 Resources Conservation Service and the Farm Service Agency, to notify and educate
26.27 producers of rules under this subdivision at the time the rules are being developed and
26.28 adopted and at least every two years thereafter.

26.29 (g) The Pollution Control Agency shall adopt rules governing the issuance and denial
26.30 of permits for livestock feedlots, poultry lots or other animal lots pursuant to this section.
26.31 Pastures are exempt from the rules authorized under this paragraph, and no feedlot permit
26.32 shall include any terms or conditions that impose any requirements related to any pastures
26.33 located on, adjacent to, or in the vicinity of the feedlot. A feedlot permit is not required for
26.34 livestock feedlots with more than ten but less than 50 animal units; provided they are not

27.1 in shoreland areas. A livestock feedlot permit does not become required solely because of
27.2 a change in the ownership of the buildings, grounds, or feedlot. These rules apply both to
27.3 permits issued by counties and to permits issued by the Pollution Control Agency directly.

27.4 (h) The Pollution Control Agency shall exercise supervising authority with respect to
27.5 the processing of animal lot permit applications by a county.

27.6 (i) Any new rules or amendments to existing rules proposed under the authority granted
27.7 in this subdivision, or to implement new fees on animal feedlots, must be submitted to the
27.8 members of legislative policy and finance committees with jurisdiction over agriculture and
27.9 the environment prior to final adoption. The rules must not become effective until 90 days
27.10 after the proposed rules are submitted to the members.

27.11 (j) Until new rules are adopted that provide for plans for manure storage structures, any
27.12 plans for a liquid manure storage structure must be prepared or approved by a registered
27.13 professional engineer or a United States Department of Agriculture, Natural Resources
27.14 Conservation Service employee.

27.15 (k) A county may adopt by ordinance standards for animal feedlots that are more stringent
27.16 than standards in Pollution Control Agency rules.

27.17 (l) After January 1, 2001, a county that has not accepted delegation of the feedlot permit
27.18 program must hold a public meeting prior to the agency issuing a feedlot permit for a feedlot
27.19 facility with 300 or more animal units, unless another public meeting has been held with
27.20 regard to the feedlot facility to be permitted.

27.21 (m) After the proposed rules published in the State Register, volume 24, number 25, are
27.22 finally adopted, the agency may not impose additional conditions as a part of a feedlot
27.23 permit, unless specifically required by law or agreed to by the feedlot operator.

27.24 (n) For the purposes of feedlot permitting, a discharge from land-applied manure or a
27.25 manure stockpile that is managed according to agency rule must not be subject to a fine for
27.26 a discharge violation.

27.27 (o) For the purposes of feedlot permitting, manure that is land applied, or a manure
27.28 stockpile that is managed according to agency rule, must not be considered a discharge into
27.29 waters of the state, unless the discharge is to waters of the state, as defined by section
27.30 103G.005, subdivision 17, except type 1 or type 2 wetlands, as defined in section 103G.005,
27.31 subdivision 17b, and does not meet discharge standards established for feedlots under agency
27.32 rule.

28.1 (p) The natural deposit of manure by livestock on pasture shall not be considered a
28.2 discharge into waters of the state and shall not be subject to any fine or penalty.

28.3 (q) Unless the upgrade is needed to correct an immediate public health threat under
28.4 section 145A.04, subdivision 8, or the facility is determined to be a concentrated animal
28.5 feeding operation under Code of Federal Regulations, title 40, section 122.23, in effect on
28.6 April 15, 2003, the agency may not require a feedlot operator:

28.7 (1) to spend more than \$3,000 to upgrade an existing feedlot with less than 300 animal
28.8 units unless cost-share money is available to the feedlot operator for 75 percent of the cost
28.9 of the upgrade; or

28.10 (2) to spend more than \$10,000 to upgrade an existing feedlot with between 300 and
28.11 500 animal units, unless cost-share money is available to the feedlot operator for 75 percent
28.12 of the cost of the upgrade or \$50,000, whichever is less.

28.13 ~~(q) For the purposes of this section, "pastures" means areas, including winter feeding~~
28.14 ~~areas as part of a grazing area, where grass or other growing plants are used for grazing and~~
28.15 ~~where the concentration of animals allows a vegetative cover to be maintained during the~~
28.16 ~~growing season except that vegetative cover is not required:~~

28.17 ~~(1) in the immediate vicinity of supplemental feeding or watering devices;~~

28.18 ~~(2) in associated corrals and chutes where livestock are gathered for the purpose of~~
28.19 ~~sorting, veterinary services, loading and unloading trucks and trailers, and other necessary~~
28.20 ~~activities related to good animal husbandry practices; and~~

28.21 ~~(3) in associated livestock access lanes used to convey livestock to and from areas of~~
28.22 ~~the pasture.~~

28.23 (r) A feedlot operator who stores and applies up to 100,000 gallons per calendar year of
28.24 private truck wash wastewater resulting from trucks that transport animals or supplies to
28.25 and from the feedlot does not require a permit to land-apply industrial by-products if the
28.26 feedlot operator stores and applies the wastewater in accordance with Pollution Control
28.27 Agency requirements for land applications of industrial by-product that do not require a
28.28 permit.

28.29 (s) A feedlot operator who holds a permit from the Pollution Control Agency to
28.30 land-apply industrial by-products from a private truck wash is not required to have a certified
28.31 land applicator apply the private truck wash wastewater if the wastewater is applied by the
28.32 feedlot operator to cropland owned or leased by the feedlot operator or by a commercial
28.33 animal waste technician licensed by the commissioner of agriculture under chapter 18C.

29.1 For purposes of this paragraph and paragraph (r), "private truck wash" means a truck washing
 29.2 facility owned or leased, operated, and used only by a feedlot operator to wash trucks owned
 29.3 or leased by the feedlot operator and used to transport animals or supplies to and from the
 29.4 feedlot.

29.5 Sec. 25. Minnesota Statutes 2018, section 116.07, subdivision 7d, is amended to read:

29.6 Subd. 7d. **Exemption.** ~~(a)~~ Notwithstanding subdivision 7 or Minnesota Rules, chapter
 29.7 7020, to the contrary, and notwithstanding the proximity to public or private waters, an
 29.8 owner or resident of agricultural land on which livestock have been allowed to pasture at
 29.9 any time during the ten-year period beginning January 1, 2010, is permanently exempt from
 29.10 requirements related to feedlot or manure management on that land for so long as the property
 29.11 remains in pasture.

29.12 ~~(b) For the purposes of this subdivision, "pasture" means areas where livestock graze~~
 29.13 ~~on grass or other growing plants. Pasture also means agricultural land where livestock are~~
 29.14 ~~allowed to forage during the winter time and which land is used for cropping purposes in~~
 29.15 ~~the growing season. In either case, the concentration of animals must be such that a vegetative~~
 29.16 ~~cover, whether of grass, growing plants, or crops, is maintained during the growing season~~
 29.17 ~~except in the immediate vicinity of temporary supplemental feeding or watering devices.~~

29.18 Sec. 26. Minnesota Statutes 2018, section 223.16, subdivision 2a, is amended to read:

29.19 Subd. 2a. **Cash sale.** (a) "Cash sale" means:

29.20 ~~(a) a sale that is not reduced to writing as a voluntary extension of credit contract and~~
 29.21 ~~for which payment is tendered to the seller not later than the close of business on the next~~
 29.22 ~~business day after the sale, either in cash or by check, or by mailing or wiring funds to the~~
 29.23 ~~seller's account in the amount of at least 80 percent of the value of the grain at delivery; or~~

29.24 ~~(b) a sale of a shipment of grain which is part of a multiple shipment sale, for which a~~
 29.25 ~~scale ticket clearly marked "CASH" has been received by the seller before completion of~~
 29.26 ~~the entire sale, and for which payment is tendered in cash or by check not later than ten~~
 29.27 ~~days after the sale of that shipment, except that when the entire sale is completed, payment~~
 29.28 ~~is tendered in cash or by check not later than the close of business on the next business day,~~
 29.29 ~~or within 48 hours, whichever is later. For the purposes of this subdivision, "cash" means~~
 29.30 ~~currency or manner of payment equivalent such as a certified check, a cashier's check, a~~
 29.31 ~~postal, bank, or express money order, in which the amount of payment is verified and secured~~
 29.32 ~~prior to issuance.~~

30.1 Sec. 27. Minnesota Statutes 2018, section 223.16, subdivision 4, is amended to read:

30.2 Subd. 4. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed
30.3 form for which a standard has been established by the United States Secretary of Agriculture
30.4 ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or other agricultural crops
30.5 designated by the commissioner by rule.

30.6 Sec. 28. Minnesota Statutes 2018, section 223.17, subdivision 3, is amended to read:

30.7 Subd. 3. **Grain buyers and storage account; fees.** The commissioner shall set the fees
30.8 for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of
30.9 administering and enforcing sections 223.15 to 223.22.

30.10 The fee for any license issued or renewed after June 30, 2005, shall be set according to
30.11 the following schedule:

30.12 (a) \$140 plus \$110 for each additional location for grain buyers whose gross annual
30.13 purchases are less than \$100,000;

30.14 (b) \$275 plus \$110 for each additional location for grain buyers whose gross annual
30.15 purchases are at least \$100,000, but not more than \$750,000;

30.16 (c) \$415 plus \$220 for each additional location for grain buyers whose gross annual
30.17 purchases are more than \$750,000 but not more than \$1,500,000;

30.18 (d) \$550 plus \$220 for each additional location for grain buyers whose gross annual
30.19 purchases are more than \$1,500,000 but not more than \$3,000,000; and

30.20 (e) \$700 plus \$220 for each additional location for grain buyers whose gross annual
30.21 purchases are more than \$3,000,000.

30.22 A penalty amount not to exceed ten percent of the fees due may be imposed by the
30.23 commissioner for each month for which the fees are delinquent.

30.24 There is created the grain buyers and storage account in the agricultural fund. Money
30.25 collected pursuant to sections 223.15 to 223.19 shall be paid into the state treasury and
30.26 credited to the grain buyers and storage account and is appropriated to the commissioner
30.27 for the administration and enforcement of sections 223.15 to 223.22. Interest, if any, received
30.28 on deposits of these moneys shall be credited to the account, and there shall be paid into
30.29 this fund any sum provided by the legislature for the purpose of carrying out the provisions
30.30 of those sections.

31.1 Sec. 29. Minnesota Statutes 2018, section 223.17, is amended by adding a subdivision to
31.2 read:

31.3 Subd. 3a. Examination fee. A person with a license to buy grain is subject to an
31.4 examination fee for each licensed location, based on the following schedule for one
31.5 examination:

<u>Bushel Capacity</u>	<u>Examination</u>
	<u>Fee</u>
<u>Inspections without a grain measure</u>	\$ 100
<u>Less than 150,001</u>	\$ 300
<u>150,001 to 250,000</u>	\$ 425
<u>250,001 to 500,000</u>	\$ 545
<u>500,001 to 750,000</u>	\$ 700
<u>750,001 to 1,000,000</u>	\$ 865
<u>1,000,001 to 1,200,000</u>	\$ 1,040
<u>1,200,001 to 1,500,000</u>	\$ 1,205
<u>1,500,001 to 2,000,000</u>	\$ 1,380
<u>More than 2,000,000</u>	\$ 1,555

31.18 The fee for supplemental examinations is \$55 per hour per examiner.

31.19 Sec. 30. Minnesota Statutes 2018, section 223.17, is amended by adding a subdivision to
31.20 read:

31.21 Subd. 3b. Schedule of examination. A licensee under sections 223.15 to 223.23 is
31.22 subject to one examination annually conducted by the commissioner or the Agricultural
31.23 Marketing Service of the United States Department of Agriculture. Examinations must
31.24 include measurement of all grain owned and maintained by the grain buyer. Additional
31.25 exams, at the determination of the commissioner, may be required.

31.26 Sec. 31. Minnesota Statutes 2018, section 223.17, subdivision 4, is amended to read:

31.27 Subd. 4. **Bond.** (a) Except as provided in paragraph (f), before a grain buyer's license
31.28 is issued, the applicant for the license must file with the commissioner a bond in a penal
31.29 sum prescribed by the commissioner but not less than the following amounts:

31.30 (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;

31.31 (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but
31.32 not more than \$750,000;

32.1 (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but
32.2 not more than \$1,500,000;

32.3 (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000
32.4 but not more than \$3,000,000;

32.5 (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000
32.6 but not more than \$6,000,000;

32.7 (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000
32.8 but not more than \$12,000,000;

32.9 (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000
32.10 but not more than \$24,000,000; and

32.11 (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

32.12 (b) ~~A grain buyer who has filed a bond with the commissioner prior to July 1, 2004, is~~
32.13 ~~not required to increase the amount of the bond to comply with this section until July 1,~~
32.14 ~~2005. The commissioner may postpone an increase in the amount of the bond until July 1,~~
32.15 ~~2006, if a licensee demonstrates that the increase will impose undue financial hardship on~~
32.16 ~~the licensee, and that producers will not be harmed as a result of the postponement. The~~
32.17 ~~commissioner may impose other restrictions on a licensee whose bond increase has been~~
32.18 ~~postponed.~~ The amount of the bond shall be based on the most recent gross annual grain
32.19 purchase report of the grain buyer.

32.20 (c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the
32.21 commissioner. This bond shall remain in effect for the first year of the license. Thereafter,
32.22 the licensee shall comply with the applicable bonding requirements contained in paragraph
32.23 (a), clauses (1) to (8).

32.24 (d) In lieu of the bond required by this subdivision the applicant may deposit with the
32.25 commissioner of management and budget ~~cash, a certified check, a cashier's check, a postal,~~
32.26 ~~bank, or express money order, assignable bonds or notes of the United States, or an~~
32.27 ~~assignment of a bank savings account or investment certificate or an irrevocable bank letter~~
32.28 ~~of credit as defined in section 336.5-102, in the same amount as would be required for a~~
32.29 bond.

32.30 (e) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
32.31 90 days' written notice of the bond's termination date to the licensee and the commissioner.

32.32 (f) A grain buyer who notifies the commissioner of the intent to purchase grain
32.33 immediately upon delivery solely with cash; certified check; cashier's check; or postal, bank,

33.1 or express money order is not obligated to file a bond as long as annual purchases do not
 33.2 exceed \$100,000.

33.3 Sec. 32. Minnesota Statutes 2018, section 223.17, subdivision 5, is amended to read:

33.4 Subd. 5. **Cash sales; manner of payment.** For a cash sale of a shipment of grain ~~which~~
 33.5 ~~is part of a multiple shipment sale,~~ the grain buyer shall tender payment to the seller in cash
 33.6 or by check or shall wire or mail the payment to the seller's account not later than ten days
 33.7 after the sale of that shipment, except that when the entire sale is completed, payment shall
 33.8 be tendered not later than the close of business on the next day, or within 48 hours, whichever
 33.9 is later. For other cash sales the grain buyer, before the close of business on the next business
 33.10 day after the sale, shall tender payment to the seller in cash or by check, or shall wire or
 33.11 mail funds to the seller's account in the amount of at least 80 percent of the value of the
 33.12 grain at the time of delivery. The grain buyer shall complete final settlement as rapidly as
 33.13 possible through ordinary diligence.

33.14 Sec. 33. Minnesota Statutes 2018, section 223.17, subdivision 6, is amended to read:

33.15 Subd. 6. **Financial statements.** (a) The commissioner ~~may~~ shall require an annual
 33.16 financial statement from a licensee which has been prepared in accordance with generally
 33.17 accepted accounting principles and ~~which~~ meets the following requirements:

33.18 (1) the financial statement shall include, but not be limited to the following:

33.19 (i) a balance sheet;

33.20 (ii) a statement of income (profit and loss);

33.21 (iii) a statement of retained earnings;

33.22 (iv) a statement of changes in financial position; and

33.23 (v) a statement of the dollar amount of grain purchased in the previous fiscal year of the
 33.24 grain buyer;

33.25 (2) the financial statement shall be accompanied by a compilation report of the financial
 33.26 statement that is prepared by a grain commission firm ~~or a management firm approved by~~
 33.27 ~~the commissioner or by an independent public accountant,~~ in accordance with standards
 33.28 established by the American Institute of Certified Public Accountants. ~~Grain buyers~~
 33.29 ~~purchasing less than 150,000 bushels of grain per calendar year may submit a financial~~
 33.30 ~~statement prepared by a public accountant who is not an employee or a relative within the~~
 33.31 ~~third degree of kindred according to civil law.~~

34.1 (3) the financial statement shall be accompanied by a certification by the chief executive
34.2 officer or the chief executive officer's designee of the licensee, and where applicable, all
34.3 members of the governing board of directors under penalty of perjury, that the financial
34.4 statement accurately reflects the financial condition of the licensee for the period specified
34.5 in the statement;

34.6 (4) for grain buyers purchasing under \$5,000,000 of grain annually, financial statements
34.7 shall be reviewed by a certified public accountant in accordance with standards established
34.8 by the American Institute of Certified Public Accountants, and must show that the financial
34.9 statements are free from material misstatements; and

34.10 (5) for grain buyers purchasing \$5,000,000 or more of grain annually, financial statements
34.11 shall be audited by a certified public accountant in accordance with standards established
34.12 by the American Institute of Certified Public Accountants and must include an opinion
34.13 statement from the certified public accountant.

34.14 (b) Only one financial statement must be filed for a chain of warehouses owned or
34.15 operated as a single business entity, unless otherwise required by the commissioner. ~~Any~~
34.16 ~~grain buyer having a net worth in excess of \$500,000,000 need not file the financial statement~~
34.17 ~~required by this subdivision but must provide the commissioner with a certified net worth~~
34.18 ~~statement.~~ All financial statements filed with the commissioner are private or nonpublic
34.19 data as provided in section 13.02.

34.20 (c) A grain buyer who purchases grain immediately upon delivery solely with cash;
34.21 certified check; cashier's check; or postal, bank, or express money order and whose annual
34.22 purchases do not exceed \$100,000 is exempt from the provisions contained in this
34.23 subdivision.

34.24 (d) The commissioner shall annually provide information on the person's fiduciary duties
34.25 to all persons required to certify the financial statement under paragraph (a), clause (2).

34.26 Sec. 34. Minnesota Statutes 2018, section 223.177, subdivision 2, is amended to read:

34.27 Subd. 2. **Oral contracts.** Any grain buyer entering into a voluntary extension of credit
34.28 contract orally or by phone shall give or mail to the seller a written confirmation conforming
34.29 to the requirements of section 223.175 ~~before the close of the next business day~~ within ten
34.30 days. Written confirmation of oral contracts must meet the requirements of subdivision 3.

35.1 Sec. 35. Minnesota Statutes 2018, section 223.177, subdivision 3, is amended to read:

35.2 Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must
35.3 be reduced to writing by the grain buyer and mailed or given to the seller ~~before the close~~
35.4 ~~of the next business day after the contract is entered into or, in the case of an oral or phone~~
35.5 ~~contract, after the written confirmation is received by the seller. Provided, however, that if~~
35.6 ~~a scale ticket has been received by the seller prior to the completion of the grain shipment,~~
35.7 ~~the contract must be reduced to writing within ten days after the sale, but not later than the~~
35.8 ~~close of the next business day after the completion of the entire sale~~ and is signed by both
35.9 buyer and seller within ten days of the date of delivery. The form of the contract shall comply
35.10 with the requirements of section 223.175. A grain buyer may use an electronic version of
35.11 a voluntary extension of credit contract that contains the same information as a written
35.12 document and that conforms to the requirements of this chapter to which a seller has applied
35.13 an electronic signature in place of a written document. There must not at any time be an
35.14 electronic and paper voluntary extension of credit contract representing the same lot of
35.15 grain.

35.16 Sec. 36. Minnesota Statutes 2018, section 223.177, subdivision 8, is amended to read:

35.17 Subd. 8. **Records.** A grain buyer shall keep sufficiently detailed books and records of
35.18 signed voluntary extension of credit contracts and evidences of grain, rights in grain, and
35.19 the proceeds from the sale of grain so as to clearly show compliance with this section. The
35.20 commissioner or the commissioner's authorized agent may inspect these books and records
35.21 to determine whether grain buyers are complying with the provisions of this chapter, and
35.22 for this purpose the commissioner may enter upon any public or private premises during
35.23 regular business hours.

35.24 Sec. 37. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to
35.25 read:

35.26 Subd. 4a. **Grain bank.** "Grain bank" means a feed-processing plant that receives and
35.27 stores grain it processes and returns to the grain's owner in amounts, at intervals, and with
35.28 added ingredients that are mutually agreeable to the grain's owner and the person operating
35.29 the plant. Grain bank does not include a seed cleaning plant.

36.1 Sec. 38. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to
36.2 read:

36.3 Subd. 13. **Temporary storage.** "Temporary storage" means grain stored in outdoor piles
36.4 or suitable structures, which are not in use for the entirety of the license period.

36.5 Sec. 39. Minnesota Statutes 2018, section 232.22, subdivision 3, is amended to read:

36.6 Subd. 3. **Fees; grain buyers and storage account.** There is created in the agricultural
36.7 fund an account known as the grain buyers and storage account. The commissioner shall
36.8 set the fees for examinations, certifications, and licenses under sections 232.20 to 232.24
36.9 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.24.
36.10 All money collected pursuant to sections 232.20 to 232.24 shall be paid by the commissioner
36.11 into the state treasury and credited to the grain buyers and storage account and is appropriated
36.12 to the commissioner for the administration and enforcement of sections 232.20 to 232.24.
36.13 All money collected pursuant to chapter 231 shall be paid by the commissioner into the
36.14 grain buyers and storage account and is appropriated to the commissioner for the
36.15 administration and enforcement of chapter 231.

36.16 The fees for a license to store grain are as follows:

36.17 (a) For a license to store grain, \$110 for each home rule charter or statutory city or town
36.18 in which a public grain warehouse is operated.

36.19 (b) A person with a license to store grain in a public grain warehouse is subject to an
36.20 examination fee for each licensed location, based on the following schedule for one
36.21 examination:

36.22	Bushel Capacity	Examination
36.23		Fee
36.24	Less than 150,001	\$ 300
36.25	150,001 to 250,000	\$ 425
36.26	250,001 to 500,000	\$ 545
36.27	500,001 to 750,000	\$ 700
36.28	750,001 to 1,000,000	\$ 865
36.29	1,000,001 to 1,200,000	\$ 1,040
36.30	1,200,001 to 1,500,000	\$ 1,205
36.31	1,500,001 to 2,000,000	\$ 1,380
36.32	More than 2,000,000	\$ 1,555

36.33 (c) The fee for ~~the second examination~~ supplemental examinations is \$55 per hour per
36.34 examiner ~~for warehouse operators who choose to have it performed by the commissioner.~~

37.1 (d) A penalty amount not to exceed ten percent of the fees due may be imposed by the
37.2 commissioner for each month for which the fees are delinquent.

37.3 Sec. 40. Minnesota Statutes 2018, section 232.22, subdivision 4, is amended to read:

37.4 Subd. 4. **Bonding.** (a) Before a license is issued, the applicant for a public grain
37.5 warehouse operator's license shall file with the commissioner a bond in a penal sum
37.6 prescribed by the commissioner based on the annual average storage liability as stated on
37.7 the statement of grain in storage report or on the gross annual grain purchase report,
37.8 whichever is greater, and applying the following amounts:

37.9 (1) \$10,000 for storages with annual average storage liability of more than \$0 but not
37.10 more than \$25,000;

37.11 (2) \$20,000 for storages with annual average storage liability of more than \$25,001 but
37.12 not more than \$50,000;

37.13 (3) \$30,000 for storages with annual average storage liability of more than \$50,001 but
37.14 not more than \$75,000;

37.15 (4) \$50,000 for storages with annual average storage liability of more than \$75,001 but
37.16 not more than \$100,000;

37.17 (5) \$75,000 for storages with annual average storage liability of more than \$100,001
37.18 but not more than \$200,000;

37.19 (6) \$125,000 for storages with annual average storage liability of more than \$200,001
37.20 but not more than \$300,000;

37.21 (7) \$175,000 for storages with annual average storage liability of more than \$300,001
37.22 but not more than \$400,000;

37.23 (8) \$225,000 for storages with annual average storage liability of more than \$400,001
37.24 but not more than \$500,000;

37.25 (9) \$275,000 for storages with annual average storage liability of more than \$500,001
37.26 but not more than \$600,000;

37.27 (10) \$325,000 for storages with annual average storage liability of more than \$600,001
37.28 but not more than \$700,000;

37.29 (11) \$375,000 for storages with annual average storage liability of more than \$700,001
37.30 but not more than \$800,000;

38.1 (12) \$425,000 for storages with annual average storage liability of more than \$800,001
38.2 but not more than \$900,000;

38.3 (13) \$475,000 for storages with annual average storage liability of more than \$900,001
38.4 but not more than \$1,000,000; and

38.5 (14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

38.6 (b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide
38.7 90 days' written notice of the bond's termination date to the licensee and the commissioner.

38.8 (c) In lieu of the bond required by this subdivision, the applicant may deposit with the
38.9 commissioner of management and budget an irrevocable bank letter of credit as defined in
38.10 section 336.5-102, in the same amount as would be required for a bond.

38.11 Sec. 41. Minnesota Statutes 2018, section 232.23, subdivision 3, is amended to read:

38.12 Subd. 3. **Grain delivered considered stored.** All grain delivered to a public grain
38.13 warehouse operator shall be considered stored at the time of delivery, unless arrangements
38.14 have been made with the public grain warehouse operator prior to or at the time of delivery
38.15 to apply the grain on contract, for shipment or consignment or for cash sale. Grain may be
38.16 held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued
38.17 for all grain held in open storage within six months of delivery to the warehouse unless the
38.18 depositor has signed a statement that the depositor does not desire a warehouse receipt. The
38.19 warehouse operator's tariff applies for any grain that is retained in open storage or under
38.20 warehouse receipt. All grain in temporary storage must be owned and exclusively maintained
38.21 by the licensee. Grain assigned to grain bank is considered stored grain.

38.22 Sec. 42. Minnesota Statutes 2018, section 232.24, subdivision 1, is amended to read:

38.23 Subdivision 1. **Schedule of examination.** A licensee under sections 232.20 to 232.24
38.24 is subject to ~~two examinations~~ one examination annually conducted by the commissioner
38.25 or the Agricultural Marketing Service of the United States Department of Agriculture. ~~The~~
38.26 ~~commissioner may, by rule, authorize one examination to be conducted by a qualified~~
38.27 ~~nongovernmental unit.~~ Additional exams, at the determination of the commissioner, may
38.28 be required.

38.29 Sec. 43. Minnesota Statutes 2018, section 232.24, subdivision 2, is amended to read:

38.30 Subd. 2. **Financial reports.** A licensee under sections 232.20 to 232.24 ~~upon request~~
38.31 ~~must provide to the commissioner a copy of the financial reports of an audit conducted by~~

39.1 ~~a qualified nongovernmental unit containing information the commissioner requires that~~
 39.2 ~~meet the requirements in section 223.17, subdivision 6.~~

39.3 **ARTICLE 3**

39.4 **HOUSING APPROPRIATIONS**

39.5 Section 1. **HOUSING APPROPRIATIONS.**

39.6 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 39.7 and for the purposes specified in this article. The appropriations are from the general fund,
 39.8 or another named fund, and are available for the fiscal years indicated for each purpose.
 39.9 The figures "2020" and "2021" used in this article mean that the appropriations listed under
 39.10 them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.
 39.11 "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
 39.12 is fiscal years 2020 and 2021.

39.13 **APPROPRIATIONS**

39.14 **Available for the Year**

39.15 **Ending June 30**

39.16 **2020**

2021

39.17 Sec. 2. **HOUSING FINANCE AGENCY**

39.18 Subdivision 1. **Total Appropriation** **\$ 52,798,000 \$ 52,798,000**

39.19 The amounts that may be spent for each
 39.20 purpose are specified in the following
 39.21 subdivisions.

39.22 Unless otherwise specified, this appropriation
 39.23 is for transfer to the housing development fund
 39.24 for the programs specified in this section.

39.25 Except as otherwise indicated, this transfer is
 39.26 part of the agency's permanent budget base.

39.27 Subd. 2. **Challenge Program** **10,675,000 11,675,000**

39.28 This appropriation is for the economic
 39.29 development and housing challenge program
 39.30 under Minnesota Statutes, section 462A.33.

39.31 Of this amount, \$1,208,000 each year shall be
 39.32 made available during the first 11 months of
 39.33 the fiscal year exclusively for housing projects

40.1 for American Indians. Any funds not
 40.2 committed to housing projects for American
 40.3 Indians in the first 11 months of the fiscal year
 40.4 shall be available for any eligible activity
 40.5 under Minnesota Statutes, section 462A.33.

40.6 The base for this program in fiscal year 2022
 40.7 and beyond is \$11,675,000.

40.8 **Subd. 3. Workforce Housing Development** 2,000,000 2,000,000

40.9 This appropriation is for the workforce
 40.10 housing development program under
 40.11 Minnesota Statutes, section 462A.39. If
 40.12 requested by the applicant and approved by
 40.13 the agency, funded properties may include a
 40.14 portion of income and rent restricted units.

40.15 **Subd. 4. Manufactured Home Park**
 40.16 **Infrastructure Grants** 2,500,000 2,500,000

40.17 This appropriation is for manufactured home
 40.18 park infrastructure grants under Minnesota
 40.19 Statutes, section 462A.2035, subdivision 1b.

40.20 **Subd. 5. Housing Infrastructure Grants Pilot**
 40.21 **Program** 500,000 0

40.22 This appropriation is for a pilot program to
 40.23 provide grants to municipalities for up to 50
 40.24 percent of the costs of infrastructure that
 40.25 would otherwise be required to be paid by the
 40.26 developer for new homeowner-owned housing
 40.27 developments that are affordable to households
 40.28 with an income of up to 130 percent of area
 40.29 median income. The grants shall be limited to
 40.30 16 housing units in the municipality and a
 40.31 maximum of \$10,000 per housing unit. This
 40.32 is a onetime appropriation and is available
 40.33 until June 30, 2021.

41.1	<u>Subd. 6. Workforce Affordable Homeownership</u>		
41.2	<u>Development Program</u>	<u>1,000,000</u>	<u>500,000</u>
41.3	<u>This appropriation is for the workforce and</u>		
41.4	<u>affordable homeownership development</u>		
41.5	<u>program under Minnesota Statutes, section</u>		
41.6	<u>462A.38. At least 50 percent of the money</u>		
41.7	<u>appropriated must be for municipalities with</u>		
41.8	<u>populations less than 7,500.</u>		
41.9	<u>Subd. 7. Housing Trust Fund</u>	<u>11,646,000</u>	<u>11,646,000</u>
41.10	<u>This appropriation is for deposit in the housing</u>		
41.11	<u>trust fund account created under Minnesota</u>		
41.12	<u>Statutes, section 462A.201, and may be used</u>		
41.13	<u>for the purposes provided in that section.</u>		
41.14	<u>Subd. 8. Rental Assistance for Mentally Ill</u>	<u>4,088,000</u>	<u>4,088,000</u>
41.15	<u>This appropriation is for the rental housing</u>		
41.16	<u>assistance program for persons with a mental</u>		
41.17	<u>illness or families with an adult member with</u>		
41.18	<u>a mental illness under Minnesota Statutes,</u>		
41.19	<u>section 462A.2097. Among comparable</u>		
41.20	<u>proposals, the agency shall prioritize those</u>		
41.21	<u>proposals that target, in part, eligible persons</u>		
41.22	<u>who desire to move to more integrated,</u>		
41.23	<u>community-based settings.</u>		
41.24	<u>Subd. 9. Family Homeless Prevention</u>	<u>8,519,000</u>	<u>8,519,000</u>
41.25	<u>This appropriation is for the family homeless</u>		
41.26	<u>prevention and assistance programs under</u>		
41.27	<u>Minnesota Statutes, section 462A.204.</u>		
41.28	<u>Subd. 10. Home Ownership Assistance Fund</u>	<u>885,000</u>	<u>885,000</u>
41.29	<u>This appropriation is for the home ownership</u>		
41.30	<u>assistance program under Minnesota Statutes,</u>		
41.31	<u>section 462A.21, subdivision 8. The agency</u>		
41.32	<u>shall continue to strengthen its efforts to</u>		
41.33	<u>address the disparity gap in the</u>		
41.34	<u>homeownership rate between white</u>		

42.1 households and indigenous American Indians
 42.2 and communities of color. To better
 42.3 understand and address the disparity gap, the
 42.4 agency is required to collect, on a voluntary
 42.5 basis, demographic information regarding
 42.6 race, color, national origin, and sex of
 42.7 applicants for agency programs intended to
 42.8 benefit homeowners and homebuyers.

42.9 **Subd. 11. Affordable Rental Investment Fund** 3,718,000 3,718,000

42.10 (a) This appropriation is for the affordable
 42.11 rental investment fund program under
 42.12 Minnesota Statutes, section 462A.21,
 42.13 subdivision 8b, to finance the acquisition,
 42.14 rehabilitation, and debt restructuring of
 42.15 federally assisted rental property and for
 42.16 making equity take-out loans under Minnesota
 42.17 Statutes, section 462A.05, subdivision 39.

42.18 (b) The owner of federally assisted rental
 42.19 property must agree to participate in the
 42.20 applicable federally assisted housing program
 42.21 and to extend any existing low-income
 42.22 affordability restrictions on the housing for
 42.23 the maximum term permitted. The owner must
 42.24 also enter into an agreement that gives local
 42.25 units of government, housing and
 42.26 redevelopment authorities, and nonprofit
 42.27 housing organizations the right of first refusal
 42.28 if the rental property is offered for sale.
 42.29 Priority must be given among comparable
 42.30 federally assisted rental properties to
 42.31 properties with the longest remaining term
 42.32 under an agreement for federal assistance.
 42.33 Priority must also be given among comparable
 42.34 rental housing developments to developments
 42.35 that are or will be owned by local government

43.1 units, a housing and redevelopment authority,
 43.2 or a nonprofit housing organization.

43.3 (c) The appropriation also may be used to
 43.4 finance the acquisition, rehabilitation, and debt
 43.5 restructuring of existing supportive housing
 43.6 properties and naturally occurring affordable
 43.7 housing as determined by the commissioner.
 43.8 For purposes of this paragraph, "supportive
 43.9 housing" means affordable rental housing with
 43.10 links to services necessary for individuals,
 43.11 youth, and families with children to maintain
 43.12 housing stability.

43.13 **Subd. 12. Housing Rehabilitation**

6,015,000

6,015,000

43.14 This appropriation is for the housing
 43.15 rehabilitation program under Minnesota
 43.16 Statutes, section 462A.05, subdivision 14. Of
 43.17 this amount, \$2,772,000 each year is for the
 43.18 rehabilitation of owner-occupied housing and
 43.19 \$3,243,000 each year is for the rehabilitation
 43.20 of eligible rental housing. In administering a
 43.21 rehabilitation program for rental housing, the
 43.22 agency may apply the processes and priorities
 43.23 adopted for administration of the economic
 43.24 development and housing challenge program
 43.25 under Minnesota Statutes, section 462A.33,
 43.26 and may provide grants or forgivable loans if
 43.27 approved by the agency.

43.28 Notwithstanding any law to the contrary,
 43.29 grants or loans under this subdivision may be
 43.30 made without rent or income restrictions of
 43.31 owners or tenants. To the extent practicable,
 43.32 grants or loans must be made available
 43.33 statewide.

44.1 **Subd. 13. Homeownership Capacity, Counseling,**
 44.2 **and Stabilization Grants** 1,252,000 1,252,000

44.3 This appropriation is for homeownership
 44.4 education, counseling, and training under
 44.5 Minnesota Statutes, section 462A.209, and for
 44.6 capacity-building grants under Minnesota
 44.7 Statutes, section 462A.21, subdivision 3b. The
 44.8 commissioner shall award competitive grants
 44.9 to nonprofit housing organizations, housing
 44.10 and redevelopment authorities, or other
 44.11 political subdivisions to provide intensive
 44.12 financial education and coaching services to
 44.13 individuals or families who have the goal of
 44.14 homeownership and family stabilization.
 44.15 Financial education and counseling services
 44.16 include, but are not limited to, asset building,
 44.17 development of spending plans, credit report
 44.18 education, repair and rebuilding, consumer
 44.19 protection training, and debt reduction. Priority
 44.20 must be given to organizations that have
 44.21 experience serving underserved populations.

44.22 **Sec. 3. DISTRIBUTION OF HOUSING INVESTMENT FUND AND HOUSING**
 44.23 **AFFORDABILITY FUND.**

44.24 For fiscal years 2020 and 2021, to the extent practicable, the commissioner of the housing
 44.25 finance agency shall distribute the money within the Housing Investment Fund, or Pool 2,
 44.26 and the Housing Affordability Fund, or Pool 3, equally between the Twin Cities metropolitan
 44.27 area and the nonmetropolitan area.

44.28 **ARTICLE 4**
 44.29 **HOUSING STATUTORY CHANGES**

44.30 Section 1. Minnesota Statutes 2018, section 299D.085, is amended by adding a subdivision
 44.31 to read:

44.32 Subd. 3a. **Trailer use.** A vehicle or a combination of vehicles may tow a trailer during
 44.33 the movement of an overdimensional load if:

45.1 (1) the party involved is a building mover licensed by the commissioner of transportation
 45.2 under section 221.81;

45.3 (2) the building being moved is not a temporary structure;

45.4 (3) the overdimensional load is a manufactured home, as defined under section 327.31;

45.5 or

45.6 (4) the overdimensional load is a modular home, as defined under section 297A.668,
 45.7 subdivision 8, paragraph (b).

45.8 Sec. 2. Minnesota Statutes 2018, section 326B.815, subdivision 1, is amended to read:

45.9 Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092,
 45.10 an initial or renewed residential contractor, residential remodeler, or residential roofer license
 45.11 is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured
 45.12 home installers under section 327B.041 is ~~\$300~~ \$180 for a three-year period.

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

45.16 (c) The commissioner shall in a manner determined by the commissioner, without the
 45.17 need for any rulemaking under chapter 14, phase in the renewal of residential contractor,
 45.18 residential remodeler, and residential roofer licenses from one year to two years. By June
 45.19 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer
 45.20 licenses shall be two-year licenses.

45.21 Sec. 3. Minnesota Statutes 2018, section 327.31, is amended by adding a subdivision to
 45.22 read:

45.23 Subd. 23. **Modular home.** For the purposes of this section, "modular home" means a
 45.24 single-family dwelling constructed in accordance with applicable standards adopted in
 45.25 Minnesota Rules, chapter 1360 or 1361, or in compliance with the 2015 Minnesota
 45.26 Residential Code for a single-family dwelling with a floor area of 400 square feet or less.
 45.27 The modular home must be attached to a foundation designed to the State Building Code.

45.28 Sec. 4. **[327.335] PLACEMENT OF MODULAR HOMES.**

45.29 A modular home may be placed in a manufactured home park as defined in section
 45.30 327.14, subdivision 3. A modular home placed in a manufactured home park is a
 45.31 manufactured home for purposes of chapters 327, 327C, and 504B, and all rights, obligations,

46.1 and duties under those chapters apply. A modular home may not be placed in a manufactured
46.2 home park without prior written approval of the park owner. Nothing in this section shall
46.3 be construed to inhibit the application of zoning, subdivision, architectural, or esthetic
46.4 requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes
46.5 and manufactured home parks. A modular home placed in a manufactured home park under
46.6 this section shall be assessed and taxed as a manufactured home.

46.7 Sec. 5. Minnesota Statutes 2018, section 327B.041, is amended to read:

46.8 **327B.041 MANUFACTURED HOME INSTALLERS.**

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

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

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

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

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

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

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

46.28 (b) The commissioner may waive all or part of the requirements for licensure as a
46.29 manufactured home installer for any individual who holds an unexpired license or certificate
46.30 issued by any other state or other United States jurisdiction if the licensing requirements of
46.31 that jurisdiction meet or exceed the corresponding licensing requirements of the department
46.32 and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. ~~For the~~

47.1 ~~purposes of calculating fees under section 326B.092, licensure as a manufactured home~~
47.2 ~~installer is a business license.~~

47.3 Sec. 6. Minnesota Statutes 2018, section 327C.095, subdivision 4, is amended to read:

47.4 Subd. 4. **Public hearing; relocation compensation; neutral third party.** Within 90
47.5 days after receiving notice of a closure statement, the governing body of the affected
47.6 municipality shall hold a public hearing to review the closure statement and any impact that
47.7 the park closing may have on the displaced residents and the park owner. At the time of,
47.8 and in the notice for, the public hearing, displaced residents must be informed that they may
47.9 be eligible for payments from the Minnesota manufactured home relocation trust fund under
47.10 section 462A.35 as compensation for reasonable relocation costs under subdivision 13,
47.11 paragraphs (a) and (e).

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

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

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

48.1 (h), not later than 30 days after the expiration of the nine-month notice provided in the
48.2 closure statement.

48.3 Sec. 7. Minnesota Statutes 2018, section 327C.095, subdivision 6, is amended to read:

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

48.27 Sec. 8. Minnesota Statutes 2018, section 327C.095, subdivision 12, is amended to read:

48.28 Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a)
48.29 If a manufactured home owner is required to move due to the conversion of all or a portion
48.30 of a manufactured home park to another use, the closure of a park, or cessation of use of
48.31 the land as a manufactured home park, the manufactured park owner shall, upon the change
48.32 in use, pay to the commissioner of management and budget for deposit in the Minnesota
48.33 manufactured home relocation trust fund under section 462A.35, the lesser amount of the
48.34 actual costs of moving or purchasing the manufactured home approved by the neutral third

49.1 party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph
49.2 (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each
49.3 multisection manufactured home, for which a manufactured home owner has made
49.4 application for payment of relocation costs under subdivision 13, paragraph (c). The
49.5 manufactured home park owner shall make payments required under this section to the
49.6 Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice
49.7 from the neutral third party.

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

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

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

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

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

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

49.27 (6) the owner of the manufactured home is not a resident of the manufactured home
49.28 park, as defined in section 327C.01, subdivision 9, ~~or~~₂; the owner of the manufactured home
49.29 is a resident, but came to reside in the manufactured home park after the mailing date of
49.30 the closure statement under subdivision 1; or the owner of the manufactured home has not
49.31 paid the \$15 assessment under paragraph (c).

49.32 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
49.33 is less than \$1,000,000 as of June 30 of each year, the commissioner of management and

50.1 budget shall assess each manufactured home park owner by mail the total amount of \$15
 50.2 for each licensed lot in their park, payable on or before ~~September~~ November 15 of that
 50.3 year. ~~The commissioner of management~~ Failure to notify and ~~budget shall deposit any~~
 50.4 ~~payments in the Minnesota~~ timely assess the manufactured home ~~relocation trust fund. On~~
 50.5 ~~or before July 15 of~~ park owner by August 30 of any year shall waive the assessment and
 50.6 payment obligations of the manufactured home park owner for that year. Together with said
 50.7 assessment notice, each year; the commissioner of management and budget shall prepare
 50.8 and distribute to park owners a letter explaining whether funds are being collected for that
 50.9 year, information about the collection, an invoice for all licensed lots, and a sample form
 50.10 for the park owners to collect information on which park residents have been accounted
 50.11 for. If assessed under this paragraph, the park owner may recoup the cost of the \$15
 50.12 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park
 50.13 residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park
 50.14 owners may adjust payment for lots in their park that are vacant or otherwise not eligible
 50.15 for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b),
 50.16 and for park residents who have not paid the \$15 assessment to the park owner by October
 50.17 15, and deduct from the assessment accordingly. The commissioner of management and
 50.18 budget shall deposit any payments in the Minnesota manufactured home relocation trust
 50.19 fund.

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

50.24 Sec. 9. Minnesota Statutes 2018, section 327C.095, subdivision 13, is amended to read:

50.25 Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a
 50.26 manufactured home owner is required to relocate due to the conversion of all or a portion
 50.27 of a manufactured home park to another use, the closure of a manufactured home park, or
 50.28 cessation of use of the land as a manufactured home park under subdivision 1, and the
 50.29 manufactured home owner complies with the requirements of this section, the manufactured
 50.30 home owner is entitled to payment from the Minnesota manufactured home relocation trust
 50.31 fund equal to the manufactured home owner's actual relocation costs for relocating the
 50.32 manufactured home to a new location within a ~~25~~ 50-mile radius of the park that is being
 50.33 closed, up to a maximum of \$7,000 for a single-section and \$12,500 for a multisection
 50.34 manufactured home. The actual relocation costs must include the reasonable cost of taking
 50.35 down, moving, and setting up the manufactured home, including equipment rental, utility

51.1 connection and disconnection charges, minor repairs, modifications necessary for
 51.2 transportation of the home, necessary moving permits and insurance, moving costs for any
 51.3 appurtenances, which meet applicable local, state, and federal building and construction
 51.4 codes.

51.5 (b) A manufactured home owner is not entitled to compensation under paragraph (a) if
 51.6 the manufactured home park owner is not required to make a payment to the Minnesota
 51.7 manufactured home relocation trust fund under subdivision 12, paragraph (b).

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

51.12 (1) a copy of the closure statement under subdivision 1;

51.13 (2) a copy of the contract with a moving or towing contractor, which includes the
 51.14 relocation costs for relocating the manufactured home;

51.15 (3) a statement with supporting materials of any additional relocation costs as outlined
 51.16 in subdivision 1;

51.17 (4) a statement certifying that none of the exceptions to receipt of compensation under
 51.18 subdivision 12, paragraph (b), apply to the manufactured home owner;

51.19 (5) a statement from the manufactured park owner that the lot rental is current and that
 51.20 the annual \$15 ~~payments~~ payment to the Minnesota manufactured home relocation trust
 51.21 fund ~~have~~ has been paid when due; and

51.22 (6) a statement from the county where the manufactured home is located certifying that
 51.23 personal property taxes for the manufactured home are paid through the end of that year.

51.24 (d) The neutral third party shall promptly process all payments for completed applications
 51.25 within 14 days. If the neutral third party has acted reasonably and does not approve or deny
 51.26 payment within 45 days after receipt of the information set forth in paragraph (c), the
 51.27 payment is deemed approved. Upon approval and request by the neutral third party, the
 51.28 Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent
 51.29 of the contract price payable to the mover and towing contractor for relocating the
 51.30 manufactured home in the amount of the actual relocation cost, plus a check to the home
 51.31 owner for additional certified costs associated with third-party vendors, that were necessary
 51.32 in relocating the manufactured home. The moving or towing contractor shall receive 50
 51.33 percent upon execution of the contract and 50 percent upon completion of the relocation

52.1 and approval by the manufactured home owner. The moving or towing contractor may not
52.2 apply the funds to any other purpose other than relocation of the manufactured home as
52.3 provided in the contract. A copy of the approval must be forwarded by the neutral third
52.4 party to the park owner with an invoice for payment of the amount specified in subdivision
52.5 12, paragraph (a).

52.6 (e) In lieu of collecting a relocation payment from the Minnesota manufactured home
52.7 relocation trust fund under paragraph (a), the manufactured home owner may collect an
52.8 amount from the fund after reasonable efforts to relocate the manufactured home have failed
52.9 due to the age or condition of the manufactured home, or because there are no manufactured
52.10 home parks willing or able to accept the manufactured home within a 25-mile radius. A
52.11 manufactured home owner may tender title of the manufactured home in the manufactured
52.12 home park to the manufactured home park owner, and collect an amount to be determined
52.13 by an independent appraisal. The appraiser must be agreed to by both the manufactured
52.14 home park owner and the manufactured home owner. If the appraised market value cannot
52.15 be determined, the tax market value, averaged over a period of five years, can be used as a
52.16 substitute. The maximum amount that may be reimbursed under the fund is \$8,000 for a
52.17 single-section and \$14,500 for a multisection manufactured home. The minimum amount
52.18 that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a
52.19 multisection manufactured home. The manufactured home owner shall deliver to the
52.20 manufactured home park owner the current certificate of title to the manufactured home
52.21 duly endorsed by the owner of record, and valid releases of all liens shown on the certificate
52.22 of title, and a statement from the county where the manufactured home is located evidencing
52.23 that the personal property taxes have been paid. The manufactured home owner's application
52.24 for funds under this paragraph must include a document certifying that the manufactured
52.25 home cannot be relocated, that the lot rental is current, that the annual \$15 payments to the
52.26 Minnesota manufactured home relocation trust fund have been paid when due, that the
52.27 manufactured home owner has chosen to tender title under this section, and that the park
52.28 owner agrees to make a payment to the commissioner of management and budget in the
52.29 amount established in subdivision 12, paragraph (a), less any documented costs submitted
52.30 to the neutral third party, required for demolition and removal of the home, and any debris
52.31 or refuse left on the lot, not to exceed ~~\$1,000~~ \$3,000. The manufactured home owner must
52.32 also provide a copy of the certificate of title endorsed by the owner of record, and certify
52.33 to the neutral third party, with a copy to the park owner, that none of the exceptions to
52.34 receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the
52.35 manufactured home owner, and that the home owner will vacate the home within 60 days

53.1 after receipt of payment or the date of park closure, whichever is earlier, provided that the
 53.2 monthly lot rent is kept current.

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

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

53.14 (h)(1) By October 15, 2019, the Minnesota Housing Finance Agency shall post on its
 53.15 website and report to the chairs of the senate Finance Committee and house of representatives
 53.16 Ways and Means Committee on the Minnesota manufactured home relocation trust fund,
 53.17 including the account balance, payments to claimants, the amount of any advances to the
 53.18 fund, the amount of any insufficiencies encountered during the previous calendar year, and
 53.19 any itemized administrative charges or expenses deducted from the trust fund balance. If
 53.20 sufficient funds become available, the Minnesota Housing Finance Agency shall pay the
 53.21 manufactured home owner whose unpaid claim is the earliest by time and date of approval.

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

54.1 Sec. 10. Minnesota Statutes 2018, section 327C.095, is amended by adding a subdivision
54.2 to read:

54.3 Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health
54.4 or, if applicable, local units of government that have entered into a delegation of authority
54.5 agreement with the Department of Health as provided in section 145A.07 shall provide, by
54.6 March 31 of each year, a list of names and addresses of the manufactured home parks
54.7 licensed in the previous year, and for each manufactured home park, the current licensed
54.8 owner, the owner's address, the number of licensed manufactured home lots, and other data
54.9 as they may request for the Department of Management and Budget to invoice each licensed
54.10 manufactured home park in the state of Minnesota.

54.11 Sec. 11. Minnesota Statutes 2018, section 428A.11, subdivision 4, is amended to read:

54.12 Subd. 4. **Housing improvements.** "Housing improvements" has the meaning given in
54.13 the city's enabling ordinance. Housing improvements may include improvements to common
54.14 elements of a condominium or other common interest community, or to a manufactured
54.15 home park.

54.16 Sec. 12. Minnesota Statutes 2018, section 428A.11, subdivision 6, is amended to read:

54.17 Subd. 6. **Housing unit.** "Housing unit" means real property and improvements thereon
54.18 consisting of a one-dwelling unit, or an apartment or unit as described in chapter 515, 515A,
54.19 or 515B, respectively, or a manufactured home in a manufactured home park that is occupied
54.20 by a person or family for use as a residence.

54.21 Sec. 13. Minnesota Statutes 2018, section 462A.2035, subdivision 1a, is amended to read:

54.22 Subd. 1a. **Individual assistance grants.** Eligible recipients may use individual assistance
54.23 grants and loans under this program to:

54.24 (1) provide current residents of manufactured home parks with buy-out assistance not
54.25 to exceed \$4,000 per home with preference given to older manufactured homes; and

54.26 (2) provide down-payment assistance for the purchase of new and preowned manufactured
54.27 homes that comply with the current version of the ~~State Building~~ United States Department
54.28 of Housing and Urban Development's Manufactured Housing Code in effect at the time of
54.29 the sale, not to exceed \$10,000 per home.

55.1 Sec. 14. Minnesota Statutes 2018, section 462A.2035, subdivision 1b, is amended to read:

55.2 Subd. 1b. **Manufactured home park infrastructure grants.** Eligible recipients may
55.3 use manufactured home park infrastructure grants under this program for:

55.4 (1) acquisition of and improvements in manufactured home parks; and

55.5 (2) infrastructure, including storm shelters and community facilities.

55.6 Sec. 15. Minnesota Statutes 2018, section 462A.209, subdivision 8, is amended to read:

55.7 Subd. 8. **Report.** (a) By January 10 of every year, each nonprofit organization or political
55.8 subdivision that delivers services under this section and capacity building under section
55.9 462A.21, subdivision 3b, must submit a report to the agency that summarizes the number
55.10 of people served and the sources and amounts of nonstate money used to fund the services.
55.11 The report must include, at a minimum, the following information:

55.12 (1) details of program costs;

55.13 (2) the number of staff, both within the organization and any outside organization;

55.14 (3) the number of program participants;

55.15 (4) the demographic information including, but not limited to, race, age, gender, and
55.16 income of program participants;

55.17 (5) a list of any and all subgrantees receiving funds from the program, as well as the
55.18 amount of funding received;

55.19 (6) information about other sources of funding including other public or private funding
55.20 or in-kind donations;

55.21 (7) evidence that the organization administering a program or a subgrantee of a program
55.22 is in good standing with the Minnesota Secretary of State and the Minnesota Department
55.23 of Revenue;

55.24 (8) a short description of what each program does; and

55.25 (9) to the extent practicable, quantifiable measures of program success.

55.26 (b) The agency shall annually submit a report containing the information received from
55.27 nonprofit organizations and political subdivisions under paragraph (a) to the legislature
55.28 members of the legislative housing policy and finance committees and divisions by February
55.29 15.

56.1 (c) A program required to report under paragraph (a) is ineligible for future state funding
56.2 if it does not submit all of the information required under paragraph (a).

56.3 Sec. 16. Minnesota Statutes 2018, section 462A.22, subdivision 9, is amended to read:

56.4 Subd. 9. **Biennial report.** The agency shall also submit a biennial report of its activities
56.5 and receipts, and a plan for the next biennium, to the governor and the legislature on or
56.6 before February 15 in each odd-numbered year. The report shall include: (1) the distribution
56.7 of money under each agency program by county, except for counties containing a city of
56.8 the first class, where the distribution shall be reported by municipality; and (2) the cost per
56.9 unit of housing and the cost per square foot of housing financed under each agency program.

56.10 In addition, the report shall include the cost to the agency of the issuance of its bonds
56.11 for each issue in the biennium, along with comparable information for other state housing
56.12 finance agencies.

56.13 Sec. 17. Minnesota Statutes 2018, section 462A.24, is amended to read:

56.14 **462A.24 CONSTRUCTION; GRANTS AND LOANS; PRIORITIES.**

56.15 (a) This chapter is necessary for the welfare of the state of Minnesota and its inhabitants;
56.16 therefore, it shall be liberally construed to effect its purpose.

56.17 (b) To the extent practicable, grants and loans shall be made so that an approximately
56.18 equal amount of financing is provided in the metropolitan area and in the nonmetropolitan
56.19 area.

56.20 (c) Programs of the agency shall give priority to projects in communities with lower
56.21 infrastructure development costs.

56.22 (d) After final decisions are made on applications for programs of the agency, the results
56.23 of any quantitative scoring system used to rank applications shall be posted on the agency
56.24 website.

56.25 Sec. 18. Minnesota Statutes 2018, section 462A.33, subdivision 1, is amended to read:

56.26 Subdivision 1. **Created.** The economic development and housing challenge program is
56.27 created to be administered by the agency. Notwithstanding section 462A.24, this section
56.28 shall be construed based on the specific language within this section and within an
56.29 appropriation pursuant to this section.

56.30 (a) The program shall provide grants or loans for the purpose of construction, acquisition,
56.31 rehabilitation, demolition or removal of existing structures, construction financing, permanent

57.1 financing, interest rate reduction, refinancing, and gap financing of housing or manufactured
 57.2 home parks, as defined in section 327C.01, to support economic development and
 57.3 redevelopment activities or job creation or job preservation within a community or region
 57.4 by meeting locally identified housing needs. "Locally identified housing needs" means
 57.5 housing for the area work force supported by the local municipality, housing redevelopment
 57.6 authority, economic development authority, or other political subdivision responsible for
 57.7 housing.

57.8 Gap financing is either:

57.9 (1) the difference between the costs of the property, including acquisition, demolition,
 57.10 rehabilitation, and construction, and the market value of the property upon sale; or

57.11 (2) the difference between the cost of the property and the amount the targeted household
 57.12 can afford for housing, based on industry standards and practices.

57.13 (b) Preference for grants and loans shall be given to comparable proposals that include
 57.14 regulatory changes or waivers that result in identifiable cost avoidance or cost reductions,
 57.15 such as increased density, flexibility in site development standards, or zoning code
 57.16 requirements. Preference must also be given among comparable proposals to proposals for
 57.17 projects that are accessible to transportation systems, jobs, schools, and other services.

57.18 (c) If a grant or loan is used for demolition or removal of existing structures, the cleared
 57.19 land must be used for the construction of housing to be owned or rented by persons who
 57.20 meet the income limits of this section or for other housing-related purposes that primarily
 57.21 benefit the persons residing in the adjacent housing. In making selections for grants or loans
 57.22 for projects that demolish affordable housing units, the agency must review the potential
 57.23 displacement of residents and consider the extent to which displacement of residents is
 57.24 minimized.

57.25 Sec. 19. Minnesota Statutes 2018, section 462A.33, subdivision 2, is amended to read:

57.26 Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city, a federally
 57.27 recognized American Indian tribe or subdivision located in Minnesota, a tribal housing
 57.28 corporation, a private developer, a nonprofit organization, or the owner of the housing or
 57.29 the manufactured home park, including individuals. For the purpose of this section, "city"
 57.30 has the meaning given it in section 462A.03, subdivision 21. To the extent practicable,
 57.31 grants and loans shall be made so that an approximately equal number of housing units are
 57.32 financed in the metropolitan area and in the nonmetropolitan area.

58.1 Sec. 20. Minnesota Statutes 2018, section 462A.33, subdivision 3, is amended to read:

58.2 Subd. 3. **Contribution requirement.** Fifty percent of the funds appropriated for this
 58.3 section must be used for challenge grants or loans for housing proposals with financial or
 58.4 in-kind contributions from nonstate resources that reduce the need for deferred loan or grant
 58.5 funds from state resources. Challenge grants or loans must be used for economically viable
 58.6 homeownership or rental housing proposals that address the housing needs of the local work
 58.7 force. "Housing needs of the local work force" means one or more businesses located in
 58.8 the project area or within 25 miles of the area that employs a minimum of 20 full-time
 58.9 equivalent employees in aggregate and have provided a written statement to the local housing
 58.10 authority indicating that the lack of available housing has impeded their ability to recruit
 58.11 and hire employees.

58.12 Among comparable proposals, preference must be given to proposals that include
 58.13 contributions from nonstate resources for the greatest portion of the total development cost.
 58.14 Comparable proposals with contributions from local units of government or private
 58.15 philanthropic, religious, or charitable organizations must be given preference in awarding
 58.16 grants or loans.

58.17 For the purpose of this subdivision, a contribution may consist partially or wholly of the
 58.18 premium paid for federal housing tax credits.

58.19 Sec. 21. Minnesota Statutes 2018, section 462A.37, subdivision 2, is amended to read:

58.20 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
 58.21 principal amount of housing infrastructure bonds in one or more series to which the payment
 58.22 made under this section may be pledged. The housing infrastructure bonds authorized in
 58.23 this subdivision may be issued to fund loans, or grants for the purposes of clause (4), on
 58.24 terms and conditions the agency deems appropriate, made for one or more of the following
 58.25 purposes:

58.26 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive
 58.27 housing for individuals and families who are without a permanent residence;

58.28 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
 58.29 housing to be used for affordable rental housing and the costs of new construction of rental
 58.30 housing on abandoned or foreclosed property where the existing structures will be demolished
 58.31 or removed;

58.32 (3) to finance that portion of the costs of acquisition of property that is attributable to
 58.33 the land to be leased by community land trusts to low- and moderate-income homebuyers;

59.1 (4) to finance ~~that portion of the~~ acquisition, improvement, and infrastructure of
59.2 manufactured home parks under section 462A.2035, subdivision 1b, ~~that is attributable to~~
59.3 ~~land to be leased to low- and moderate-income manufactured home owners;~~

59.4 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
59.5 of senior housing; and

59.6 (6) to finance the costs of acquisition and rehabilitation of federally assisted rental
59.7 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
59.8 of federally assisted rental housing, including providing funds to refund, in whole or in part,
59.9 outstanding bonds previously issued by the agency or another government unit to finance
59.10 or refinance such costs.

59.11 (b) Among comparable proposals for permanent supportive housing, preference shall
59.12 be given to permanent supportive housing for veterans and other individuals or families
59.13 who:

59.14 (1) either have been without a permanent residence for at least 12 months or at least four
59.15 times in the last three years; or

59.16 (2) are at significant risk of lacking a permanent residence for 12 months or at least four
59.17 times in the last three years.

59.18 (c) Among comparable proposals for senior housing, the agency must give priority to
59.19 requests for projects that:

59.20 (1) demonstrate a commitment to maintaining the housing financed as affordable to
59.21 seniors;

59.22 (2) leverage other sources of funding to finance the project, including the use of
59.23 low-income housing tax credits;

59.24 (3) provide access to services to residents and demonstrate the ability to increase physical
59.25 supports and support services as residents age and experience increasing levels of disability;

59.26 (4) provide a service plan containing the elements of clause (3) reviewed by the housing
59.27 authority, economic development authority, public housing authority, or community
59.28 development agency that has an area of operation for the jurisdiction in which the project
59.29 is located; and

59.30 (5) include households with incomes that do not exceed 30 percent of the median
59.31 household income for the metropolitan area.

60.1 To the extent practicable, the agency shall balance the loans made between projects in the
60.2 metropolitan area and projects outside the metropolitan area. Of the loans made to projects
60.3 outside the metropolitan area, the agency shall, to the extent practicable, balance the loans
60.4 made between projects in counties or cities with a population of 20,000 or less, as established
60.5 by the most recent decennial census, and projects in counties or cities with populations in
60.6 excess of 20,000.

60.7 Sec. 22. Minnesota Statutes 2018, section 462A.38, subdivision 1, is amended to read:

60.8 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
60.9 program is established to award homeownership development grants to cities, tribal
60.10 governments, nonprofit organizations, cooperatives created under chapter 308A or 308B,
60.11 and community land trusts created for the purposes outlined in section 462A.31, subdivision
60.12 1, for development of workforce and affordable homeownership projects. The purpose of
60.13 the program is to increase the supply of workforce and affordable, owner-occupied
60.14 multifamily or single-family housing throughout Minnesota.

60.15 Sec. 23. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
60.16 to read:

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

60.20 Sec. 24. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
60.21 to read:

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

60.25 Sec. 25. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
60.26 to read:

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

61.1 Sec. 26. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
61.2 to read:

61.3 Subd. 21a. **Preservation project.** "Preservation project" means any residential rental
61.4 project, regardless of whether or not such project is restricted to persons of a certain age or
61.5 older, that is expected to generate low-income housing tax credits under section 42 of the
61.6 Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental
61.7 assistance, or (2) is funded through a loan from or guaranteed by the United States
61.8 Department of Agriculture's Rural Development Program. In addition, to qualify as a
61.9 preservation project, the amount of bonds requested in the application must not exceed the
61.10 aggregate bond limitation.

61.11 Sec. 27. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
61.12 to read:

61.13 Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential
61.14 rental project" means a residential rental project that does not otherwise qualify as a
61.15 preservation project, is expected to generate low-income housing tax credits under section
61.16 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential
61.17 units, and:

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

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

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

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

61.23 (2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision
61.24 2, and within a county or metropolitan area that has a current median area gross income
61.25 that is less than the statewide area median income for Minnesota;

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

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

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

62.1 Sec. 28. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
62.2 to read:

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

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

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

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

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

62.14 Sec. 29. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
62.15 to read:

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

62.23 Sec. 30. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
62.24 to read:

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

63.1 Sec. 31. Minnesota Statutes 2018, section 474A.03, subdivision 1, is amended to read:

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

63.6 (1) \$74,530,000 to the small issue pool;

63.7 (2) \$122,060,000 to the housing pool, ~~of which 31 percent of the adjusted allocation is~~
 63.8 ~~reserved until the last Monday in July for single-family housing programs;~~

63.9 (3) \$12,750,000 to the public facilities pool; and

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

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

63.15 Sec. 32. Minnesota Statutes 2018, section 474A.061, subdivision 1, is amended to read:

63.16 Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a)

63.17 For any requested allocations from the small issue pool and the public facilities pool, an

63.18 issuer may apply for an allocation under this section by submitting to the department an

63.19 application on forms provided by the department, accompanied by (1) a preliminary

63.20 resolution, (2) a statement of bond counsel that the proposed issue of obligations requires

63.21 an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified

63.22 bonds to be issued, (4) an application deposit in the amount of one percent of the requested

63.23 allocation before the last Monday in July, or in the amount of two percent of the requested

63.24 allocation on or after the last Monday in July, and (5) a public purpose scoring worksheet

63.25 for manufacturing project and enterprise zone facility project applications, ~~and (6) for~~

63.26 ~~residential rental projects, a statement from the applicant or bond counsel as to whether the~~

63.27 ~~project preserves existing federally subsidized housing for residential rental project~~

63.28 ~~applications and whether the project is restricted to persons who are 55 years of age or older.~~

63.29 The issuer must pay the application deposit ~~by a check made payable~~ to the Department of

63.30 Management and Budget. The Minnesota Housing Finance Agency, the Minnesota Rural

63.31 Finance Authority, and the Minnesota Office of Higher Education may apply for and receive

63.32 an allocation under this section without submitting an application deposit.

64.1 (b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~
 64.2 under this subdivision unless it has either permanently issued bonds equal to the amount of
 64.3 its entitlement allocation for the current year plus any amount of bonding authority carried
 64.4 forward from previous years or returned for reallocation all of its unused entitlement
 64.5 allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool~~
 64.6 ~~unless it either has permanently issued bonds equal to any amount of bonding authority~~
 64.7 ~~carried forward from a previous year or has returned for reallocation any unused bonding~~
 64.8 ~~authority carried forward from a previous year.~~ For purposes of this subdivision, its
 64.9 entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.
 64.10 ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency~~
 64.11 ~~for an allocation under subdivision 2a for cities who choose to have the agency issue bonds~~
 64.12 ~~on their behalf.~~

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

64.17 Sec. 33. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision
 64.18 to read:

64.19 Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from
 64.20 the housing pool, an issuer may apply for an allocation under this section by submitting to
 64.21 the department an application on forms provided by the department, accompanied by (1) a
 64.22 preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations
 64.23 requires an allocation under this chapter and the Internal Revenue Code, (3) an application
 64.24 deposit in the amount of two percent of the requested allocation, (4) a sworn statement from
 64.25 the applicant identifying the project as either a preservation project, 30 percent AMI
 64.26 residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC
 64.27 project, 20 percent LIHTC project, or any other residential rental project, and (5) a
 64.28 certification from the applicant or its accountant stating whether the requested allocation
 64.29 exceeds the aggregate bond limitation. The issuer must pay the application deposit to the
 64.30 Department of Management and Budget. The Minnesota Housing Finance Agency may
 64.31 apply for and receive an allocation under this section without submitting an application
 64.32 deposit.

64.33 (b) An entitlement issuer may not apply for an allocation from the housing pool unless
 64.34 it either has permanently issued bonds equal to any amount of bonding authority carried

65.1 forward from a previous year or has returned for reallocation any unused bonding authority
 65.2 carried forward from a previous year. For purposes of this subdivision, its entitlement
 65.3 allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph
 65.4 does not apply to an application from the Minnesota Housing Finance Agency for an
 65.5 allocation under subdivision 2a for cities who choose to have the agency issue bonds on the
 65.6 city's behalf.

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

65.11 Sec. 34. Minnesota Statutes 2018, section 474A.061, subdivision 2a, is amended to read:

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

65.22 (1) preservation projects;

65.23 (2) 30 percent AMI residential rental projects;

65.24 (3) 50 percent AMI residential rental projects;

65.25 (4) 100 percent LIHTC projects;

65.26 (5) 20 percent LIHTC projects; and

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

65.29 If an issuer that receives an allocation under this paragraph does not issue obligations equal
 65.30 to all or a portion of the allocation received within 120 days of the allocation or returns the
 65.31 allocation to the commissioner, the amount of the allocation is canceled and returned for
 65.32 reallocation through the housing pool or to the unified pool after July 15.

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

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

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

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

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

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

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

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

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

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

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

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

67.20 (e) The agency may issue bonds on behalf of participating cities. The agency shall request
67.21 an allocation from the commissioner for all applicants who choose to have the agency issue
67.22 bonds on their behalf and the commissioner shall allocate the requested amount to the
67.23 agency. The agency may request an allocation at any time after the second Tuesday in
67.24 January and through the last Monday in July. After awarding an allocation and receiving a
67.25 notice of issuance for the mortgage bonds issued on behalf of the participating cities, the
67.26 commissioner shall transfer the application deposits to the Minnesota Housing Finance
67.27 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency
67.28 shall return any application deposit to a city that paid an application deposit under paragraph
67.29 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph
67.30 (d).

67.31 (f) A city may choose to issue bonds on its own behalf or through a joint powers
67.32 agreement and may request an allocation from the commissioner by forwarding an application
67.33 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
67.34 application deposit to the commissioner no later than the Monday of the week preceding

68.1 an allocation. If the total amount requested by all applicants exceeds the amount available
68.2 in the pool, the city may not receive a greater allocation than the amount it would have
68.3 received under the list forwarded by the Minnesota Housing Finance Agency to the
68.4 commissioner. No city may request or receive an allocation from the commissioner until
68.5 the list under paragraph (d) has been forwarded to the commissioner. A city must request
68.6 an allocation from the commissioner no later than the last Monday in July. No city may
68.7 receive an allocation from the housing pool for mortgage bonds which has not first applied
68.8 to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested
68.9 amount to the city or cities subject to the limitations under this paragraph.

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

68.17 (g) No entitlement city or county or city in an entitlement county may apply for or be
68.18 allocated authority to issue mortgage bonds or use mortgage credit certificates from the
68.19 housing pool. No city in an entitlement county may apply for or be allocated authority to
68.20 issue residential rental bonds from the housing pool or the unified pool.

68.21 (h) A city that does not use at least 50 percent of its allotment by the date applications
68.22 are due for the first allocation that is made from the housing pool for single-family housing
68.23 programs in the immediately succeeding calendar year may not apply to the housing pool
68.24 for a single-family mortgage bond or mortgage credit certificate program allocation that
68.25 exceeds the amount of its allotment for the preceding year that was used by the city in the
68.26 immediately preceding year or receive an allotment from the housing pool in the succeeding
68.27 calendar year that exceeds the amount of its allotment for the preceding year that was used
68.28 in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to
68.29 July 15, regardless of the amount used in the preceding calendar year, except that a city
68.30 whose allocation in the preceding year was the minimum amount of \$100,000 and who did
68.31 not use at least 50 percent of its allocation from the preceding year is ineligible for an
68.32 allocation in the immediate succeeding calendar year. Each local government unit in a
68.33 consortium must meet the requirements of this paragraph.

69.1 Sec. 35. Minnesota Statutes 2018, section 474A.091, subdivision 2, is amended to read:

69.2 Subd. 2. **Application.** (a) Issuers may apply for an allocation under this section by
69.3 submitting to the department an application on forms provided by the department
69.4 accompanied by:

69.5 (1) a preliminary resolution;

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

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

69.14 (4) a sworn statement from the applicant identifying the project as either a preservation
69.15 project, 30 percent AMI residential rental project, 50 percent AMI residential rental project,
69.16 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project.

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

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

69.31 Sec. 36. Minnesota Statutes 2018, section 474A.091, subdivision 3, is amended to read:

69.32 Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding
69.33 authority under this section on the Monday of every other week beginning with the first

70.1 Monday in August through and on the last Monday in November. Applications for allocations
70.2 must be received by the department by 4:30 p.m. on the Monday preceding the Monday on
70.3 which allocations are to be made. If a Monday falls on a holiday, the allocation will be made
70.4 or the applications must be received by the next business day after the holiday.

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

70.7 (1) applications for residential rental project bonds;

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

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

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

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

70.14 (2) applications for mortgage bonds;

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

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

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

70.18 (6) applications for residential rental project bonds;

70.19 (7) applications for enterprise zone facility bonds;

70.20 (8) applications for governmental bonds; and

70.21 (9) applications for redevelopment bonds.

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

70.29 (e) If there are two or more applications for enterprise zone facility projects from the
70.30 unified pool and there is insufficient bonding authority to provide allocations for all enterprise
70.31 zone facility projects in any one allocation period, the available bonding authority shall be

71.1 awarded based on the number of points awarded a project under section 474A.045 with
 71.2 those projects receiving the greatest number of points receiving allocation first. If two or
 71.3 more applications for enterprise zone facility projects receive an equal amount of points,
 71.4 available bonding authority shall be awarded by lot unless otherwise agreed to by the
 71.5 respective issuers.

71.6 (f) If there are two or more applications for residential rental projects from the unified
 71.7 pool and there is insufficient bonding authority to provide allocations for all residential
 71.8 rental projects in any one allocation period, the available bonding authority shall be awarded
 71.9 in the following order of priority: ~~(1) projects that preserve existing federally subsidized~~
 71.10 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~
 71.11 ~~(3) preservation projects;~~ (2) 30 percent AMI residential rental projects; (3) 50 percent AMI
 71.12 residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects;
 71.13 and (6) other residential rental projects. If there are two or more applications for residential
 71.14 rental projects at the same priority level and there is insufficient bonding authority to provide
 71.15 allocations for all the projects in any one allocation period, available bonding authority shall
 71.16 be randomly awarded by lot but only for projects that received the full amount of their
 71.17 respective requested allocations. If a residential rental project does not receive any of its
 71.18 requested allocation pursuant to this paragraph and the project applies in the future to the
 71.19 housing pool or the unified pool for additional allocation of bonds, the project shall be fully
 71.20 funded up to its original application request for bonding authority before any new project,
 71.21 applying in the same allocation period, that has an equal priority shall receive bonding
 71.22 authority.

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

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

71.31 (1) \$10,000,000 for any one city; or

71.32 (2) \$20,000,000 for any number of cities in any one county.

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

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

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

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

72.10 **Sec. 37. ADVANCES TO THE MINNESOTA MANUFACTURED HOME**
 72.11 **RELOCATION TRUST FUND.**

72.12 (a) Until June 30, 2020, the Minnesota Housing Finance Agency or Department of
 72.13 Management and Budget as determined by the commissioner of management and budget,
 72.14 is authorized to advance up to \$400,000 from state appropriations or other resources to the
 72.15 Minnesota manufactured home relocation trust fund established under Minnesota Statutes,
 72.16 section 462A.35, if the account balance in the Minnesota manufactured home relocation
 72.17 trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section
 72.18 327C.095, subdivision 13.

72.19 (b) The Minnesota Housing Finance Agency or Department of Management and Budget
 72.20 shall be reimbursed from the Minnesota manufactured home relocation trust fund for any
 72.21 money advanced by the agency under paragraph (a) to the fund. Approved claims for payment
 72.22 to manufactured home owners shall be paid prior to the money being advanced by the agency
 72.23 or the department to the fund.

72.24 **Sec. 38. ITASCA COUNTY LICENSE FEE INCREASE.**

72.25 An owner or licensor of any interest in real property located in Itasca County is prohibited
 72.26 from increasing a license fee except as provided in this section. The amount of any license
 72.27 fee increase must not exceed ten percent of the fee charged in the preceding 12-month period
 72.28 and an owner or licensor must not impose more than one license fee increase in any 12-month
 72.29 period. For purposes of this section, a "license fee" means any fee paid by a licensee pursuant
 72.30 to a license agreement granting the licensee permission to use, enter, or occupy an owner
 72.31 or licensor's property.

73.1 **EFFECTIVE DATE; APPLICATION.** This section is effective the day after the Itasca
 73.2 County Board of Commissioners and its chief clerical officer timely complete their
 73.3 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies to
 73.4 license agreements entered into on or after that date.

73.5 **ARTICLE 5**

73.6 **BROADBAND DEVELOPMENT**

73.7 Section 1. **BROADBAND DEVELOPMENT APPROPRIATIONS.**

73.8 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 73.9 and for the purposes specified in this article. The appropriations are from the general fund,
 73.10 or another named fund, and are available for the fiscal years indicated for each purpose.
 73.11 The figures "2020" and "2021" used in this article mean that the appropriations listed under
 73.12 them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.
 73.13 "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
 73.14 is fiscal years 2020 and 2021.

73.15 **APPROPRIATIONS**

73.16 **Available for the Year**

73.17 **Ending June 30**

73.18 **2020**

2021

73.19 **Sec. 2. DEPARTMENT OF EMPLOYMENT**
 73.20 **AND ECONOMIC DEVELOPMENT**

\$

30,250,000

\$

250,000

73.21 (a) \$250,000 each year is for the Broadband
 73.22 Development Office.

73.23 (b) \$30,000,000 the first year is for deposit in
 73.24 the border-to-border broadband fund account
 73.25 created under Minnesota Statutes, section
 73.26 116J.396, and may be used for the purposes
 73.27 provided in Minnesota Statutes, section
 73.28 116J.395. This is a onetime appropriation.