

CHAPTER 214—S.F.No. 2208

An act relating to public finance; updating and making technical changes to public finance and related provisions related to county and county-supported hospitals, municipally owned nursing homes, lake improvement districts, and the metropolitan council; extending a sunset date for certain county capital improvement bonds and limiting the inclusiveness of capital improvements; removing election requirements as preconditions for issuance of certain obligations; requiring reverse referenda in certain cases; clarifying the effect of a state guaranty as not creating constitutional public debt of the state; authorizing some flexibility in stating certain ballot questions; authorizing Scott and Carver counties to grant certain economic development powers to their housing and redevelopment authorities; authorizing the Chisago Lakes joint sewage treatment commission to issue bonds; authorizing expanded funding by the county for certain multijurisdictional program activities in Hennepin county; authorizing Hassan township to create and empower an economic development authority; updating and changing the Minnesota Bond Allocation Act; amending Minnesota Statutes 2000, sections 103B.555, by adding a subdivision; 165.10, subdivision 2; 275.60; 373.45, subdivision 3; 376.06, subdivision 1; 376.07; 376.08, subdivisions 1, 2; 376.09; 383B.79, by adding a subdivision; 429.091, subdivision 7a; 473.39, by adding a subdivision; 474A.02, subdivisions 8, 13a, 22a, 22b, 23a; 474A.03, subdivisions 1, 2a, 4; 474A.04, subdivisions 1a, 5; 474A.045; 474A.047, subdivisions 1, 2; 474A.061, subdivisions 1, 2a, 2b, 2c, 4; 474A.091, subdivisions 2, 3, 4, 5, 6, by adding a subdivision; 474A.131, subdivisions 1, 2, by adding a subdivision; 474A.14; 475.54, subdivision 1; 475.58, subdivision 1; 475.59; amending Laws 1974, chapter 473; Laws 1980, chapter 482; proposing coding for new law in Minnesota Statutes, chapters 474A; repealing Minnesota Statutes 2000, sections 373.40, subdivision 7; 376.03; 474A.061, subdivision 6.

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

Section 1. Minnesota Statutes 2000, section 103B.555, is amended by adding a subdivision to read:

Subd. 4. DISTRICT OBLIGATIONS. The district, with approval of the county board or joint county authority, expressed in a resolution identifying each specific improvement to which the approval applies, may exercise the powers of a city under chapter 429 and section 444.075, including, but not limited to:

- (1) the levy of special assessments;
- (2) the imposition of rates and charges; and
- (3) the issuance of bonds

to finance improvements that the district may undertake.

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

Sec. 2. Minnesota Statutes 2000, section 165.10, subdivision 2, is amended to read:

Subd. 2. BONDS ISSUED, SOLD, AND RETIRED. Such bonds shall be general obligations of the county and issued, sold, and retired in the manner provided in chapter 475.

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

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 3. Minnesota Statutes 2000, section 275.60, is amended to read:

275.60 LEVY OR BOND REFERENDUM; BALLOT NOTICE.

(a) Notwithstanding any general or special law or any charter provisions, but subject to section 126C.17, subdivision 9, any question submitted to the voters by any local governmental subdivision at a general or special election after June 8, 1995, authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole or in part from property taxes, must include on the ballot the following notice in boldface type-:

“BY VOTING “YES“ ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.”

(b) For purposes of this section and section 275.61, “local governmental subdivision” includes counties, home rule and statutory cities, towns, school districts, and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question and, in the case of a question on the issuance of debt obligations, may be supplemented by a description of revenues pledged to payment of the obligations that are intended as the primary source of payment.

(c) This section does not apply to a school district bond election if the debt service payments are to be made entirely from transfers of revenue from the capital fund to the debt service fund.

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

Sec. 4. Minnesota Statutes 2000, section 373.45, subdivision 3, is amended to read:

Subd. 3. **AGREEMENT.** (a) ~~In order~~ For specified debt obligations of a county to be covered by the provisions of this section, the county must enter an agreement with the authority obligating the county to be bound by the provisions of this section.

(b) This agreement must be in a form prescribed by the authority and contain any provisions required by the authority, including, at least, an obligation to:

(1) deposit with the paying agent three days before the date on which the payment is due an amount sufficient to make that payment;

(2) notify the authority, if the county will be unable to make all or a portion of the payment; and

(3) include a provision in the bond resolution and county’s agreement with the paying agent for the debt obligation that requires the paying agent to inform the commissioner if it becomes aware of a default or potential default in the payment of principal or interest on that issue or if, on the day two business days before the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent.

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(c) Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date.

(b) (d) The provisions of an agreement under this subdivision are binding as to an issue as long as any debt obligation of the issue remains outstanding.

(e) (e) This section is a contract with bondholders and may not be amended or repealed for the covered bonds so long as the covered bonds are outstanding and the obligations of the state under this section are not a public debt of the state under article XI, section 4, of the Minnesota Constitution, and the legislature may, at any time, choose not to appropriate amounts under subdivision 4, paragraph (b).

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

Sec. 5. Minnesota Statutes 2000, section 376.06, subdivision 1, is amended to read:

Subdivision 1. **PROCEDURE, POWERS, PAY, ELECTION.** A county board which has purchased and constructed buildings for hospital purposes may operate these buildings as a hospital and may appoint a superintendent. The board shall set the superintendent's salary, term of employment, and powers and duties; provide for the management and operation of the hospital; and operate, control, and manage the hospital. The superintendent shall serve at the pleasure of the board. If the board determines that it is in the public interest, it may appoint a hospital board of at least three, but not more than nine members, who must be county residents and landowners, to serve may include some or all of the county commissioners except as otherwise provided in subdivision 2. Persons appointed to the hospital board must reside in the hospital's service area and 80 percent of the board members, including any commissioners appointed to serve on the hospital board, must be residents of the county. The hospital board serves without compensation unless the county board authorizes the payment of compensation and reimbursement of expenses for service on the hospital board. Notwithstanding section 375.44, if compensation and reimbursement are authorized, they shall be the same as authorized for service on the local social services agency. Subject to its supervision, the county board may commit the care, management, and operation of the hospital to the hospital board. The county board may provide for the organization and regulation of the hospital board, its duties and the duties of the members, and regulations for the management, operation, and control of the hospital. The county board may lease the hospital grounds and buildings to a hospital association nonprofit or governmental hospital organization for terms it considers advisable. Sections 376.01 to 376.06 do not permit any county board to purchase and construct any hospital buildings or to pay for them without first submitting the question to the vote of the people. No purchase or construction of buildings or payment may be made unless a majority of the electors voting upon the proposition vote in favor.

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

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Sec. 6. Minnesota Statutes 2000, section 376.07, is amended to read:

376.07 ADDITION TO COUNTY HOSPITAL.

When the county board of a county has been authorized by the voters to construct an addition to the county hospital of the county under sections 376.01 to 376.06, whether or not also authorized to equip the addition, and the board has determined that the addition, whether with or without equipment, cannot be completed within the cost authorized, or has determined that, to complete the improvement, certain alterations should be made, or fixtures or equipment added, either in the original building, or in the addition, or both, the board may be authorized to spend a specified additional amount for any of the purposes mentioned in this chapter, either by vote of the people of the county at a general or special election or by petition. If an election is held, the proposition shall be submitted and disposed of in the same manner as provided by sections 376.01 to 376.06. If by petition, the petition must be signed by a majority of those voting at the last preceding general election. The petition may be in the form of one document or of several documents in the same form, and shall be filed with the county auditor. A special election may be called in the manner provided for calling special county elections. When authority is granted by the voters, in either manner provided, the board may proceed accordingly. If the board made or attempted to make a contract or contracts for more than the authority first granted, it may ratify and carry out the contracts. The county board, hospital board, or board of directors of a nonprofit or governmental hospital organization that has leased a county hospital may authorize the remodeling, improvement, alteration, or construction of an addition to the county hospital or of another building on the county hospital's existing premises by a majority vote of the board. Financing for any project under this section is governed by other law, including sections 373.40 and 447.45 and chapter 475.

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

Sec. 7. Minnesota Statutes 2000, section 376.08, subdivision 1, is amended to read:

Subdivision 1. **APPROPRIATIONS.** Except as provided in subdivision 2, the board of county commissioners in any county with a population of 50,000 or less may appropriate up to \$65,000 annually from the general revenue fund of the county for the acquisition of lands for hospital purposes, and the construction, improvement, alterations, equipment and maintenance of hospitals within the county, including public or nonprofit hospitals that are not county hospitals. The board may also appropriate up to \$25,000 from the general revenue fund of the county for the acquisition of land and construction of municipally owned nursing homes within the county.

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

Sec. 8. Minnesota Statutes 2000, section 376.08, subdivision 2, is amended to read:

Subd. 2. **REMODELING OR ADDITIONS.** A county hospital may by majority vote of its board of commissioners, or if the hospital has been leased to another entity

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under section 376.06, subdivision 1, or 447.47, by majority vote of the board of directors of that entity, enter into projects for the construction of an addition or remodeling to its presently existing facility or the acquisition of equipment as described in this subdivision without complying with the dollar limitation of subdivision 1 or the election requirements of section 376.03. This subdivision applies only to projects in which the funds for the project are derived from dedicated, restricted, or other designated accounts or, from the hospital's depreciation fund and do not require incurring debt by the county through, or from the issuance of bonds or otherwise authorized under other law. An addition to a current hospital under this subdivision may include construction of buildings physically separate from the present hospital building, as well as additions to the present building, if the new buildings are constructed on the hospital's existing premises.

This subdivision does not affect the ability of the hospital board to approve funds for improvements or remodeling of a hospital facility under other law.

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

Sec. 9. Minnesota Statutes 2000, section 376.09, is amended to read:

376.09 AID TO HOSPITALS IN COUNTIES HAVING NO COUNTY HOSPITAL.

In any county in which there is no county hospital, or a county hospital is leased to a nonprofit or governmental hospital organization pursuant to section 376.06, subdivision 1, or 447.47, the county board may appropriate and pay money from the general fund of the county, for the construction, maintenance, and operation of a private, nonprofit, or public hospital in the county for the treatment of sick, diseased, and injured persons. Admission preference shall always be given to patients who are, in whole or in part, public charges, and are sent to the hospital by the county board.

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

Sec. 10. Minnesota Statutes 2000, section 383B.79, is amended by adding a subdivision to read:

Subd. 5. FINANCING. Hennepin county may appropriate funds for any of the activities described in subdivision 1, whether or not state funds are appropriated for the activity. Hennepin county may include any part of the costs of a project described in section 469.002, subdivision 12, in a capital improvement plan adopted under section 373.40, and may issue bonds for such purposes pursuant to and subject to the procedures and limitations set forth in section 373.40, whether or not the capital improvement to be financed is to be owned by the county or any other governmental entity. Such purposes are in addition to the capital improvements described in section 373.40, but shall not include light rail transit, commuter rail, or any activity related to either of those, or a sports facility building designed or used primarily for professional sports. No funds appropriated under this subdivision may be used to pay operating expenses.

Sec. 11. Minnesota Statutes 2000, section 429.091, subdivision 7a, is amended to read:

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Subd. 7a. **REVOLVING FUND BONDS.** The council may by resolution establish a revolving fund for the payment of the costs of any improvement or any waterworks systems, sewer systems, or storm sewer systems described in section 444.075, the costs of facilities to maintain streets and water, sewer, and storm sewer systems and for the payment of any obligations issued to pay the costs thereof of the facilities and systems referred to in this subdivision or to refund obligations issued for those purposes. The council may create within the revolving fund a separate construction account into which the municipality may deposit the proceeds of any obligations payable from the fund, the proceeds of any special assessments collected with respect to any improvement, any net revenues of a waterworks, sewer system, or storm sewer system described in section 444.075 or any other available funds of the municipality appropriated to it. Amounts on deposit in the construction account may be used to pay the costs of any improvement or any waterworks, sewer system, or storm sewer system described in section 444.075 or any street or water, sewer, or storm sewer maintenance facilities. No funds may be expended for an improvement unless at least 20 percent of the costs of each such improvement is to be assessed against benefited property. No funds may be expended for a waterworks, sewer system, or storm sewer system, other than a sewer system described in section 115.46, or maintenance facilities unless the council estimates that the costs will be recovered from the net revenues of the system or any combined waterworks, sewer systems, or storm sewer systems operated by the municipality. The council may also create a separate debt service account within the revolving fund for the payment of principal of and interest on any obligations payable therefrom. Notwithstanding subdivision 4, the council is not required to pledge any particular assessments or other revenues to the payment of the obligations. Collections of special assessments or net revenues may be deposited in either the construction account or the debt service account as the council or an officer designated by the council may determine, having due regard for anticipated collections of special assessments and net revenues from improvements or waterworks, sewer systems, or storm sewer systems financed in whole or in part from the construction account, and taxes levied for the payment of the obligations. The council may issue obligations that are payable primarily from the debt service account for the purpose of providing funds to defray in whole or in part any expenses incurred or estimated to be incurred in making the improvement or improvements or in constructing the waterworks, sewer system, or storm sewer system, including every item of cost of the kinds authorized by section 475.65, and street and water, sewer, and storm sewer maintenance facilities or to refund obligations previously issued under this section or section 115.46 or 444.075. The obligations may be general obligations to which the full faith and credit of the municipality are pledged. If the special assessments to be levied and net revenues estimated to be available for their payment are estimated to be at least 20 percent of the principal amount of the obligations, the obligations may be issued without an election and shall not be included in determining the net indebtedness of the municipality under the provisions of any law limiting net indebtedness. The cost of a maintenance facility that may be financed under this subdivision is limited only to the portion of the facility that is fairly allocable to the maintenance of streets and water, sewer, and storm sewer systems.

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

Sec. 12. Minnesota Statutes 2000, section 473.39, is amended by adding a subdivision to read:

Subd. 1h. OBLIGATIONS. After July 1, 2001, in addition to the authority in subdivisions 1a, 1b, 1c, 1d, 1e, and 1g, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$45,000,000 for capital expenditures as prescribed in the council's regional transit master plan and transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations, but not for computer software, or for construction, maintenance, or operation of light rail transit or commuter rail.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 13. Minnesota Statutes 2000, section 474A.02, subdivision 8, is amended to read:

Subd. 8. **FEDERAL TAX LAW.** "Federal tax law" means those provisions of the Internal Revenue Code of 1986, as amended through December 31, 1990, that limit the aggregate amount of obligations of a specified type or types which may be issued by an issuer during a calendar year whose interest is excluded from gross income for purposes of federal income taxation.

Sec. 14. Minnesota Statutes 2000, section 474A.02, subdivision 13a, is amended to read:

Subd. 13a. **SMALL ISSUE POOL.** "Small issue pool" means the amount of the annual volume cap allocated under section 474A.061, that is available for the issuance of enterprise zone facility bonds authorized under Public Law Number 103-66, section 13301, small issue bonds to finance manufacturing projects, and the agricultural development bond beginning farmer and agricultural business enterprise loan program authorized in sections 41C.01 to 41C.13, and student loan bonds issued by the Minnesota higher education services office.

Sec. 15. Minnesota Statutes 2000, section 474A.02, subdivision 22a, is amended to read:

Subd. 22a. **PUBLIC FACILITIES POOL.** "Public facilities pool" means the amount of the annual volume cap allocated under section 474A.061, which is available for the issuance of public facility bonds or student loan bonds.

Sec. 16. Minnesota Statutes 2000, section 474A.02, subdivision 22b, is amended to read:

Subd. 22b. **PUBLIC FACILITIES PROJECT.** "Public facilities project" means any publicly owned facility, or facility owned by a nonprofit organization that is used for district heating or cooling, that is eligible to be financed with the proceeds of public facilities bonds as defined under section 474A.02, subdivision 23a.

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Sec. 17. Minnesota Statutes 2000, section 474A.02, subdivision 23a, is amended to read:

Subd. 23a. **QUALIFIED BONDS.** "Qualified bonds" means the specific type or types of obligations that are subject to the annual volume cap. Qualified bonds include the following types of obligations as defined in federal tax law:

(a) "public facility bonds" means "exempt facility bonds" as defined in federal tax law, except for residential rental project bonds, which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities. New bonds and other obligations are ineligible to receive state allocations or entitlement authority for public facility projects under this section if they have been issued:

(1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt; and

(2) more than one calendar year prior to the date of application;

(b) "residential rental project bonds" which are those obligations issued to finance qualified residential rental projects;

(c) "mortgage bonds";

(d) "small issue bonds" issued to finance manufacturing projects and the acquisition or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

(e) "student loan bonds" issued by or on behalf of the Minnesota higher education services office;

(f) "redevelopment bonds";

(g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as set forth in section 141(b)5 of federal tax law; and

(h) "enterprise zone facility bonds" issued to finance facilities located within empowerment zones or enterprise communities, as authorized under Public Law Number 103-66, section 13301.

Sec. 18. Minnesota Statutes 2000, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **UNDER FEDERAL TAX LAW; ALLOCATIONS.** At the beginning of each calendar year after December 31, ~~1997~~ 2001, the commissioner shall determine the aggregate dollar amount of the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

(1) ~~\$63,000,000~~ \$74,530,000 to the small issue pool;

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(2) \$59,000,000 \$122,060,000 to the housing pool, \$37,000,000 of which 31 percent of the adjusted allocation is reserved until the day after the first last Monday in February July for single-family housing programs;

(3) \$10,500,000 \$12,750,000 to the public facilities pool; and

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

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

Sec. 19. Minnesota Statutes 2000, section 474A.03, subdivision 2a, is amended to read: .

Subd. 2a. **ENTITLEMENT ISSUER ALLOCATION.** (a) The commissioner shall make the following allocation to the Minnesota housing finance agency and the following cities and county:

(1) \$53,750,000 \$84,940,000 per year to the Minnesota housing finance agency, less any amount received in the previous year under section 474A.091, subdivision 6;

(2) \$21,000,000 \$33,190,000 per year to the city of Minneapolis;

(3) \$15,750,000 \$24,890,000 per year to the city of Saint Paul; and

(4) \$10,500,000 \$16,600,000 per year to the Dakota county community development agency for the county of Dakota and all political subdivisions located within the county.

(b) Entitlement allocations provided under this subdivision must be used for mortgage bonds, mortgage credit certificates, public facility bonds, or residential rental project bonds, except that entitlement issuers may also use their allocations for public facility bonds, and may carry forward their allocations for any qualified bond as defined under section 474A.02, subdivision 23a.

(c) Data on the home purchase price amount, mortgage amount, income, household size, and race of the households served with the proceeds of mortgage revenue bonds and mortgage credit certificates in the previous year must be submitted by each entitlement issuer to the Minnesota housing finance agency by December 31 of each year. Compliance by the Minnesota housing finance agency with the provisions of section 462A.073, subdivision 5, shall be deemed compliance with the reporting requirements of this subdivision.

Sec. 20. Minnesota Statutes 2000, section 474A.03, subdivision 4, is amended to read:

Subd. 4. **APPLICATION FEE.** Every entitlement issuer and other issuer shall pay to the commissioner a nonrefundable application fee to offset the state cost of program administration. The application fee is \$20 for each \$100,000 of entitlement or

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allocation requested, with the request rounded to the nearest \$100,000. The minimum fee is \$20. Fees received by the commissioner must be credited to the general fund. ~~Application fees for projects of entitlement issuers must be submitted to the commissioner with the notice of issuance of bonds, notice of use of mortgage credit certificates, and notice of carry forward. Each entitlement issuer must pay its application fee in full for that calendar year to the commissioner no later than when the first notice of issuance of bonds, notice of use of mortgage credit certificates, or notice of carry forward is submitted to the commissioner by that issuer.~~

Sec. 21. Minnesota Statutes 2000, section 474A.04, subdivision 1a, is amended to read:

Subd. 1a. **ENTITLEMENT RESERVATIONS; CARRYFORWARD; DE-DUCTION.** Any amount returned by an entitlement issuer before July 15 shall be reallocated through the housing pool. Any amount returned on or after July 15 shall be reallocated through the unified pool. An amount returned after the last Monday in November shall be reallocated to the Minnesota housing finance agency. Any amount of bonding authority that an entitlement issuer carries forward under federal tax law that is not permanently issued or for which the governing body of the entitlement issuer has not enacted a resolution electing to use the authority for mortgage credit certificates by July 15 and has not provided a notice of issue to the commissioner before 4:30 p.m. on the last business day in December of the succeeding calendar year shall be deducted from the entitlement allocation for that entitlement issuer for the current calendar year. Any amount deducted from an entitlement issuer's allocation under this subdivision shall be reallocated through the unified pool. ~~An entitlement issuer must permanently issue all carryforward authority or enact a resolution electing to use all carryforward authority for mortgage credit certificates prior to issuing any current year authority of that entitlement issuer in the next succeeding calendar year. Any amount deducted from an entitlement issuer's allocation under this subdivision shall be reallocated to other entitlement issuers, the housing pool, the small issue pool, and the public facilities pool on a proportional basis consistent with section 474A.03.~~

Sec. 22. Minnesota Statutes 2000, section 474A.04, subdivision 5, is amended to read:

Subd. 5. **NOTICE OF ENTITLEMENT ALLOCATION.** As soon as possible in each calendar year, the commissioner shall ~~provide to each entitlement issuer a written notice of the amount of its post on the department's Web site the amount of each entitlement allocation.~~

Sec. 23. Minnesota Statutes 2000, section 474A.045, is amended to read:

474A.045 SCORING SYSTEM FOR ENTERPRISE ZONE FACILITY PROJECTS AND MANUFACTURING PROJECTS.

The following criteria must be used in determining the allocation of enterprise zone facility bonds and small issue bonds for manufacturing projects. The issuer must prepare and submit to the commissioner a public purpose scoring worksheet that presents the data and methods used in determining the total score under this section.

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The total score is the sum of the following:

(1) the number of direct new jobs in the state generated by the proposed project for the next two years per \$100,000 of proposed allocation multiplied by 15;

(2) the number of direct existing jobs in the state multiplied by .625 due to the proposed project for the next two years per \$100,000 of proposed allocation multiplied by 15;

(3) the average hourly wage paid to employees by the proposed project for the next two years, exclusive of benefits mandated by law, based on the following scale:

Wages paid per hour	\$ 8	\$10	\$12	\$15
Non-Metro area points awarded	10	15	20	20
Seven-County Metro Area points awarded	0	10	15	20

For purposes of this section, the seven-county metropolitan area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties;

(4) the quotient of the estimated total net increase in property taxes generated in the state by the project in the first full year of operation divided by the proposed bond allocation, multiplied by 500; and

(5) the seasonally unadjusted unemployment rate in the community where the proposed project is located measured as a percent of the state's unemployment rate, multiplied by ten.

The community seasonally unadjusted unemployment rate used in determining the points under clause (5) must be the most recent rate for the city or county in which the proposed project is located, as provided by the commissioner of economic security.

(6) 20 points for projects that locate in an incorporated area or a planned urban growth area as defined by section 462.352, subdivision 18;

(7) 20 points for brownfield projects located in a state or federal Superfund site, a voluntary investigation and cleanup site, or a brownfield site, all as defined by the Minnesota pollution control agency; and

(8) 20 points for projects with favorable environmental citizenship as evidenced by no nonforgivable or combination administrative penalty orders, stipulation agreements, consent decrees, or other enforcement orders containing a monetary penalty by the Minnesota pollution control agency over the past three years or pending at the time of application.

Sec. 24. Minnesota Statutes 2000, section 474A.047, subdivision 1, is amended to read:

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

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(1) the proposed project is a single room occupancy project and all the units of the project will be occupied by individuals whose incomes at the time of their initial residency in the project are 50 percent or less of the greater of the statewide or county median income adjusted for household size as determined by the federal Department of Housing and Urban Development;

(2) the proposed project is a multifamily project where at least 75 percent of the units have two or more bedrooms and at least one-third of the 75 percent have three or more bedrooms; or

(3) the proposed project is a multifamily project that meets the following requirements:

(i) the proposed project is the rehabilitation of an existing building which meets the requirements for minimum rehabilitation expenditures in sections 42(e)(2) and 42(e)(3)(A) of the Internal Revenue Code;

(ii) the proposed project involves participation by the Minnesota housing finance agency or a local unit of government in the financing of the acquisition or rehabilitation of the project. For purposes of this subdivision, "participation" means an activity other than the issuance of the bonds; and

(iii) the proposed project must be occupied by individuals or families whose incomes at the time of their initial residency in the project meet the requirements of section 42(g) of the Internal Revenue Code.

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

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

(b) The maximum rent for a proposed single room occupancy unit under paragraph (a), clause (1), is 30 percent of the amount equal to 30 percent of the greater of the statewide or county median income for a one-member household as determined by the federal Department of Housing and Urban Development. The maximum rent for at least 75 percent of the units of a multifamily project under paragraph (a), clause (2), is 30 percent of the amount equal to 50 percent of the greater of the statewide or county median income as determined by the federal Department of Housing and Urban Development based on a household size with 1.5 persons per bedroom.

(e) The proceeds from residential rental bonds may be used for a project for which project-based federal rental assistance payments are made only if:

(1) the owner of the project enters into a binding agreement with the Minnesota housing finance agency under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental

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assistance payments for the maximum term permitted, including any renewals thereof; and

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

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

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

Sec. 25. Minnesota Statutes 2000, section 474A.047, subdivision 2, is amended to read:

Subd. 2. **15-YEAR AGREEMENT.** Prior to the issuance of residential rental bonds, the developer of the project for which the bond proceeds will be used must enter into a 15-year agreement with the issuer that specifies the maximum rental rates of the rent-restricted units in the project and the income levels of the residents of the project occupying income-restricted units. ~~The~~ Such rental rates and income levels must be within the limitations established under subdivision 1. The developer must annually certify to the issuer over the term of the agreement that the rental rates for the rent-restricted units are within the limitations under subdivision 1. The issuer may request individual certification of the income of all residents of the ~~project~~ income-restricted units. The commissioner may request from the issuer a copy of the annual certification prepared by the developer. The commissioner may require the issuer to request individual certification of all residents of the ~~project~~ income-restricted units.

Sec. 26. Minnesota Statutes 2000, section 474A.061, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION.** (a) An issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in July, or in the amount of two percent of the requested allocation on or after the last Monday in July, (5) a public purpose scoring worksheet for manufacturing project and enterprise zone facility project applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing for residential rental project applications and whether the project is restricted to persons who are 55 years of age or older. The issuer must pay the application deposit by a check made payable to the department of finance. The Minnesota housing finance agency, the Minnesota rural finance authority, and the Minnesota higher education services office may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the housing pool or from the public facilities pool unless it has either permanently issued bonds equal

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to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota housing finance agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on their behalf.

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

Sec. 27. Minnesota Statutes 2000, section 474A.061, subdivision 2a, is amended to read:

Subd. 2a. **HOUSING POOL ALLOCATION.** (a) ~~On the first business day that falls on a Monday of the calendar year and the first Monday in February Commencing on the second Tuesday in January and continuing on each Monday through July 15,~~ the commissioner shall allocate available bonding authority ~~in from~~ the housing pool to applications received ~~by on or before~~ the Monday of the ~~previous preceding~~ week for residential rental projects ~~that are not restricted to persons who are 55 years of age or older and that meet the eligibility criteria under section 474A.047, except that allocations may be made to projects that are restricted to persons who are 55 years of age or older, if the project preserves existing federally subsidized housing. Projects that preserve existing federally subsidized housing shall be allocated available bonding authority in the housing pool for residential rental projects prior to the allocation of available bonding authority to other eligible residential rental projects. Allocations of available bonding authority from the housing pool for eligible residential rental projects shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects. Prior to May 15, no allocation shall be made to a project restricted to persons who are 55 years of age or older. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within 120 days of the allocation or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July 15.~~

(b) ~~After February January 1, and through February January 15,~~ the Minnesota housing finance agency may accept applications from cities for single-family housing programs which meet program requirements as follows:

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

(2) the adjusted income of home buyers may not exceed 80 percent of the greater of statewide or area median income as published by the Department of Housing and

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Urban Development, adjusted for household size;

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

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

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

The Minnesota housing finance agency may accept applications from June 15 through June 30 from cities for single-family housing programs which meet program requirements specified under clauses (1) to (4) if bonding authority is available in the housing pool. Applications will be accepted from June 15 to June 30 only from cities that received an allotment in the same calendar year and used at least 75 percent of their allotment by June 1.

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

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

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

(e) (d) The total amount of allocation for mortgage bonds for one city is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the housing pool, multiplied by the ratio of each

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applicant's population as determined by the most recent estimate of the city's population released by the state demographer's office to the total of all the applicants' population, except that each applicant shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount determined under the formula in clause (ii). If a city applying for an allocation is located within a county that has also applied for an allocation, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

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

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

(d) (e) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the first Monday second Tuesday in February January and through the last Monday in July; but may request an allocation no later than the last Mondayth in July. After awarding an allocation and receiving a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposits to the Minnesota housing finance agency to be returned to the participating cities. The commissioner Minnesota housing finance agency shall return any application deposit to a city that paid an application deposit under paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph (e) (d).

(e) (f) A city may choose to issue bonds on its own behalf or through a joint powers agreement or may use bonding authority for mortgage credit certificates and may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and a one percent application deposit to the commissioner no later than the Monday of the week preceding an allocation. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the list forwarded by the Minnesota housing finance agency to the commissioner. No city may request or receive an allocation from the commissioner until the list under paragraph (e) (d) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than 14 days before the unified pool is created pursuant to section 474A.091, subdivision 1 the last Monday in July. On and after the first Monday in February and through the last Monday in July, No city may receive an allocation from the housing pool for mortgage bonds which has not first applied to the Minnesota housing finance agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.

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

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

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

Sec. 28. Minnesota Statutes 2000, section 474A.061, subdivision 2b, is amended to read:

Subd. 2b. **SMALL ISSUE POOL ALLOCATION.** On the first Monday in January that is a business day through the last Monday in July Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in July, the commissioner shall allocate available bonding authority from the small issue pool on Monday of each week to applications received on or before the Monday of the preceding week for manufacturing projects and enterprise zone facility projects. From the first Monday in January that is a business day second Tuesday in January through the last Monday in July, the commissioner shall reserve \$5,000,000 of the available bonding authority from the small issue pool for applications for agricultural development bond loan projects of the Minnesota rural finance authority.

Beginning in calendar year 2002, on the second Tuesday in January through the last Monday in July, the commissioner shall reserve \$10,000,000 of available bonding authority in the small issue pool for applications for student loan bonds of or on behalf of the Minnesota higher education services office. The total amount of allocations for student loan bonds from the small issue pool may not exceed \$10,000,000 per year.

The commissioner shall reserve \$10,000,000 until the day after the last Monday in February, \$10,000,000 until the day after the last Monday in April, and \$10,000,000

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until the day after the last Monday in June in the small issue pool for enterprise zone facility projects and manufacturing projects. The amount of allocation provided to an issuer for a specific enterprise zone facility project or manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045. ~~Proposed projects that receive 50 points or more are eligible for all of the proposed allocation. Proposed projects that receive less than 50 points are eligible to receive a proportionally reduced share of the proposed authority, based upon the number of points received.~~

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

Sec. 29. Minnesota Statutes 2000, section 474A.061, subdivision 2c, is amended to read:

Subd. 2c. **PUBLIC FACILITIES POOL ALLOCATION.** From the beginning of the calendar year and continuing for a period of 120 days, the commissioner shall reserve ~~\$5,000,000~~ \$3,000,000 of the available bonding authority from the public facilities pool for applications for public facilities projects to be financed by the Western Lake Superior Sanitary District. ~~On the first Monday in January that is a business day through the last Monday in July~~ Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in July, the commissioner shall allocate available bonding authority from the public facilities pool ~~on Monday of each week~~ to applications for eligible public facilities projects received on or before the Monday of the preceding week. If there are two or more applications for public facilities projects from the pool and there is insufficient available bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Sec. 30. Minnesota Statutes 2000, section 474A.061, subdivision 4, is amended to read:

Subd. 4. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 120-day period since allocation has expired prior to the last Monday in July, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 120-day period since allocation has expired on or after the last Monday in July, the amount of allocation is canceled and returned for reallocation through the unified pool.

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If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota housing finance agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

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

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

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

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

(c) No refund shall be available for allocations returned 120 or more days after receiving the allocation or beyond the last Monday in November. ~~This subdivision does not apply to the Minnesota housing finance agency or the Minnesota rural finance authority.~~

Sec. 31. [474A.062] HESO 120-DAY ISSUANCE EXEMPTION.

The Minnesota higher education services office is exempt from the 120-day issuance requirements in this chapter and may carry forward allocations for student loan bonds into three successive calendar years, subject to carryforward notice requirements of section 474A.131, subdivision 2. The maximum cumulative carryforward is limited to \$25,000,000.

Sec. 32. Minnesota Statutes 2000, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **APPLICATION.** Issuers may apply for an allocation under this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of two percent of the requested allocation, and (5) a public purpose scoring worksheet for manufacturing and enterprise zone applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing and whether the project is restricted to persons who are 55 years of age or older. The issuer must pay the application deposit by check. An entitlement issuer may not apply for an allocation for public facility bonds, residential rental project bonds, or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For

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purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota housing finance agency may not apply for receive an allocation for mortgage bonds under this section until after prior to the last first Monday in August. Notwithstanding the restrictions imposed on unified pool allocations after September 1 under subdivision 3, paragraph (c)(2), the Minnesota housing finance agency October, but may be awarded allocations for mortgage bonds from the unified pool on or after September 1 the first Monday in October. The Minnesota housing finance agency, the Minnesota higher education services office, and the Minnesota rural finance authority may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 33. Minnesota Statutes 2000, section 474A.091, subdivision 3, is amended to read:

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

(b) On or before September 1, allocations shall be awarded from the unified pool in the following order of priority:

- (1) applications for enterprise zone facility bonds;
- (2) applications for small issue bonds for manufacturing projects;
- (3) applications for small issue bonds for agricultural development bond loan projects;
- (4) applications for residential rental project bonds;
- (5) applications for public facility projects funded by public facility bonds;
- (6) applications for redevelopment bonds;
- (7) applications for mortgage bonds; and
- (8) applications for governmental bonds.

Allocations for residential rental projects may only be made during the first allocation in August. The amount of allocation provided to an issuer for a specific manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045. Proposed manufacturing projects that receive 50 points or more are eligible for all of the proposed allocation. Proposed manufacturing projects that receive less than 50 points under section 474A.045 are only eligible to receive a proportionally reduced share of the proposed

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authority, based upon the number of points received.

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

- (1) applications for residential rental project bonds;
- (2) applications for small issue bonds for manufacturing projects; and
- (3) applications for small issue bonds for agricultural development bond loan projects.

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

(1) applications for student loan bonds issued by or on behalf of the Minnesota higher education services office;

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

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

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

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(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects.

(e)(1) (g) From the first Monday in August through the last Monday in November, \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent such amounts are available within the unified pool. On the first Monday in September through the last Monday in November, \$2,500,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the public facilities pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the public facilities pool for that year, whichever is less, is reserved within the unified pool for public facility bonds to the extent such amounts are available within the unified pool.

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

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

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

An allocation for mortgage bonds may be used for mortgage credit certificates.

(d) After September 1, allocations shall be awarded from the unified pool only for the following types of qualified bonds: small issue bonds, public facility bonds to finance publicly owned facility projects, residential rental project bonds, and enterprise zone facility bonds.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed \$10,000,000 per year.

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

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

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

Sec. 34. Minnesota Statutes 2000, section 474A.091, is amended by adding a subdivision to read:

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

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

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

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

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

The Minnesota housing finance agency shall notify each city choosing to issue bonds on its own behalf or pursuant to a joint powers agreement of the amount of its

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

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

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

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

(e) An allocation awarded to the agency for mortgage bonds under this section may be carried forward by the agency into the next succeeding calendar year subject to notice requirements under section 474A.131 and is available until the last business day in December of that succeeding calendar year.

Sec. 35. Minnesota Statutes 2000, section 474A.091, subdivision 4, is amended to read:

Subd. 4. **MORTGAGE BONDS REMAINING BONDING AUTHORITY.** All remaining bonding authority available for allocation under this section on December 1, is allocated to the Minnesota housing finance agency.

Sec. 36. Minnesota Statutes 2000, section 474A.091, subdivision 5, is amended to read:

Subd. 5. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of the allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 120-day period since allocation has expired prior to the last Monday in November, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department on or after the last

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Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota housing finance agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

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

- (1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving the allocation;
- (2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving the allocation; and
- (3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving the allocation.

(c) No refund of the application deposit shall be available for allocations returned on or after the last Monday in November. ~~This subdivision does not apply to the Minnesota housing finance agency, or the Minnesota rural finance authority.~~

Sec. 37. Minnesota Statutes 2000, section 474A.091, subdivision 6, is amended to read:

Subd. 6. **FINAL ALLOCATION; CARRYFORWARD.** Notwithstanding the notice requirements of section 474A.131, subdivision 2, any bonding authority remaining unissued by the Minnesota housing finance agency on the last business day in December shall be carried forward into the next calendar year by the commissioner for the Minnesota housing finance agency in accordance with section 474A.131, subdivision 2.

Sec. 38. Minnesota Statutes 2000, section 474A.131, subdivision 1, is amended to read:

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

- (1) the date of issuance of the bonds;
- (2) the title of the issue;
- (3) the principal amount of the bonds;
- (4) the type of qualified bonds under federal tax law; and
- (5) the dollar amount of the bonds issued that were subject to the annual volume cap; and
- (6) for entitlement issuers, whether the allocation is from current year entitlement authority or is from carry forward authority.

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For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. A penalty of one-half of the amount of the application deposit not to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not provided to the department within five business days after issuance or before the last Monday in December, whichever occurs first. Within 30 days after receipt of a notice of issue the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if a two percent application deposit was made, less any penalty amount.

Sec. 39. Minnesota Statutes 2000, section 474A.131, is amended by adding a subdivision to read:

Subd. 1b. DEADLINE FOR ISSUANCE OF QUALIFIED BONDS. If an issuer fails to notify the department before 4:30 p.m. on the last business day in December of issuance of obligations pursuant to an allocation received for any qualified bond project or issuance of an entitlement allocation, the allocation is canceled and the bonding authority is allocated to the Minnesota housing finance agency for carryforward by the commissioner under section 474A.091, subdivision 6.

Sec. 40. Minnesota Statutes 2000, section 474A.131, subdivision 2, is amended to read:

Subd. 2. CARRYFORWARD NOTICE. If an issuer intends to carry forward an allocation received under this chapter, it must notify the department in writing before 4:30 p.m. on the last Monday of business day in December. This notice requirement does not apply to the Minnesota housing finance agency for the carryforward of unallocated unified pool balances.

Sec. 41. Minnesota Statutes 2000, section 474A.14, is amended to read:

474A.14 NOTICE OF AVAILABLE AUTHORITY.

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

Sec. 42. Minnesota Statutes 2000, section 475.54, subdivision 1, is amended to read:

Subdivision 1. **IN INSTALLMENTS; EXCEPTION; ANNUAL LIMIT.** Except as provided in subdivision 3, 5a, 15, or 17, or as expressly authorized in another law, all obligations of each issue shall mature or be subject to mandatory sinking fund redemption in installments, the first not later than three years and the last not later than 30 years from the date of the issue; or 40 years or the useful life of the asset, whichever is less, for municipal water and wastewater treatment systems and essential community

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facilities financed or guaranteed by the United States Department of Agriculture. No amount of principal of the issue payable in any calendar year shall exceed five times the amount of equal to the smallest amount payable in any preceding calendar year ending three years or more after the issue date multiplied:

(1) by five, in the case of obligations maturing not later than 25 years from the date of issue; and

(2) by six, in the case of obligations maturing 25 years or later from the date of issue.

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

Sec. 43. Minnesota Statutes 2000, section 475.58, subdivision 1, is amended to read:

Subdivision 1. **APPROVAL BY ELECTORS; EXCEPTIONS.** Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

(1) to pay any unpaid judgment against the municipality;

(2) for refunding obligations;

(3) for an improvement or improvement program, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement or by an improvement within the improvement program, or of taxes levied upon the increased value of property within a district for the development of which the improvement is undertaken, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or taxes and not less than 20 percent of the cost of the improvement or the improvement program is to be assessed against benefited property or is to be paid from the proceeds of federal grant funds or a combination thereof, or is estimated to be received from such taxes within the district;

(4) payable wholly from the income of revenue producing conveniences;

(5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;

(6) under the provisions of a law which permits the issuance of obligations of a municipality without an election;

(7) to fund pension or retirement fund liabilities pursuant to section 475.52, subdivision 6;

(8) under a capital improvement plan under section 373.40; and

(9) ~~to fund facilities as provided in subdivision 3; and~~

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(40) under sections 469.1813 to 469.1815 (property tax abatement authority bonds).

Sec. 44. Minnesota Statutes 2000, section 475.59, is amended to read:

475.59 MANNER OF SUBMISSION; NOTICE.

When the governing body of a municipality resolves to issue bonds for any purpose requiring the approval of the electors, it shall provide for submission of the proposition of their issuance at a general or special election or town or school district meeting. Notice of such election or meeting shall be given in the manner required by law and shall state the maximum amount and the purpose of the proposed issue. In any school district, the school board or board of education may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance for any one or more of the following, stated conjunctively or in the alternative: acquisition or enlargement of sites, acquisition, betterment, erection, furnishing, equipping of one or more new schoolhouses, remodeling, repairing, improving, adding to, betterment, furnishing, equipping of one or more existing schoolhouses. In any city, town, or county, the governing body may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance, stated conjunctively or in the alternative, for the acquisition, construction, or improvement of any facilities at one or more locations.

Sec. 45. Laws 1974, chapter 473, is amended to read:

Section 1. **SCOTT COUNTY; HOUSING AND REDEVELOPMENT AUTHORITY.** There is hereby created in Scott county a public body corporate and politic, to be known as the Scott county housing and redevelopment authority, having all of the powers and duties of a housing and redevelopment authority under the provisions of the municipal housing and redevelopment act, Minnesota Statutes, Sections ~~462.411 to 462.711~~, and acts amendatory thereof; ~~which act applies to the county of Scott~~ 469.001 to 469.047, and having those powers of an economic development authority under the provisions of Minnesota Statutes, sections 469.090 to 469.180 as are granted to it by Scott county as provided below. For the purposes of applying the provisions of the municipal housing and redevelopment act Minnesota Statutes, sections 469.001 to 469.047 and 469.090 to 469.180, to Scott county, the county has all the powers and duties of a municipality, the county board has all of the powers and duties of a governing body, the chairman of the county board has all of the powers and duties of a mayor, and the area of operation includes the area within the territorial boundaries of the county.

Sec. 2. **APPLICATION.** Subdivision 1. This act shall not limit or restrict any existing housing and redevelopment authority or prevent a municipality from creating an authority. ~~The county shall not exercise jurisdiction in any municipality where a municipal housing and redevelopment authority is established.~~

Subd. 2. A municipal housing and redevelopment authority may request the Scott county housing and redevelopment authority to handle the housing duties of the

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authority and, in such an event, the Scott county housing and redevelopment authority shall act and have exclusive jurisdiction for housing in the municipality pursuant to the provisions of the municipal housing and redevelopment act, Minnesota Statutes, Sections 462.411 to 462.711, and acts amendatory thereof 469.001 to 469.047. A transfer of duties relating to housing shall not transfer any duties relating to redevelopment.

Sec. 3. **MUNICIPAL APPROVAL.** If any housing or redevelopment project is undertaken in Scott county pursuant to this authorization, and such project is within the boundaries of any incorporated village, city or township, the location of such project shall be approved by the governing body of such village, city or township.

Sec. 4. **ECONOMIC DEVELOPMENT AUTHORITY POWERS.** The Scott county housing and redevelopment authority may exercise any of the powers of an economic development authority (EDA) granted to it by resolution by the Scott county board of commissioners, except for the authority to levy the tax described in Minnesota Statutes, section 469.107. With the prior approval of the Scott county board the authority may increase its levy of the special tax described in Minnesota Statutes, section 469.033, subdivision 6, to an amount not exceeding 0.01813 percent of taxable market value, or any higher limit from time to time authorized under Minnesota Statutes, section 469.107 or 469.033, subdivision 6.

Sec. 5. **OFFERS OF TAX-FORFEITED LANDS.** Scott county may offer to the Scott county housing and redevelopment authority, under the conditions and policies established by the county, and subject to the approval of the city in which the property is located, nonconservation tax-forfeited land prior to making the properties available to cities in Scott county.

Sec. 4, Sec. 6. **EFFECTIVE DATE; LOCAL APPROVAL.** This act takes effect when approved by a majority of the board of county commissioners of Scott county and upon compliance with Minnesota Statutes, Section 645.021. This act is effective the day after the governing body of Scott county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 46. Laws 1980, chapter 482, is amended to read:

Section 1. **CARVER COUNTY; HOUSING AND REDEVELOPMENT.** Subdivision 1. There is created in the county of Carver a public body corporate and politic, to be known as the Carver county housing and redevelopment authority, having all of the powers and duties of a housing and redevelopment authority under the provisions of the municipal housing and redevelopment act, Minnesota Statutes, Section 462.411 to 462.711 sections 469.001 to 469.047, and having those powers of an economic development authority under the provisions of Minnesota Statutes, sections 469.090 to 469.1082, as are granted to it by Carver county as provided in sections 2 to 4. For the purposes of applying the provisions of the municipal housing and redevelopment act Minnesota Statutes, sections 469.001 to 469.047 and 469.090 to 469.1082, to Carver county, the county has all of the powers and duties of a municipality, the county board has all of the powers and duties of a governing body,

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the chairman of the county board has all of the powers and duties of a mayor, and the area of operation includes the area within the territorial boundaries of the county.

Subd. 2. This section shall not limit or restrict any existing housing and redevelopment authority or prevent a municipality from creating an authority. ~~The county shall not exercise jurisdiction in any municipality where a municipal housing and redevelopment authority is established.~~ If a municipal housing and redevelopment authority requests the Carver county housing and redevelopment authority to handle the housing duties of the municipal authority, the Carver county housing and redevelopment authority shall act and have exclusive jurisdiction for housing in the municipality. A transfer of duties relating to housing shall not transfer any duties relating to redevelopment.

Sec. 2. ECONOMIC DEVELOPMENT AUTHORITY POWERS. The Carver county housing and redevelopment authority may exercise any of the powers of an economic development authority granted to it by resolution by the Carver county board of commissioners, except for the authority to levy the tax described in Minnesota Statutes, section 469.107. With the prior approval of the Carver county board, the authority may increase its levy of the special tax described in Minnesota Statutes, section 469.033, subdivision 6, to an amount not exceeding 0.01813 percent of taxable market value, or any higher limit from time to time, authorized under Minnesota Statutes, section 469.107 or 469.033, subdivision 6.

Sec. 3. OFFERS OF TAX-FORFEITED LANDS. Carver county may offer to the Carver county housing and redevelopment authority, under the conditions and policies established by the county, and subject to the approval of the city in which the property is located, nonconservation tax-forfeited land prior to making the properties available to cities in Carver county.

~~Sec. 2.~~ Sec. 4. LOCAL APPROVAL. Before a housing or redevelopment project of the Carver county housing and redevelopment authority is undertaken, the project shall be approved by the local governing body with jurisdiction over all or any part of the area in which the proposed project is located.

~~Sec. 3.~~ Sec. 5. EFFECTIVE DATE; LOCAL APPROVAL. This act is effective upon takes effect the day of ~~compliance~~ after the governing body of Carver county complies with Minnesota Statutes, Section 645.021, Subdivision 3 subdivisions 2 and 3.

Sec. 47. CHISAGO LAKES JOINT SEWAGE TREATMENT COMMISSION BONDING AUTHORITY.

Subdivision 1. AUTHORITY. Notwithstanding Minnesota Statutes, section 471.59, subdivision 11, the Chisago lakes joint sewage treatment commission, a joint powers board established by the county of Chisago, and the cities of Lindstrom, Chisago City, and Center City, to own and operate wastewater treatment facilities for the member local governments, may issue and sell general obligation bonds pursuant to Minnesota Statutes, sections 115.46 and 444.075, and chapter 475, to acquire land for, construct, expand, furnish, equip, and modify its wastewater treatment facilities,

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and pledge the full faith and credit and taxing power of the governmental units that are members of the joint powers board. Bonds issued under this section are not subject to Minnesota Statutes, section 475.58. The joint powers board is a municipality within the meaning of Minnesota Statutes, chapter 475. Each government unit that is a member of the joint powers board must adopt a resolution authorizing the joint powers board to issue and sell the bonds.

Subd. 2. EFFECTIVE DATE; NO LOCAL APPROVAL. This section is effective the day following final enactment and does not require local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 48. HASSAN TOWNSHIP; ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT AND POWERS.

Subdivision 1. FINDINGS. The legislature finds that it is appropriate to give Hassan township the powers of an economic development authority because the town is located in an increasingly urbanized area and is the only remaining town in Hennepin county.

Subd. 2. ESTABLISHMENT. The board of township supervisors of Hassan township may establish an economic development authority in the manner provided in Minnesota Statutes, sections 469.090 to 469.1081, and may impose limits on the authority enumerated in Minnesota Statutes, section 469.092. The economic development authority has all of the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.1081. The township economic development authority may create and define the boundaries of economic development districts at any place or places within the township, provided that a project as recommended by the township authority that is to be located within the corporate limits of a city may not be commenced without the approval of the governing body of the city. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as township economic development districts.

Subd. 3. POWERS. If an economic development authority is established as provided in subdivision 1, the township may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, or other law, including the power to levy a tax to support the activities of the authority.

Subd. 4. LOCAL APPROVAL. This section is effective the day after the town board of supervisors of Hassan township and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 49. REPEALER.

(a) Minnesota Statutes 2000, sections 373.40, subdivision 7; and 474A.061, subdivision 6, are repealed.

(b) Minnesota Statutes 2000, section 376.03, is repealed.

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Sec. 50. EFFECTIVE DATE.

Sections 13 to 42 are effective the day after final enactment except that section 19, paragraph (c), is effective to require submissions by December 31, 2002, and annually thereafter.

Presented to the governor May 25, 2001

Signed by the governor May 29, 2001, 11:30 a.m.

CHAPTER 215—S.F.No. 1054

An act relating to insurance; regulating insurers, agents, coverages and benefits, costs, claims, investments, and notifications and disclosures; prescribing powers and duties of the commissioner; eliminating the regulation of nonprofit legal services plans; amending Minnesota Statutes 2000, sections 60A.06, subdivision 3; 60A.08, subdivision 13; 60A.11, subdivision 10; 60A.129, subdivision 2; 60A.14, subdivision 1; 60A.16, subdivision 1; 60A.23, subdivision 8; 61A.072, by adding a subdivision; 62A.17, subdivision 1; 62A.20, subdivision 1; 62A.21, subdivision 2a; 62A.302; 62A.31, subdivisions 1a, 1i, 3; 62A.65, subdivision 8; 62E.04, subdivision 4; 62E.06, subdivision 1; 62L.07, subdivision 1; 62L.05, subdivisions 1, 2; 62M.03, subdivision 2; 62M.05, subdivision 5; 62Q.01, subdivision 6; 62Q.73, subdivision 3; 65A.29, subdivision 7; 65B.04, subdivision 3; 65B.06, subdivisions 1, 4; 65B.16; 65B.19, subdivision 2; 67A.20, by adding a subdivision; 70A.07; 79A.02, subdivision 1; 79A.03, subdivision 7; 79A.04, subdivision 16; 79A.15; 471.617, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62A; 62L; repealing Minnesota Statutes 2000, sections 13.7191, subdivision 11; 60A.111; 62G.01; 62G.02; 62G.03; 62G.04; 62G.05; 62G.06; 62G.07; 62G.08; 62G.09; 62G.10; 62G.11; 62G.12; 62G.13; 62G.14; 62G.15; 62G.16; 62G.17; 62G.18; 62G.19; 62G.20; 62G.21; 62G.22; 62G.23; 62G.24; 62G.25.

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

Section 1. Minnesota Statutes 2000, section 60A.06, subdivision 3, is amended to read:

Subd. 3. **LIMITATION ON COMBINATION POLICIES.** (a) Unless specifically authorized by subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies.

(b) This subdivision does not apply to group policies.

(c) This subdivision does not apply to policies permitted by subdivision 1, clause (4), that contain benefits providing acceleration of life, endowment, or annuity benefits in advance of the time they would otherwise be payable, or to long-term care policies as defined in section 62A.46, subdivision 2, or chapter 62S.

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

New language is indicated by underline, deletions by ~~strikeout~~.