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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2971

03/27/2012 Authored by Davids
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to tax-exempt bonding; modifying the bond allocation carryforward
1.3 rules; amending Minnesota Statutes 2010, sections 474A.04, subdivision 1a;
1.4 474A.062; 474A.091, subdivision 3a.

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

1.6 Section 1. Minnesota Statutes 2010, section 474A.04, subdivision 1a, is amended to
1.7 read:

1.8 Subd. 1a. **Entitlement reservations; carryforward; deduction.** Any amount
1.9 returned by an entitlement issuer before July 15 shall be reallocated through the housing
1.10 pool. Any amount returned on or after July 15 shall be reallocated through the unified
1.11 pool. An amount returned after the last Monday in November shall be reallocated to the
1.12 Minnesota housing finance agency. ~~Any amount of bonding authority that an entitlement~~
1.13 ~~issuer carries forward under federal tax law that is not permanently issued or for which~~
1.14 ~~the governing body of the entitlement issuer has not enacted a resolution electing to use~~
1.15 ~~the authority for mortgage credit certificates and has not provided a notice of issue to the~~
1.16 ~~commissioner before 4:30 p.m. on the last business day in December of the succeeding~~
1.17 ~~calendar year shall be deducted from the entitlement allocation for that entitlement issuer~~
1.18 ~~in the next succeeding calendar year. Any amount deducted from an entitlement issuer's~~
1.19 ~~allocation under this subdivision shall be reallocated to other entitlement issuers, the~~
1.20 ~~housing pool, the small issue pool, and the public facilities pool on a proportional basis~~
1.21 ~~consistent with section 474A.03.~~

1.22 EFFECTIVE DATE. This section is effective the day following final enactment
1.23 and applies to any bonding authority allocated in 2011 and subsequent years.

2.1 Sec. 2. Minnesota Statutes 2010, section 474A.062, is amended to read:

2.2 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY**
 2.3 **ISSUANCE EXEMPTION.**

2.4 The Minnesota Office of Higher Education is exempt from the 120-day issuance
 2.5 requirements in this chapter and may carry forward allocations for student loan bonds
 2.6 ~~into one successive calendar year~~, subject to carryforward notice requirements of section
 2.7 474A.131, subdivision 2.

2.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
 2.9 and applies to any bonding authority allocated in 2011 and subsequent years.

2.10 Sec. 3. Minnesota Statutes 2010, section 474A.091, subdivision 3a, is amended to read:

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

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

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

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

3.1 (c) Any city that received an allocation pursuant to section 474A.061, subdivision
3.2 2a, paragraph (f), in the current year that wishes to receive an additional allocation from
3.3 the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement
3.4 shall notify the Minnesota Housing Finance Agency by the third Monday in September.
3.5 The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its
3.6 own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount
3.7 requested, or (ii) the product of the total amount available for mortgage bonds from the
3.8 unified pool, multiplied by the ratio of the population of each city that applied in January
3.9 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
3.10 year, as determined by the most recent estimate of the city's population released by the
3.11 state demographer's office to the total of the population of all the cities that applied in
3.12 January and received an allocation under section 474A.061, subdivision 2a, in the same
3.13 calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers
3.14 agreement is located within a county that has also chosen to issue bonds on its own behalf
3.15 or through a joint powers agreement, the city's population will be deducted from the
3.16 county's population in calculating the amount of allocations under this paragraph.

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

3.22 A city that chooses to issue bonds on its own behalf or through a joint powers
3.23 agreement may request an allocation from the commissioner by forwarding an application
3.24 with an application fee pursuant to section 474A.03, subdivision 4, and an application
3.25 deposit equal to two percent of the requested amount to the commissioner no later than
3.26 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that
3.27 choose to issue bonds on their own behalf shall be awarded by the commissioner on
3.28 the first Monday after October 15 through the last Monday in November. No city may
3.29 receive an allocation from the commissioner after the last Monday in November. The
3.30 commissioner shall allocate the requested amount to the city or cities subject to the
3.31 limitations under this subdivision.

3.32 If a city issues mortgage bonds from an allocation received under this paragraph,
3.33 the issuer must provide for the recycling of funds into new loans. If the issuer is not
3.34 able to provide for recycling, the issuer must notify the commissioner in writing of the
3.35 reason that recycling was not possible and the reason the issuer elected not to have the
3.36 Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money

4.1 generated from the repayment and prepayment of loans for further eligible loans or for the
4.2 redemption of bonds and the issuance of current refunding bonds.

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

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

4.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
4.11 and applies to any bonding authority allocated in 2011 and subsequent years.

4.12 Sec. 4. **CARRYFORWARD OF BONDING AUTHORITY FOR 2008, 2009, AND**
4.13 **2010; NO DEDUCTION FROM ENTITLEMENT ALLOCATION.**

4.14 Notwithstanding Minnesota Statutes, section 474A.04, subdivision 1a, and Laws
4.15 2009, chapter 88, article 6, section 27, bonding authority that was allocated to an
4.16 entitlement issuer in 2008, 2009, and 2010 and that was carried forward under federal
4.17 tax law, but for which the entitlement issuer did not provide a notice of issue to the
4.18 commissioner of management and budget before 4:30 p.m. on the last business day of
4.19 December 2011 must not be deducted from the entitlement allocation for that entitlement
4.20 issuer in 2012.

4.21 **EFFECTIVE DATE.** This section is effective the day following final enactment
4.22 and applies retroactively to rescind any reallocation by the commissioner of management
4.23 and budget under Minnesota Statutes, section 474A.04, subdivision 1a, of any amounts so
4.24 deducted.