

Chapter 1

2019 1st Special Session

Subject Agriculture, housing, and broadband finance and policy

Analyst Colbey Sullivan
Deborah A. Dyson
Mary Mullen

Date June 10, 2019

Overview

This is the omnibus budget act for agriculture, housing, and broadband internet grants. Unless specified otherwise, sections in this act take effect on the first day of state fiscal year 2020, i.e., July 1, 2019. The governor signed this act into law on May 30, 2019.

Article 1: Agriculture Finance

This article appropriates funding in state fiscal years 2020 and 2021 for the Minnesota Department of Agriculture (MDA), the Board of Animal Health, and the Agricultural Utilization Research Institute. It also modifies three prior appropriations (one in Laws 2015, and two in Laws 2017) to MDA.

Section	Description – Article 1: Agriculture Finance
---------	--

1	Agriculture appropriations. Provides boilerplate language regarding interpretation of the appropriations authorized in subsequent sections.
---	---

2	Department of Agriculture. Appropriates general fund and remediation fund dollars to MDA for specified purposes. For appropriation amounts, see the act or the fiscal tracking sheet prepared by the nonpartisan Fiscal Analysis Department.
---	--

Subd. 1. Total appropriation. Denotes the total amount of money, by fund, appropriated to MDA in this act. As is customary, statutory appropriations from the agricultural fund, the federal fund, or other treasury funds are not reflected in these totals or this act.

Subd. 2. Protection services. Appropriates general fund and remediation fund dollars for MDA's regulatory programs. This subdivision provides funding for the following MDA divisions: Pesticide and Fertilizer Management, Laboratory Services, Plant Protection, Dairy and Meat Inspection, and Food and Feed Safety. Specifies the amount appropriated for certain activities.

Section	Description – Article 1: Agriculture Finance
	<p>Subd. 3. Agricultural marketing and development. Appropriates general fund dollars for MDA’s Agricultural Marketing and Development Division. Specifies the amount appropriated for certain activities.</p> <p>Subd. 4. Agriculture, bioenergy, and bioproduct advancement. Appropriates general fund dollars for specific programs and purposes within this budget category.</p> <p>Subd. 5. Administration and financial assistance. Appropriates general fund dollars for agency administration and specified pass-through grants.</p>
3	<p>Board of Animal Health.</p> <p>Appropriates money to the Board of Animal Health. Specifies the amount appropriated for agricultural emergency response and preparedness.</p>
4	<p>Agricultural Utilization Research Institute.</p> <p>Appropriates general fund dollars to the Agricultural Utilization Research Institute.</p>
5	<p>Agriculture, bioenergy, and bioproduct advancement.</p> <p>Amends Laws 2015 to extend MDA’s access to the fiscal year 2017 general fund appropriation for the Agricultural Growth, Research, and Innovation Program by one year, to June 30, 2020.</p> <p>Effective date: This section is effective May 31, 2019.</p>
6	<p>Protection services.</p> <p>Amends Laws 2017 to authorize MDA to use \$5,000 of the \$175,000 fiscal year 2019 wolf depredation payment appropriation to compensate University of Minnesota Extension educators who determine the fair market value of livestock destroyed or crippled by wolves.</p> <p>Effective date: This section is effective May 31, 2019.</p>
7	<p>Agriculture, bioenergy, and bioproduct advancement.</p> <p>Amends Laws 2017 to extend MDA’s access to the fiscal year 2019 general fund appropriation for the Agricultural Growth, Research, and Innovation Program by one year, to June 30, 2022.</p> <p>Effective date: This section is effective May 31, 2019.</p>

Article 2: Agriculture Statutory Changes

This article establishes or modifies various statutory provisions pertaining to fertilizer research, pesticides, industrial hemp, Rural Finance Authority loan programs, and feedlot permits.

Section	Description – Article 2: Agriculture Statutory Changes
1	<p>Establishment; appropriation.</p> <p>Restricts eligible uses of the dedicated agricultural emergency account so that MDA can no longer use money in the account to fund emergency preparedness activities.</p>
2	<p>Definitions.</p> <p>States that costs incurred to acquire the perimeter fences required by law to prevent the escape of farmed Cervidae (i.e., deer, elk, moose, reindeer, etc.) are eligible for partial reimbursement via a competitive livestock investment grant program administered by MDA.</p>
3	<p>Prohibited pesticide use.</p> <p>Authorizes MDA to double the monetary penalty assessed by the agency against a person who applies a pesticide in a manner that results in damage to an adjacent state park, state forest, or other properties in the state outdoor recreation system (see Minn. Stat. § 86A.04 for more on the outdoor recreation system).</p>
4	<p>Payment of inspection fee.</p> <p>Extends by five years the expiring fertilizer inspection fee surcharge of 40 cents/ton that funds the fertilizer research, education, and technology transfer grants awarded by the Minnesota Agricultural Fertilizer Research and Education Council (AFREC) each year.</p>
5	<p>Expiration.</p> <p>Extends AFREC for five additional years.</p>
6	<p>Eligible projects.</p> <p>Modifies the agricultural fertilizer research and education grant program administered by AFREC by requiring dissemination of relevant fertilizer research findings to those who use fertilizer in metropolitan areas.</p>
7	<p>Expiration.</p> <p>Extends the expiring fertilizer research and education grant program administered by AFREC by five additional years.</p>
8	<p>Expiration.</p> <p>Extends by five years the dedicated treasury account that holds proceeds from the 40-cent/ton AFREC surcharge.</p>

Section	Description – Article 2: Agriculture Statutory Changes
9	<p>Enhanced penalties; outdoor recreation lands.</p> <p>In conjunction with section 3, this section authorizes MDA to double the monetary penalty for a person who applies a pesticide in a manner that results in damage to adjacent state-owned outdoor recreation land.</p>
10	<p>Industrial hemp.</p> <p>Amends the definition of “industrial hemp” to include hemp seeds, cannabinoids, extracts, and other named hemp derivatives and byproducts. With this change, the state definition of industrial hemp would be similar to the federal definition of hemp established in the Agricultural Improvement Act of 2018 (aka the 2018 Farm Bill). This change would effectively authorize the possession, transportation, processing, sale, and purchase of these items in the state.</p>
11	<p>Agricultural crop; possession authorized.</p> <p>Authorizes possession of industrial hemp, as defined above, that was lawfully grown in another state. The Agricultural Improvement Act of 2018 effectively authorized interstate hemp commerce.</p>
12	<p>Persons selling liquor.</p> <p>Requires MDA to exclude a nonexempt liquor store’s gross sales of off-sale alcoholic beverages when determining the appropriate food handler license fee.</p>
13	<p>Livestock expansion and modernization.</p> <p>In conjunction with the following section, this section modifies the name of the existing Livestock Expansion Loan Program administered by the Rural Finance Authority in partnership with participating private lenders. The new name is the Livestock Expansion and Modernization Loan Program.</p>
14	<p>Livestock Expansion and Modernization Loan Program.</p> <p>Modifies the name of the existing Livestock Expansion Loan Program.</p>
15	<p>Eligible expenditures.</p> <p>Modifies the existing Rural Finance Authority Livestock Equipment Loan Program to clarify that loans may be issued to farmers purchasing robotic milking equipment.</p>
16	<p>Pastures.</p> <p>Consolidates and modifies existing definitions of “pasture” under the state feedlot statutes administered by the Minnesota Pollution Control Agency (MPCA). This new, consolidated definition includes the elements already in law (see the language deleted in sections 17 and 18), and expands the definition to provide that “pasture” also includes certain temporary, sacrificial areas of a larger pasture complex if the vegetation regenerates or is replanted after the livestock disperse and the adverse soil or weather</p>

Section	Description – Article 2: Agriculture Statutory Changes
17	<p>condition that prompted consolidation of the livestock is gone. In general, pastureland is exempt from state feedlot permitting requirements and rules.</p> <p>Counties; processing applications for animal lot permits.</p> <p>Provides that state feedlot permits issued by MPCA or delegated counties cannot impose terms, conditions, or requirements on pastureland owned and operated by a feedlot operator unless the restrictions are part of a manure management plan. Deletes an existing definition of “pasture”, which is merged into the new consolidated definition in section 16.</p>
18	<p>Exemption.</p> <p>Deletes an existing definition of “pasture”, which is merged into the new consolidated definition in section 16.</p>
19	<p>Industrial hemp; rulemaking.</p> <p>Provides MDA temporary authority to use an abbreviated, expedited rulemaking process to develop certain hemp rules.</p>
20	<p>Industrial hemp; plan and report.</p> <p>Requires MDA to apply to the United States Department of Agriculture (USDA) for primary regulatory authority over industrial hemp in Minnesota. Under the Agriculture Improvement Act of 2018, a state may submit a plan to USDA and request primary regulatory jurisdiction over hemp within the state’s borders. Requires MDA, in consultation with other named agencies, to develop a framework for regulating the possession and use of THC resulting from the processing of industrial hemp and to report this recommended framework to certain legislative committees no later than February 15, 2020.</p>
21	<p>Emerging farmers; report.</p> <p>Requires MDA to examine how best to cultivate and support emerging farmers and to provide recommendations to certain legislative committees by February 1, 2020.</p>
22	<p>Nursery stock; report.</p> <p>Requires MDA to report recommendations to certain legislative committees by March 1, 2020, regarding the regulatory oversight of nursery stock labeled as beneficial to pollinators.</p>

Article 3: Bioincentive Program Changes

This article modifies eligibility criteria and other requirements for the Advanced Biofuel Production Incentive, Renewable Chemical Production Incentive, and Biomass Thermal Production Incentive programs administered by the Minnesota Department of Agriculture. Some refer to these programs collectively as the “bioeconomy” or “bioincentive” programs. The legislature created all three in 2015.

Section	Description – Article 3: Bioincentive Program Changes
1	<p>Advanced biofuel.</p> <p>Modifies the definition of “advanced biofuel” for purposes of the Advanced Biofuel Production Incentive Program to coincide with, rather than link directly to, the corresponding definition in the federal Renewable Fuel Standard. This modification effectively allows MDA to designate additional eligible advanced biofuels when such fuels have not yet been officially designated by the United States Environmental Protection Agency under the federal Renewable Fuel Standard.</p>
2	<p>Biomass.</p> <p>Defines this term for purposes of biomass sourcing requirements in the Advanced Biofuel Production Incentive, Renewable Chemical Production Incentive, and Biomass Thermal Production Incentive programs.</p>
3	<p>Renewable chemical.</p> <p>Modifies the definition of “renewable chemical” for purposes of determining a facility’s eligibility for the Renewable Chemical Production Incentive Program. Eliminates the term “biobased content” from the definition – the definition for that term is repealed in the final section of this article.</p>
4	<p>Eligibility.</p> <p>Modifies biomass sourcing requirements for the Advanced Biofuel Production Incentive Program and removes language limiting eligibility to advanced biofuel produced from agriculture, forestry, or solid waste sources. Modifies biomass sourcing requirements for facilities located near the state border.</p>
5	<p>Payment amounts; limits.</p> <p>Authorizes payment under the Advanced Biofuel Production Incentive Program of \$1.053 per MMBtu produced from oil or animal fat. Requires MDA to award payments to eligible entities on a pro-rata basis—rather than first-come-first-served—if program funds are not sufficient to pay all entities at statutory rates.</p>
6	<p>Cellulosic forestry biomass requirements.</p> <p>Modifies requirements that apply to forestry biomass used to produce advanced biofuel eligible for incentive payments under the Advanced Biofuel Production Incentive Program. Establishes a definition of “forest management plan” by referencing the</p>

Section	Description – Article 3: Bioincentive Program Changes
	corresponding definition in the Sustainable Forest Incentive Act administered by the Department of Revenue.
7	Eligibility. Similar to a prior section, this section modifies biomass sourcing requirements for the Renewable Chemical Production Incentive Program, removes language limiting eligibility to renewable chemical produced from biobased content, and modifies biomass sourcing requirements for facilities located near the state border.
8	Payment amounts; bonus; limits. Authorizes payment under the Renewable Chemical Production Incentive Program of 3 cents/pound of renewable chemical produced from starch, oil, or animal fat. Requires MDA to award renewable chemical payments to eligible entities on a pro-rata basis—rather than first-come-first-served—if program funds are not sufficient to pay all entities at statutory rates. Provides that if an eligible company blends renewable and nonrenewable chemicals, only the portion of the blended product attributable to renewable chemical is eligible for payment.
9	Cellulosic forestry biomass requirements. Modifies requirements that apply to forestry biomass used to produce renewable chemicals under the Renewable Chemical Production Incentive Program. Establishes a definition of forest management plan by referencing the corresponding definition in the Sustainable Forest Incentive Act administered by the Department of Revenue.
10	Eligibility. Similar to prior sections, this section modifies terminology and biomass sourcing requirements for the Biomass Thermal (energy) Production Incentive Program.
11	Payment amounts; bonus; limits; blending. Requires MDA to award biomass thermal payments to eligible entities on a pro-rata basis—rather than first-come-first-served—if program funds are not sufficient to pay all entities at statutory rates. Provides that if an energy producer becomes eligible due to expanded or retrofitted production capacity, MDA will assume that all qualifying biomass was used to produce biomass thermal energy from the added or retrofitted capacity.
12	Cellulosic forestry biomass requirements. Modifies requirements that apply to forestry biomass used to produce eligible biomass thermal energy under the Biomass Thermal Production Incentive Program. Establishes a definition of forest management plan by referencing the corresponding definition in the Sustainable Forest Incentive Act administered by the Department of Revenue.

Section	Description – Article 3: Bioincentive Program Changes
13	<p>Repealer.</p> <p>Repeals existing definitions of “biobased content” and “biobased formulated product” for purposes of the Advanced Biofuel Production Incentive, Renewable Chemical Production Incentive, and Biomass Thermal Production Incentive programs. These terms would effectively be replaced by the new term “biomass,” which is defined in section 2 of this article.</p>

Article 4: Grain Buyers and Grain Warehouses

This article modifies the Grain Buyers Act and the Grain Storage Act. These changes are based on recommendations from an advisory task force convened by MDA after at least two grain elevators became financially insolvent. Sections 1 to 11 modify the Grain Buyers Act, while sections 12 to 18 modify the Grain Storage Act.

All sections take effect on July 1, 2020, and apply to grain buyer and storage/warehouse licenses issued by MDA on or after that date.

Section	Description – Article 4: Grain Buyers and Grain Warehouses
1	<p>Applicability.</p> <p>Extends applicability of an existing set of defined terms under the Grain Buyers Act to include a new section created later in this article. (section 11)</p>
2	<p>Cash sale.</p> <p>Modifies the definition of “cash sale” for purposes of distinguishing between cash sales and voluntary extension of credit sales under the Grain Buyers Act. In general, cash sales are eligible for full or partial compensation under the grain buyer’s surety bond or letter of credit in the event of insolvency, while credit sales are not.</p>
3	<p>Grain.</p> <p>Eliminates a reference to the defunct Minnesota Board of Grain Standards in the definition of “grain.”</p>
4	<p>Grain buyers and storage account; fees.</p> <p>Establishes an annual examination fee to be paid by licensed grain buyers for each licensed location. The fee schedule is based on capacity as measured in bushels. Licensed buyers inspected by the United States Department of Agriculture are not required to pay this inspection fee to MDA. Authorizes MDA to charge a fee of \$55 per hour, per examiner, for any supplemental examination required by MDA. Appropriates any interest earned on money in the grain buyers and storage account to MDA for purposes of administering the Grain Buyers Act.</p>

Section	Description – Article 4: Grain Buyers and Grain Warehouses
5	<p>Bond.</p> <p>Eliminates obsolete language. Eliminates a grain buyer’s option to provide certain other forms of financial assurance in place of a surety bond. Retains the option to deposit an equivalent irrevocable bank letter of credit with Minnesota Management and Budget in place of the bond. Exempts certain small cash buyers from the requirement to maintain a bond or irrevocable letter of credit.</p>
6	<p>Cash sales; manner of payment.</p> <p>Modifies timing and payment requirements that pertain to grain buyers when purchasing grain with cash.</p>
7	<p>Financial statements.</p> <p>Modifies requirements pertaining to the financial statements that grain buyers must submit to MDA each year. Requires a grain buyer purchasing less than \$5 million of grain annually to have the statements reviewed by a certified public accountant, and to show that the statements are free from material misstatement. Requires a grain buyer purchasing \$5 million or more of grain annually to have the statements audited by a certified public accountant, and to submit the certified public accountant’s opinion statement to MDA. Requires the company’s board of directors, where applicable, to certify the financial statements submitted to MDA. Exempts certain small cash buyers from financial statement requirements altogether. Eliminates the existing option for certain large grain buyers to submit a certified net worth statement in lieu of financial statements. Requires MDA to annually provide each licensee with information regarding management’s fiduciary duties, as developed under section 19 of this article.</p>
8	<p>Oral contracts.</p> <p>Extends the period of time that grain buyers have to provide a written confirmation to the buyer when the buyer and seller enter into an oral voluntary extension of credit contract. Under current law, instead of receiving cash a farmer may enter into a “voluntary extension of credit contract” with the grain buyer and defer payment to a later date. By law, these sales are not covered by the grain buyer’s bond.</p>
9	<p>Contracts reduced to writing.</p> <p>Extends the period of time that grain buyers have to reduce voluntary extension of credit contracts to writing.</p>
10	<p>Rules.</p> <p>Extends MDA’s existing rulemaking authority under the Grain Buyers Act to include the new examination requirement established in the next section.</p>
11	<p>Annual examination required; supplemental examinations.</p> <p>Subjects grain buyers to an annual inspection conducted by MDA or the United States Department of Agriculture. Qualifying examinations must include a measurement of all</p>

Section	Description – Article 4: Grain Buyers and Grain Warehouses
12	<p>grain owned and maintained by the buyer. Authorizes MDA to require additional examinations as the agency deems necessary.</p> <p>Grain. Eliminates a reference to the Minnesota Board of Grain Standards in the Grain Storage Act’s definition of “grain.”</p>
13	<p>Grain bank. Defines “grain bank” for purposes of the Grain Storage Act. Specifies that a seed cleaning plant is not a grain bank.</p>
14	<p>Temporary storage. Defines this term for purposes of grain storage requirements modified in section 17.</p>
15	<p>Fees; grain buyers and storage account. Specifies that any interest accrued on money in the grain buyers and storage account is appropriated to MDA for purposes of administering the Grain Storage Act. Provides that the fee a public grain warehouse operator must pay for a supplemental examination required by MDA is \$55 per hour, per examiner.</p>
16	<p>Bonding. Authorizes a licensed public grain warehouse operator to, in lieu of a surety bond, deposit with Minnesota Management and Budget an irrevocable bank letter of credit in the same amount as would otherwise be required for the bond.</p>
17	<p>Grain delivered considered stored. Prohibits licensed public grain warehouses from holding grain in temporary storage, as defined, if the grain is owned or maintained by another. Provides that grain assigned to a grain bank, as defined, is considered stored grain for purposes of the bond and other applicable requirements under this chapter.</p>
18	<p>Schedule of inspection, financial reports. Reduces the annual examination requirement for licensed public grain warehouse operators from twice per year, to once. Eliminates MDA’s authority to provide by rule that a qualified nongovernmental unit may perform the examination. Authorizes MDA to require supplemental examinations of a public grain warehouse licensee as MDA deems necessary. Provides that the financial statement requirements for licensed public grain warehouse operators are the same as those required of grain buyers under the Grain Buyers Act.</p>

Section	Description – Article 4: Grain Buyers and Grain Warehouses
---------	--

- | | |
|----|---|
| 19 | <p>Fiduciary information; grain buying and storage.</p> <p>Requires MDA, in consultation with the Minnesota State Bar Association, to develop information on the fiduciary duties of licensed grain buyers and public grain warehouse operators.</p> |
|----|---|

Article 5: Housing Finance Agency Appropriations

Article 5 contains the appropriations from the general fund to the Minnesota Housing Finance Agency for specific programs. See the spreadsheet by House Fiscal Analyst, Ken Savary.

Section	Description – Article 5: Housing Finance Agency Appropriations
---------	--

- | | |
|---|--|
| 1 | <p>Appropriations.</p> <p>Provides boilerplate language regarding interpretation of the appropriations authorized in subsequent sections.</p> |
| 2 | <p>Housing Finance Agency Appropriations.</p> <p>Subd. 1. Total Appropriation.</p> <p>Subd. 2. Challenge Program. For Minn. Stat. § 462A.33. Includes a set-aside of \$1,208,000 each year for the first 11 months for housing projects for American Indians.</p> <p>Subd. 3. Workforce Housing Development. For Minn. Stat. § 462A.39. If the applicant requests and the agency approves, funded properties may include a portion of income and rent restricted units, and owner-occupied homes.</p> <p>Subd. 4. Manufactured Home Park Infrastructure Grants. For Minn. Stat. § 462A.2035, subd. 1b.</p> <p>Subd. 5. Workforce Homeownership Program. For Minn. Stat. § 462A.38.</p> <p>Subd. 6. Housing Trust Fund. For Minn. Stat. § 462A.201.</p> <p>Subd. 7. Homework Starts With Home. For Minn. Stat. §§ 462A.201, subd. 2, paragraph (a), clause (4), and 462A.204, subd. 8.</p> <p>Subd. 8. Rental Assistance for Mentally Ill (Bridges). For Minn. Stat. § 462A.2097.</p> <p>Subd. 9. Family Homeless Prevention. For Minn. Stat. § 462A.204.</p> |

Section **Description – Article 5: Housing Finance Agency Appropriations**

Subd. 10. Home Ownership Assistance Fund. For Minn. Stat. § 462A.21, subd. 8. Directs the MHFA to strengthen efforts to address disparity in homeownership rates between white households and indigenous American Indians and communities of color, and to collect related data that is voluntarily provided.

Subd. 11. Affordable Rental Investment Fund. For Minn. Stat. §§ 462A.21, subd. 8b and 462A.05, subd. 39.

Subd. 12. Owner-Occupied Housing Rehabilitation. For Minn. Stat. § 462A.05, subds. 14 and 14a.

Subd. 13. Rental Housing Rehabilitation. For Minn. Stat. § 462A.05, subd. 14.

Subd. 14. Homeownership Education, Counseling, and Training. For Minn. Stat. § 462A.209.

Subd. 15. Capacity-Building Grants. For Minn. Stat. § 462A.21, subd. 3b.

Subd. 16. Build Wealth MN. For a grant to Build Wealth MN for a family stabilization plan program.

Subd. 17. Availability and Transfer of Funds. Money appropriated in the first year is available in the second year. Allows the commissioner to shift or transfer money in the second year among the following programs to address high-priority housing needs: the challenge program, workforce housing development, manufactured home park infrastructure grants, workforce homeownership program, and owner-occupied and rental housing rehabilitation assistance programs.

Article 6: Housing Policy

In this article:

- section 1 provides for trailer use to move manufactured and modular homes
- sections 2 to 5 make changes to manufactured and modular home requirements
- sections 6 to 14 and the repealer in section 61 amend the requirements for notice and negotiation on a manufactured home park when the purchaser plans to convert the use of the park
- sections 15 to 17, and 27 make changes to the manufactured home park relocation trust fund program
- sections 18 to 21 increase manufactured home parks' access to funding sources for acquisition or improvements, or both, by adding them to the city

housing improvement area law and the manufactured home park redevelopment grant program

- sections 22 and 23 relate to MHFA required reports
- section 24 strikes 2018 language governing use of low-income housing tax credits
- section 25 provides priorities for MHFA grants and loans
- section 26 relates to the challenge program and section 28 relates to the workforce homeownership program
- sections 29 to 55 make changes to the Minnesota Bond Allocation Act for residential rental housing to: (1) give priority to projects using bonds for 55 percent or less of costs to allow for more projects to be funded; (2) give priority to projects that are more affordable for a longer term; (3) allow senior housing projects to compete on the same basis as other projects; (4) fully fund projects on a random basis rather than pro-rate available funding when oversubscribed; and (5) require bonds to be issued or returned for other projects
- sections 56 to 59 add new lease requirements to Minnesota Statutes, chapter 504B
- section 60 allows Itasca County to regulate certain fees affecting homeowners with houses on land pursuant to a license from the land owner

Section	Description – Article 6: Housing Policy
1	<p>Trailer use. Provides for the overdimensional loads containing buildings, including modular and manufactured homes.</p>
2	<p>Fees. Decreases licensing fees for manufactured home installers.</p>
3	<p>Modular home. Defines "modular home."</p>
4	<p>Placement of modular homes. Allows placement of modular homes in manufactured home parks and grants them the same legal rights, obligations, duties, and tax treatment as manufactured homes.</p>
5	<p>Manufactured home installers. Removes language stating that licensure as a manufactured home installer is a business license for the purposes of calculating fees under Minnesota Statutes, section 326B.092.</p>

Section	Description – Article 6: Housing Policy
6	<p>Representative acting on behalf of residents.</p> <p>Defines “representative acting on behalf of residents” as a person or organization who represents more than half of the manufactured home park when trying to purchase the park for the owners.</p>
7	<p>Conversion of use; minimum notice.</p> <p>Requires a 12-month notice, instead of the existing nine-month notice, for conversion of a manufactured home park to another use, and requires the resident to have 90 days instead of 60 days after the public hearing to vacate the home park. This section also requires the closure statement to include the closure date, and to reissue the notice of closure in certain circumstances.</p>
8	<p>Notice of hearing; proposed change in land use.</p> <p>Technical and conforming changes.</p>
9	<p>Closure statement.</p> <p>Technical and conforming changes.</p>
10	<p>Public hearing; relocation compensation; neutral third party.</p> <p>Technical and conforming changes, and directs the local government authority to provide information to the neutral third party at the public hearing held related to park closures. Adds requirements and duties for the neutral third party.</p>
11	<p>Intent to convert use of park at time of purchase.</p> <p>Prohibits the park owner from entering a purchase agreement to sell or convert the park to another use for 45 days, except that they can enter an agreement to sell the park to the residents of the park if the residents of the park can make an offer to meet the cash price and other terms and conditions of the sale. Requires the park owner to negotiate in good faith and to allow the representative a reasonable period to access the information necessary to make a decision about the purchase of the manufactured home park.</p> <p>Requires the representative to provide ten percent of the offer price as earnest money to compensate the park owner if the park ultimately sells for less than the original offer, and requires the representative to certify the property will stay a manufactured home park for ten years.</p>
12	<p>Conversion of use of park after purchase.</p> <p>Prohibits a manufactured home park from providing the conversion notice to residents for 12 months if the park did not provide the proper notice required in section 6.</p>
13	<p>Effect of noncompliance.</p> <p>Clarifying changes related to park closure remedies.</p>

Section	Description – Article 6: Housing Policy
14	<p>Affidavit of compliance.</p> <p>Clarifies who should record an affidavit of compliance and that the affidavit is presumptive evidence of compliance with the park owner providing the notice to the residents of the intent to convert the manufactured home park required in section 6.</p>
15	<p>Payment to the Minnesota manufactured home relocation trust fund.</p> <p>Changes the amount required for the assessment of the manufactured home park required contribution to when the fund goes below \$2,000,000 and clarifies residents must pay into the fund to receive relocation assistance and receive notice about the payment.</p>
16	<p>Change in use, relocation expenses; payment by park owner.</p> <p>Allows home owners to obtain relocation costs to move a home from a park that is closing to a new location within a 50-mile radius of the park. This section also makes a technical change to the form a resident submits for payment from the trust fund, requires the neutral third party to make payments within 14 days, and allows park owners to get \$1,500 for removal costs of homes in disrepair.</p>
17	<p>Reporting of licensed manufactured home parks.</p> <p>Adds a new subdivision requiring the Department of Health (and local governments it has delegated to) to provide the Department of Management and Budget license information for each manufactured home park by March 31 each year so invoices for assessments can be sent.</p>
18 - 19	<p>Housing improvement (housing improvement areas – HIA).</p> <p>Adds manufactured home parks to the definitions in the HIA statute to allow owners of manufactured homes in a manufactured home park to petition the city to establish an HIA. If established, the city would finance the improvements and charge the manufactured home owners fees to recover the amount financed. Under current law, a HIA helps finance housing improvements in condominium or townhome complexes. Fees to repay the city can be imposed on the basis of the tax capacity (value) of the housing unit, total square footage of the housing unit, or a method determined by the city and specified in the city resolution to establish the HIA.</p>
20	<p>Individual assistance grants (manufactured housing).</p> <p>Requires manufactured homes to comply with the HUD manufactured housing code in place of the state building code, in the statute that provides manufactured home park residents down-payment assistance.</p>
21	<p>Manufactured home park infrastructure grants.</p> <p>Allows manufactured home park redevelopment grants to be used to acquire manufactured home parks, as well as improve them.</p>

Section	Description – Article 6: Housing Policy
22	<p>Report (Homeownership education, counseling, and training).</p> <p>Requires nonprofit organizations and political subdivisions that provide services through the homeownership education, counseling, and training program to report to the MHFA each year information and specific data on the services they provided. Requires the MHFA to report the information to the members of the legislative housing policy and finance committees. Effective July 1, 2020.</p>
23	<p>Biennial report.</p> <p>Adds to the report requirements the cost per unit of housing and cost per square foot of housing financed under each MHFA program.</p>
24	<p>Allocation procedure.</p> <p>Strikes language added to the MHFA enabling statute in the 2018 bonding act that directs the MHFA to give residential rental housing projects financed with an allocation of tax-exempt bonds the highest strategic priority for an allocation of low-income housing tax credits. The stricken language also prohibited the MHFA’s allocation plan from using a per-unit cost limitation, cost reasonableness, or other similar restriction for allocation.</p> <p>The low-income housing tax credit program is a financing program for qualified residential rental properties. The low-income housing tax credit program offers investors a reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation, or acquisition with rehabilitation.</p> <p>Effective May 31, 2019.</p>
25	<p>Construction; grants and loans.</p> <p>Directs the MHFA to award grant and loan amounts with a reasonable balance between metropolitan and nonmetropolitan areas, to the extent practicable. Requires the results of any quantitative scoring used to rank applications made in response to requests for proposals issued after July 1, 2020, to be posted on the MHFA website.</p>
26	<p>Created (economic development and challenge grant program).</p> <p>Requires the program to be construed only under the language of the program and any appropriation for the program, notwithstanding the statute that directs the agency to construe its enabling law liberally for the welfare of the state and its inhabitants. Effective July 1, 2020.</p>
27	<p>Advances to Minnesota Manufactured Home Relocation Trust Fund.</p> <p>Permits the MHFA and MMB, as determined by the commissioner of management and budget, to advance up to \$400,000 from state appropriations or other resources to the Minnesota manufactured home relocation trust fund if the account balance is insufficient to pay claims. Requires the MHFA or MMB to be reimbursed from the trust fund.</p>

Section	Description – Article 6: Housing Policy
	Manufactured home owners with approved claims must be paid before the MHFA or MMB is reimbursed.
28	Establishment (workforce and affordable homeownership development program). Makes cities and tribal governments eligible for grants under the program.
29	Aggregate bond limitation. Defined to mean up to 55 percent of the reasonably expected aggregate basis of a residential rental project and the land on which the project is or will be located. Effective January 1, 2020.
30	AMI. Defined to mean area median income for the applicable county or metropolitan area as adjusted for household size. Effective January 1, 2020.
31	LIHTC. Defined to mean low-income housing tax credits. Effective January 1, 2020.
32	Preservation project. Defined to mean a project expected to generate LIHTC and that receives federal project-based rental assistance or a loan or guarantee from the USDA Rural Development Program. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.
33	30 percent AMI residential rental project. Defined to mean a project in greater Minnesota that is expected to generate LIHTC from 100 percent of the rental units, is not a preservation project, and in which, on average, tenants are at 30 percent of AMI or less. Also, the units are subject to rent restrictions for at least 30 years. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.
34	50 percent AMI residential rental project. Defined to mean a project that is expected to generate LIHTC from 100 percent of the rental units, is not a preservation project or 30 percent AMI project, and in which, on average, tenants are at 50 percent AMI or less. Also, the units are subject to rent restrictions for at least 30 years. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.

Section	Description – Article 6: Housing Policy
35	<p>100 percent LIHTC project.</p> <p>Defined to mean all units are expected to generate LIHTC and the project does not qualify under the other project definitions. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.</p>
36	<p>20 percent LIHTC project.</p> <p>Defined to mean at least 20 percent of the units are expected to generate LIHTC and the project does not qualify under the other project definitions. An application must not exceed the aggregate bond limitation. Effective January 1, 2020.</p>
37	<p>Under federal tax law; allocations.</p> <p>For 2020 and 2021, the amount reserved in the housing pool during the first half of the year for single-family housing programs is reduced from 31 percent to 27 percent. After 2021, it returns to 31 percent. Effective January 1, 2020.</p>
38	<p>Entitlement reservations.</p> <p>Changes the date to the last Monday in June for returned allocations to allow for the seven-day hold period and an orderly transition to the unified pool for allocation in the second half of the year. Effective January 1, 2020.</p>
39	<p>Allocation application; small issue pool and public facilities pool.</p> <p>Limits the application of the section to the small issue pool and public facilities pool, striking provisions relating to housing. Effective January 1, 2020.</p>
40	<p>Allocation application; housing pool.</p> <p>Adds procedures for allocation of the housing pool. Requires the application to specify what type of project it is. Provides for an application fee of two percent of the requested allocation. Prohibits an entitlement issuer from applying unless it has either permanently issued bonds equal to any amount of bonding authority carried forward or has returned for reallocation any unused bonding authority carried forward. Effective January 1, 2020.</p>
41	<p>Housing pool allocation.</p> <p>Establishes the priority for projects using the definitions in the act and how to allocate among projects of the same priority. Strikes language limiting allocations for senior housing projects. Effective January 1, 2020.</p>
42	<p>Small issue pool allocation.</p> <p>Conforming change. Effective January 1, 2020.</p>
43	<p>Public facilities pool allocation.</p> <p>Conforming change. Effective January 1, 2020.</p>

Section	Description – Article 6: Housing Policy
44	Return of allocation; deposit refund for small issue pool or public facilities pool. Conforming change. Effective January 1, 2020.
45	Return of allocation; deposit refund for housing pool. Provides reallocation procedures for the housing pool. Provides for return of the application deposit on a return for reallocation; the amount of the deposit return declines as time passes. Effective January 1, 2020.
46	Minnesota Office of Higher Education. Clarifying change. Effective January 1, 2020.
47	Unified pool amount. Conforming change. Unused allocations from the small issue pool, housing pool, and public facilities pool are transferred to the unified pool after the last Monday in June. Effective January 1, 2020.
48	Application for residential rental projects. Provides for allocation from the unified pool for residential rental housing applications. Effective January 1, 2020.
49	Application for all other types of qualified bonds. Adds a provision for allocation from the unified pool for all other types of qualified bonds. Effective January 1, 2020.
50	Allocation procedure. States priorities for residential rental housing projects if there is more than one for the same type of project. Effective January 1, 2020.
51	Return of allocation; deposit refund. Same deposit refund for residential rental housing projects that return an allocation from the unified pool. Effective January 1, 2020.
52	Notice of issue (carryforward). Adds provision governing return of deposit when an issuer receives an allocation for a residential rental project issues obligations. Effective January 1, 2020.
53	Deadline for issuance of qualified bonds. Conforming changes. Effective January 1, 2020.

Section	Description – Article 6: Housing Policy
54	<p>Notice of availability authority. Conforming change. Effective January 1, 2020.</p>
55	<p>Appropriation; receipts. Conforming change to incorporate references to provisions added by the act. Effective January 1, 2020.</p>
56	<p>Written lease required; penalty. Requires leases to identify the specific unit that will be rented in a lease between a tenant and a landlord when the building has 12 or more units. A landlord that fails to follow this provision is guilty of a petty misdemeanor.</p> <p>Effective May 31, 2019, and apply to leases signed on or after that date.</p>
57	<p>Lease duration notice. Creates new lease requirements that require:</p> <ul style="list-style-type: none">▪ the date a tenant will move in and move out of a unit must be written on the first page of the lease; and▪ if the move in or move out date are <u>not</u> on the first or last day of the month, then the terms of the lease must indicate if the rent is prorated. <p>Effective May 31, 2019, and apply to leases signed on or after that date.</p>
58	<p>Time period for notice to quit or rent increase.</p> <p>Subd. 1. Application. Provides that this section applies to residential leases only when the lease requires different periods of time for landlords and tenants to provide notice related to renewing the lease, moving out, or changing the rent.</p> <p>Subd. 2. Tenant option to choose notice period. Allows tenants to choose to use the time period the landlord has to give notice that a lease is ending or that the rent is increasing when the tenant is giving notice to move out.</p> <p>Subd. 3. Landlord notice requirements. Prohibits a landlord from giving a tenant notice that they need to move out or give the tenant a rent increase that is shorter than the notice the tenant has to give to the landlord letting them know they are planning to move out.</p> <p>Subd. 4. No waiver. Prohibits the provisions in subdivisions 1 through 3 from being waived by a verbal or written agreement.</p> <p>Effective May 31, 2019, and applies to leases entered into on or renewed after that date.</p>

Section	Description – Article 6: Housing Policy
59	Liability for rent; termination of tenancy. Technical and conforming changes.
60	Itasca County; certain fees may be regulated. Permits Itasca County to regulate by ordinance license fee increases that may be imposed on a homeowner by the owner or licensor of the underlying land on which the house is located. Specifies the regulations if the county adopts an ordinance. Defines “license fee.” Provides for the ordinance to apply only to fees imposed pursuant to license agreements entered into or renewed on or after the effective date. Effective May 31, 2019.
61	Repealer. Repeals the statutory form for a recorded notice related to the closure of a manufactured home park.

Article 7: Broadband Development

This article appropriates funding in fiscal years 2020 and 2021 to the Minnesota Department of Employment and Economic Development to operate the agency’s Broadband Development Office and to award financial assistance to establish border-to-border broadband internet and telecommunications service.



Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155