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HOUSE FILE No. **2695**

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The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to economic development; encouraging job creation; allowing tax credits for job growth investment credit and historic structure rehabilitation; disallowing the deduction of certain dividends; expanding the use of special assessment for certain energy conservation improvements; expanding the permitted use of tax increment financing for certain projects; repealing restrictions on city of Bloomington's development of the Mall of America site; appropriating money; amending Minnesota Statutes 2008, sections 290.06, by adding a subdivision; 290.21, subdivision 4; 429.011, by adding subdivisions; 429.021, subdivision 1; 429.031, subdivision 3; 469.174, by adding a subdivision; 469.175, by adding a subdivision; 469.176, subdivisions 1b, 4c, by adding subdivisions; Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2; Laws 1986, chapter 391, section 1; Laws 1995, chapter 264, article 5, sections 44, subdivision 4, as amended; 45, subdivision 1, as amended; Laws 2008, chapter 366, article 5, sections 28, subdivision 1; 29, subdivisions 1, 2, 4; proposing coding for new law in Minnesota Statutes, chapters 116J; 290; 469; repealing Laws 1996, chapter 464, article 1, section 8, subdivision 5.

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

Section 1. **[116J.8737] JOB GROWTH INVESTMENT TAX CREDIT.**

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Qualifying small business" means a business that:

(1) is engaged in, or is committed to engage in, biotechnology, technology, manufacturing, agriculture, processing or assembling products, conducting research and development, or developing a new product or business process;

(2) is not engaged in real estate development, insurance, banking, lobbying, political consulting, wholesale or retail trade, leisure, hospitality, construction, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

- 2.1 (3) has its headquarters in Minnesota;
- 2.2 (4) employs at least 51 percent of the business's employees in Minnesota;
- 2.3 (5) has fewer than 100 employees;
- 2.4 (6) has less than \$2,000,000 in annual gross sales receipts for the previous year;
- 2.5 (7) is not a subsidiary or an affiliate of a business which employs more than 100
- 2.6 employees or has total gross sales receipts for the previous year of more than \$2,000,000,
- 2.7 computed by aggregating all of the employees and gross sales receipts of the business
- 2.8 entities affiliated with the business;
- 2.9 (8) has not previously received more than \$2,000,000 in private equity investments;
- 2.10 (9) has not previously received more than \$500,000 in investments that have
- 2.11 qualified for and received tax credits under this section; and
- 2.12 (10) for a business with five or more employees, measured on a full-time equivalent
- 2.13 basis:
- 2.14 (i) provides wages and benefits to at least 75 percent of its employees in excess of
- 2.15 the first five employees, equal to or greater than 175 percent of the federal poverty level
- 2.16 for a family of four; and
- 2.17 (ii) provides wages and benefits to its employees in excess of the first five employees,
- 2.18 equal to or greater than 110 percent of the federal poverty level for a family of four.
- 2.19 (c) "Qualifying green job small business" means a business that satisfies all of the
- 2.20 requirements of paragraph (b), except clause (1), and is predominantly engaged in one
- 2.21 or more of the following industry sectors:
- 2.22 (1) green products: businesses related to the manufacture of products used by
- 2.23 the building, transport, consumer products, and industrial products sectors, that reduce
- 2.24 environmental impact and increase the efficiency of the use of resources such as energy,
- 2.25 water, and materials;
- 2.26 (2) renewable energy: businesses related to the production of energy from natural
- 2.27 resources such as solar, wind, hydropower, geothermal, biomass (including but not limited
- 2.28 to animal waste and crop waste), and biofuels (including but not limited to ethanol and
- 2.29 biodiesel), as well as from waste heat recovery and from the use of biomass for energy
- 2.30 production including cogeneration;
- 2.31 (3) green services: businesses that provide services that help other businesses or
- 2.32 consumers utilize green products and technologies, build energy infrastructure, recycle,
- 2.33 and manage waste; or
- 2.34 (4) environmental conservation: businesses related to the conservation of energy,
- 2.35 air, water, and land, including air emissions control, environmental monitoring and

3.1 compliance, water conservation, wastewater treatment, land management (including but
3.2 not limited to prairie), natural pesticides, aquaculture, and organic farming.

3.3 (d) "Regional investment fund" means a pooled investment fund that:

3.4 (1) invests in qualifying small businesses;

3.5 (2) invests in qualifying green job small businesses;

3.6 (3) is organized as a limited liability company or other pass-through entity; and

3.7 (4) has no fewer than five separate investors, each of whom is a qualified taxpayer, as
3.8 defined in paragraph (e), and owns no more than 20 percent of the outstanding ownership
3.9 interests in the fund.

3.10 For purposes of determining the number of investors and the ownership interests of
3.11 an investor under this clause, the ownership interests of an investor include those of the
3.12 investor's spouse, children, or siblings, and any corporation, limited liability company,
3.13 partnership, or trust in which the investor has a controlling equity interest or in which the
3.14 investor exercises management control.

3.15 (e) "Qualified taxpayer" means:

3.16 (1) an accredited investor, within the meaning of Regulation D of the Securities and
3.17 Exchange Commission, Code of Federal Regulations, title 17, section 230.501(a), whether
3.18 part of a pass-through entity or not, who:

3.19 (i) does not own, control, or hold power to vote 20 percent or more of the outstanding
3.20 securities of the qualifying small business or the qualifying green job small business in
3.21 which the eligible investment is proposed; or

3.22 (ii) does not receive more than 50 percent of the gross annual income from the
3.23 qualifying small business or the qualifying green job small business in which the eligible
3.24 investment is proposed;

3.25 (2) A member of the immediate family of a taxpayer disqualified by this subdivision
3.26 is not eligible for a credit under this section. For purposes of this subdivision, "immediate
3.27 family" means the taxpayer's spouse, parent, sibling, or child, or the spouse of any person
3.28 listed in this paragraph.

3.29 **Subd. 2. Credit allowed, holding period, limitations, and carryover.** (a) A
3.30 qualified taxpayer is allowed a credit against the tax imposed under chapter 290 for
3.31 investments made in a qualified regional investment fund, a qualifying small business,
3.32 or a qualifying green job small business. The credit equals 25 percent of the qualified
3.33 taxpayer's investment in the business, but not to exceed the lesser of:

3.34 (1) the liability for tax under chapter 290, including the applicable alternative
3.35 minimum tax, but excluding the minimum fee under section 290.0922; and

4.1 (2)(i) the amount of the certificate provided to the taxpayer under subdivision
4.2 4, paragraph (c); or

4.3 (ii) the amount of the certificate provided to the qualified individual investor under
4.4 subdivision 6, paragraph (d).

4.5 (b) No taxpayer may receive more than \$100,000 in provisional credits under this
4.6 section in any one year.

4.7 (c) A qualified taxpayer must claim the credit in the third tax year after which the
4.8 investment in the qualified regional investment fund, the qualifying small business, or the
4.9 qualifying green job small business was made. The credit is allowed only for investments
4.10 made in:

4.11 (1) a qualified regional investment fund that remains invested for at least three
4.12 years and that are made after the fund has been certified by the commissioner under
4.13 subdivision 4;

4.14 (2) a qualifying small business that remains invested for at least three years and that
4.15 are made after the qualified individual investor has been certified by the commissioner
4.16 under subdivision 6; or

4.17 (3) a qualifying green job small business that remains invested for at least three
4.18 years and that are made after the qualified individual investor has been certified by the
4.19 commissioner under subdivision 6.

4.20 (d) The three-year investment holding period required by paragraph (c) does not
4.21 apply if:

4.22 (1) the investment by the qualified regional investment fund or the qualified
4.23 individual investor becomes worthless before the end of the three-year period; or

4.24 (2) the qualifying small business or qualifying green job small business is sold
4.25 before the end of the three-year period.

4.26 (e) If the amount of the credit under this subdivision for any taxable year exceeds
4.27 the limitations under paragraph (a), the excess is a credit carryover to each of the ten
4.28 succeeding taxable years. The entire amount of the excess unused credit for the taxable
4.29 year must be carried first to the earliest of the taxable years to which the credit may be
4.30 carried. The amount of the unused credit that may be added under this paragraph may not
4.31 exceed the taxpayer's liability for tax less the credit for the taxable year.

4.32 Subd. 3. **Qualified regional investment fund; requirements.** (a) To be certified as
4.33 a qualified regional investment fund for the purposes of this section, a regional investment
4.34 fund must:

4.35 (1) have a minimum of two-thirds of the regional investment fund's members,
4.36 shareholders, or partners be residents of the region that is the focus of the fund;

(2) allocate at least 60 percent of the funds it invests to qualifying small businesses or to qualifying green job small businesses within its region of focus; and

(3) allocate at least 50 percent of the funds it invests to qualifying green job small businesses.

(b) The allocations in paragraph (a), clauses (2) and (3), need not be exclusive.

(c) Investments from other qualified regional investment funds into the qualifying small businesses or qualifying green job small businesses that are the recipients of the qualified regional investment fund's investment shall count toward the allocations in paragraph (a), clauses (2) and (3).

(d) Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both, as the fund's governing body determines appropriate.

Subd. 4. **Certification of funds.** (a) Regional investment funds may apply to the commissioner for certification as a qualified regional investment fund. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$1,250. Fees are appropriated to the commissioner for personnel and administrative expenses related to administering the program.

(b) The commissioner may certify up to 20 regional investment funds per year. Certifications shall be awarded in the order of the qualifying applications received, subject to the following limitations:

(1) the commissioner may certify no more than three regional investment funds per year that seek business investment opportunities that may qualify for and receive tax credits under this section in more than 15 Minnesota counties; and

(2) the commissioner may certify no more than five regional investment funds per year that seek business investment opportunities that may qualify for and receive tax credits under this section in the metropolitan area, as defined in section 473.121, subdivision 2.

(c) The commissioner shall provide provisional credit certificates to investors in a qualified regional fund to credits under this section, in proportion to the investment of the investor in the fund and upon a showing by the fund of an investment in a qualifying small business or qualifying green job small business, of no more than \$500,000 per fund per year. The commissioner may not issue a total of more than \$2,000,000 per year in provisional credit certificates to fund investors in fiscal years 2011, 2012, and 2013.

(d) The commissioner shall provide a final credit certificate to investors in the fund upon a showing by the fund that the holding requirements of subdivision 2, paragraph (b), have been met and that the investors in the fund are otherwise eligible for the credit.

6.1 Subd. 5. **Fund requirements.** The commissioner shall enter into an agreement
6.2 with each of the qualified regional investment funds certified under subdivision 4. Each
6.3 agreement must include a provision requiring the qualified regional investment fund to
6.4 annually report on the employment figures and wages and benefits paid by the businesses
6.5 in which investments are made and a provision stating the specific manner in which
6.6 the qualified regional investment fund will comply or is complying with the allocation
6.7 requirements under subdivision 3, paragraph (a), clauses (2) and (3).

6.8 Subd. 6. **Certification of individual investors.** (a) Qualified taxpayers may apply
6.9 to the commissioner of employment and economic development for certification as a
6.10 qualified individual investor. The application must be in the form and be made under the
6.11 procedures specified by the commissioner, accompanied by an application fee of \$250.
6.12 Fees are appropriated to the commissioner for personnel and administrative expenses
6.13 related to administering the program.

6.14 (b) The commissioner may certify up to 40 qualified individual investors per year.
6.15 Certifications are awarded in the order the qualifying applications are received; however,
6.16 the commissioner may certify no more than ten qualified individual investors per year that
6.17 seek business investment opportunities that may qualify for and receive tax credits under
6.18 this section in the metropolitan area, as defined in section 473.121, subdivision 2.

6.19 (c) The commissioner shall provide provisional credit certificates to qualified
6.20 individual investors, upon a showing by the qualified individual investor of investments of
6.21 at least \$25,000 in qualifying small businesses or qualifying green job small businesses; at
6.22 least one-half of the investments made by the investor must be in qualifying green job
6.23 businesses. The commissioner may not issue more than \$100,000 in provisional credit
6.24 certificates per qualified individual investor per year. The commissioner may not issue
6.25 a total of more than \$1,000,000 per year in provisional credit certificates to qualified
6.26 individual investors in fiscal years 2011, 2012, and 2013.

6.27 (d) The commissioner shall provide a final credit certificate to the qualified individual
6.28 investor upon a showing by the investor that the holding requirements of subdivision 2,
6.29 paragraph (c), have been met and that the investor is otherwise eligible for the credit.

6.30 Subd. 7. **Qualified individual investor requirements.** The commissioner shall
6.31 enter into an agreement with each qualified individual investor certified under subdivision
6.32 6. Each agreement must include a provision requiring the qualified individual investor to
6.33 annually report on the employment figures and wages and benefits paid by the businesses
6.34 in which investments are made and a provision stating the specific manner in which the
6.35 qualified individual investor will comply or is complying with the allocation requirements
6.36 under subdivision 6, paragraph (c).

7.1 Subd. 8. **Rulemaking.** The commissioner's actions in establishing procedures and
7.2 requirements and in making determinations and certifications to administer this section are
7.3 not a rule for purposes of chapter 14, are not subject to the Administrative Procedure Act
7.4 contained in chapter 14, and are not subject to section 14.386.

7.5 Subd. 9. **Sunset.** The authority to provide provisional credit certificates under
7.6 this section expires on June 30, 2013, and this section expires effective for investments
7.7 made beginning after December 31, 2013.

7.8 **EFFECTIVE DATE.** This section is effective the day following final enactment for
7.9 taxable years beginning after December 31, 2009, and only applies to investments made
7.10 after the qualified regional investment fund or qualified individual investor has been
7.11 certified by the commissioner of economic development.

7.12 Sec. 2. Minnesota Statutes 2008, section 290.06, is amended by adding a subdivision
7.13 to read:

7.14 Subd. 36. **Job growth investment tax credit.** (a) A taxpayer is allowed a
7.15 credit as determined under section 116J.8737 against the tax imposed by this chapter.
7.16 Notwithstanding the certification eligibility issued by the commissioner of the Department
7.17 of Employment and Economic Development under section 116J.8737, the commissioner
7.18 may utilize any audit and examination powers under chapter 270C or 289A to the extent
7.19 necessary to verify that the taxpayer is eligible for the credit and to assess for the amount
7.20 of any improperly claimed credit.

7.21 (b) This credit expires for investments made in taxable years beginning after
7.22 December 31, 2013.

7.23 **EFFECTIVE DATE.** This section is effective the day following final enactment for
7.24 taxable years beginning after December 31, 2009, and only applies to investments made
7.25 after the qualified regional investment fund or qualified individual investor has been
7.26 certified by the commissioner of employment and economic development.

7.27 Sec. 3. **[290.06781] CREDIT FOR HISTORIC STRUCTURE**
7.28 **REHABILITATION.**

7.29 Subdivision 1. **Definitions.** (a) For purposes of this section the following terms
7.30 have the meanings given.

7.31 (b) "Certified historic structure" has the meaning given in section 47(c)(3)(A) of the
7.32 Internal Revenue Code.

8.1 Subd. 2. **Credit allowed; certified historic structure.** A taxpayer who claims a
8.2 credit under section 47(a)(2) of the Internal Revenue Code for the taxable year is allowed a
8.3 credit against the tax due under this chapter for rehabilitation of a certified historic structure
8.4 that is located in Minnesota. The credit is equal to 100 percent of the credit allowed
8.5 for rehabilitation of a certified historic structure under section 47(a)(2) of the Internal
8.6 Revenue Code, but is limited to credits generated by rehabilitation of certified historic
8.7 structures that receive Part 3 certification and are placed in service during the taxable year.

8.8 Subd. 3. **Partnerships; multiple owners.** Credits granted to a partnership, a
8.9 limited liability company taxed as a partnership, or multiple owners of property are
8.10 passed through to the partners, members, or owners, respectively, pro rata to each partner,
8.11 member, or owner based on their share of the entity's assets.

8.12 Subd. 4. **Credit refundable.** If the amount of credit that the taxpayer is eligible to
8.13 receive under this section exceeds the liability for tax under this chapter, the commissioner
8.14 shall refund the excess to the claimant.

8.15 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds authorized under
8.16 this section is appropriated to the commissioner of revenue from the general fund.

8.17 Subd. 6. **Manner of claiming.** The commissioner shall prescribe the manner in
8.18 which the credit may be issued or claimed. This may include allowing the credit only as
8.19 a separately processed claim for refund.

8.20 Subd. 7. **Report; determination of economic impact.** The Minnesota Historical
8.21 Society shall annually determine the economic impact to the state from the rehabilitation
8.22 of property for which credits are provided under this section and provide a written report
8.23 on the impact to the committees on taxes of the senate and house of representatives,
8.24 in compliance with sections 3.195 and 3.197. The Minnesota Historical Society may
8.25 collect a reasonable fee for issuing Part 3 certification of certified historic structures. Fees
8.26 collected may not exceed the cost of preparing the report required under this subdivision.

8.27 Subd. 8. **Sunset.** This section expires for taxable years beginning after December
8.28 31, 2013.

8.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning
8.30 after December 31, 2009, for certified historic structures for which qualified costs of
8.31 rehabilitation are first paid under building contracts entered into after March 1, 2010.

8.32 Sec. 4. Minnesota Statutes 2008, section 290.21, subdivision 4, is amended to read:

8.33 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent
8.34 of dividends received by a corporation during the taxable year from another corporation,
8.35 in which the recipient owns 20 percent or more of the stock, by vote and value, not

9.1 including stock described in section 1504(a)(4) of the Internal Revenue Code when the
9.2 corporate stock with respect to which dividends are paid does not constitute the stock in
9.3 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not
9.4 constitute property held by the taxpayer primarily for sale to customers in the ordinary
9.5 course of the taxpayer's trade or business, or when the trade or business of the taxpayer
9.6 does not consist principally of the holding of the stocks and the collection of the income
9.7 and gains therefrom; and

9.8 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in
9.9 an affiliated company transferred in an overall plan of reorganization and the dividend
9.10 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
9.11 amended through December 31, 1989;

9.12 (ii) the remaining 20 percent of dividends if the dividends are received from a
9.13 corporation which is subject to tax under section 290.36 and which is a member of an
9.14 affiliated group of corporations as defined by the Internal Revenue Code and the dividend
9.15 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
9.16 amended through December 31, 1989, or is deducted under an election under section
9.17 243(b) of the Internal Revenue Code; or

9.18 (iii) the remaining 20 percent of the dividends if the dividends are received from a
9.19 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
9.20 member of an affiliated group of corporations as defined by the Internal Revenue Code
9.21 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation
9.22 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
9.23 under an election under section 243(b) of the Internal Revenue Code.

9.24 (b) Seventy percent of dividends received by a corporation during the taxable year
9.25 from another corporation in which the recipient owns less than 20 percent of the stock,
9.26 by vote or value, not including stock described in section 1504(a)(4) of the Internal
9.27 Revenue Code when the corporate stock with respect to which dividends are paid does not
9.28 constitute the stock in trade of the taxpayer, or does not constitute property held by the
9.29 taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or
9.30 business, or when the trade or business of the taxpayer does not consist principally of the
9.31 holding of the stocks and the collection of income and gain therefrom.

9.32 (c) The dividend deduction provided in this subdivision shall be allowed only with
9.33 respect to dividends that are included in a corporation's Minnesota taxable net income
9.34 for the taxable year.

9.35 The dividend deduction provided in this subdivision does not apply to a dividend
9.36 from a corporation which, for the taxable year of the corporation in which the distribution

10.1 is made or for the next preceding taxable year of the corporation, is a corporation exempt
10.2 from tax under section 501 of the Internal Revenue Code.

10.3 The dividend deduction provided in this subdivision applies to the amount of
10.4 regulated investment company dividends only to the extent determined under section
10.5 854(b) of the Internal Revenue Code.

10.6 The dividend deduction provided in this subdivision shall not be allowed with
10.7 respect to any dividend for which a deduction is not allowed under the provisions of
10.8 section 246(c) of the Internal Revenue Code.

10.9 (d) If dividends received by a corporation that does not have nexus with Minnesota
10.10 under the provisions of Public Law 86-272 are included as income on the return of
10.11 an affiliated corporation permitted or required to file a combined report under section
10.12 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the
10.13 determination as to whether the trade or business of the corporation consists principally
10.14 of the holding of stocks and the collection of income and gains therefrom shall be made
10.15 with reference to the trade or business of the affiliated corporation having a nexus with
10.16 Minnesota.

10.17 (e) The deduction provided by this subdivision does not apply if the dividends are
10.18 paid by a FSC as defined in section 922 of the Internal Revenue Code.

10.19 (f) If one or more of the members of the unitary group whose income is included on
10.20 the combined report received a dividend, the deduction under this subdivision for each
10.21 member of the unitary business required to file a return under this chapter is the product
10.22 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage
10.23 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business
10.24 income apportionable to this state for the taxable year under section 290.191 or 290.20.

10.25 (g) The deduction provided by this subdivision does not apply to dividends received
10.26 from a real estate investment trust, if the dividends are not considered to be dividends
10.27 under sections 243(d)(3) and 857(c) of the Internal Revenue Code.

10.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
10.29 December 31, 2009.

10.30 Sec. 5. Minnesota Statutes 2008, section 429.011, is amended by adding a subdivision
10.31 to read:

10.32 Subd. 2c. **Municipality; energy conservation improvements.** For purposes
10.33 of construction, improvement, alteration, and reconstruction of an on-site energy
10.34 conservation system, a municipality may provide the improvements through and impose

11.1 special assessments upon the request of a port authority, economic development authority,
11.2 industrial development authority, or housing and redevelopment authority.

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

11.4 Sec. 6. Minnesota Statutes 2008, section 429.011, is amended by adding a subdivision
11.5 to read:

11.6 **Subd. 17. On-site energy conservation improvements.** "On-site energy
11.7 conservation improvements" mean any type of active or passive improvement, including
11.8 insulation; windows or doors; heating, cooling, or other building systems; lighting
11.9 systems; energy-related process or manufacturing changes; energy demand monitoring
11.10 and regulation equipment; and any other type of device, improvement, or equipment
11.11 installed in a building for the primary purpose of reduction in the use of energy in the
11.12 building, whether the devices, equipment, or improvements so installed are publicly
11.13 or privately owned.

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

11.15 Sec. 7. Minnesota Statutes 2008, section 429.021, subdivision 1, is amended to read:

11.16 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
11.17 power to make the following improvements:

11.18 (1) To acquire, open, and widen any street, and to improve the same by constructing,
11.19 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
11.20 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
11.21 including the beautification thereof and including storm sewers or other street drainage
11.22 and connections from sewer, water, or similar mains to curb lines.

11.23 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and
11.24 sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants,
11.25 pumps, lift stations, service connections, and other appurtenances of a sewer system,
11.26 within and without the corporate limits.

11.27 (3) To construct, reconstruct, extend, and maintain steam heating mains.

11.28 (4) To install, replace, extend, and maintain street lights and street lighting systems
11.29 and special lighting systems.

11.30 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works
11.31 systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs,
11.32 tanks, treatment plants, and other appurtenances of a water works system, within and
11.33 without the corporate limits.

12.1 (6) To acquire, improve and equip parks, open space areas, playgrounds, and
12.2 recreational facilities within or without the corporate limits.

12.3 (7) To plant trees on streets and provide for their trimming, care, and removal.

12.4 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
12.5 property and to fill the same.

12.6 (9) To construct, reconstruct, extend, and maintain dikes and other flood control
12.7 works.

12.8 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

12.9 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
12.10 promote a pedestrian skyway system. Such improvement may be made upon a petition
12.11 pursuant to section 429.031, subdivision 3.

12.12 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
12.13 underground pedestrian concourses.

12.14 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote
12.15 public malls, plazas or courtyards.

12.16 (14) To construct, reconstruct, extend, and maintain district heating systems.

12.17 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire
12.18 protection systems in existing buildings, but only upon a petition pursuant to section
12.19 429.031, subdivision 3.

12.20 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
12.21 sound barriers.

12.22 (17) To improve, construct, reconstruct, extend, and maintain gas and electric
12.23 distribution facilities owned by a municipal gas or electric utility.

12.24 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
12.25 related to the operation of enhanced 911 telephone service.

12.26 (19) To improve, construct, extend, and maintain facilities for Internet access and
12.27 other communications purposes, if the council finds that:

12.28 (i) the facilities are necessary to make available Internet access or other
12.29 communications services that are not and will not be available through other providers or
12.30 the private market in the reasonably foreseeable future; and

12.31 (ii) the service to be provided by the facilities will not compete with service provided
12.32 by private entities.

12.33 (20) To assess affected property owners for all or a portion of the costs agreed to
12.34 with an electric utility, telecommunications carrier, or cable system operator to bury or
12.35 alter a new or existing distribution system within the public right-of-way that exceeds the

13.1 utility's design and construction standards, or those set by law, tariff, or franchise, but only
13.2 upon petition under section 429.031, subdivision 3.

13.3 (21) To construct, reconstruct, improve, alter, and maintain on-site energy
13.4 conservation improvements in existing buildings, but only upon a petition under section
13.5 429.031, subdivision 3. The activities under this clause may also be undertaken by a port
13.6 authority, economic development authority, industrial development authority, or housing
13.7 and redevelopment authority, and the municipality may act on the request of those entities
13.8 in imposing special assessments.

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

13.10 Sec. 8. Minnesota Statutes 2008, section 429.031, subdivision 3, is amended to read:

13.11 Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting
13.12 upon any street named as the location of any improvement shall petition the council
13.13 to construct the improvement and to assess the entire cost against their property, the
13.14 council may, without a public hearing, adopt a resolution determining such fact and
13.15 ordering the improvement. The validity of the resolution shall not be questioned by
13.16 any taxpayer or property owner or the municipality unless an action for that purpose
13.17 is commenced within 30 days after adoption of the resolution as provided in section
13.18 429.036. Nothing herein prevents any property owner from questioning the amount
13.19 or validity of the special assessment against the owner's property pursuant to section
13.20 429.081. In the case of a petition for the municipality to own and install a fire protection
13.21 system, a pedestrian skyway system, on-site energy conservation improvements, or
13.22 on-site water contaminant improvements, the petition must contain or be accompanied
13.23 by an undertaking satisfactory to the city by the petitioner that the petitioner will grant
13.24 the municipality the necessary property interest in the building to permit the city to enter
13.25 upon the property and the building to construct, maintain, and operate the fire protection
13.26 system, pedestrian skyway system, on-site energy conservation improvements, or on-site
13.27 water contaminant improvements. In the case of a petition for the installation of a
13.28 privately owned fire protection system, a privately owned pedestrian skyway system,
13.29 privately owned on-site energy conservation improvements, or privately owned on-site
13.30 water contaminant improvements, the petition shall contain the plans and specifications
13.31 for the improvement, the estimated cost of the improvement and a statement indicating
13.32 whether the city or the owner will contract for the construction of the improvement. If the
13.33 owner is contracting for the construction of the improvement, the city shall not approve
13.34 the petition until it has reviewed and approved the plans, specifications, and cost estimates
13.35 contained in the petition. The construction cost financed under section 429.091 shall not

14.1 exceed the amount of the cost estimate contained in the petition. In the case of a petition
14.2 for the installation of a fire protection system, a pedestrian skyway system, on-site energy
14.3 conservation improvements, or on-site water contaminant improvements, the petitioner
14.4 may request abandonment of the improvement at any time after it has been ordered
14.5 pursuant to subdivision 1 and before contracts have been awarded for the construction of
14.6 the improvement under section 429.041, subdivision 2. If such a request is received, the
14.7 city council shall abandon the proceedings but in such case the petitioner shall reimburse
14.8 the city for any and all expenses incurred by the city in connection with the improvement.

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

14.10 Sec. 9. Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2, is
14.11 amended to read:

14.12 Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used
14.13 or useful in connection with a revenue producing enterprise, or any combination of
14.14 two or more such enterprises engaged or to be engaged in generating, transmitting, or
14.15 distributing electricity, assembling, fabricating, manufacturing, mixing, processing,
14.16 storing, warehousing, or distributing any products of agriculture, forestry, mining, or
14.17 manufacture, or in research and development activity in this field, or in the manufacturing,
14.18 creation, or production of intangible property, including any patent, copyright, formula,
14.19 process, design, know-how, format, or other similar item; (2) any properties, real or
14.20 personal, used or useful in the abatement or control of noise, air, or water pollution, or in
14.21 the disposal of solid wastes, in connection with a revenue producing enterprise, or any
14.22 combination of two or more such enterprises engaged or to be engaged in any business
14.23 or industry; (3) any properties, real or personal, used or useful in connection with the
14.24 business of telephonic communications, conducted or to be conducted by a telephone
14.25 company, including toll lines, poles, cables, switching, and other electronic equipment
14.26 and administrative, data processing, garage, and research and development facilities;
14.27 (4) any properties, real or personal, used or useful in connection with a district heating
14.28 system, consisting of the use of one or more energy conversion facilities to produce hot
14.29 water or steam for distribution to homes and businesses, including cogeneration facilities,
14.30 distribution lines, service facilities, and retrofit facilities for modifying the user's heating
14.31 or water system to use the heat energy converted from the steam or hot water.

14.32 (b) "Project" also includes any properties, real or personal, used or useful in
14.33 connection with a revenue producing enterprise, or any combination of two or more
14.34 such enterprises engaged in any business.

15.1 (c) "Project" also includes any properties, real or personal, used or useful for the
15.2 promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts,
15.3 recreational facilities of the type that may be acquired under section 471.191, and related
15.4 facilities.

15.5 (d) "Project" also includes any properties, real or personal, used or useful in
15.6 connection with a revenue producing enterprise, whether or not operated for profit,
15.7 engaged in providing health care services, including hospitals, nursing homes, and related
15.8 medical facilities.

15.9 (e) "Project" does not include any property to be sold or to be affixed to or consumed
15.10 in the production of property for sale, and does not include any housing facility to be
15.11 rented or used as a permanent residence.

15.12 (f) "Project" also means the activities of any revenue producing enterprise involving
15.13 the construction, fabrication, sale, or leasing of equipment or products to be used in
15.14 gathering, processing, generating, transmitting, or distributing solar, wind, geothermal,
15.15 biomass, agricultural or forestry energy crops, or other alternative energy sources for
15.16 use by any person or any residential, commercial, industrial, or governmental entity in
15.17 heating, cooling, or otherwise providing energy for a facility owned or operated by that
15.18 person or entity.

15.19 (g) "Project" also includes any properties, real or personal, used or useful in
15.20 connection with a county jail, county regional jail, community corrections facilities
15.21 authorized by chapter 401, or other law enforcement facilities, the plans for which are
15.22 approved by the commissioner of corrections; provided that the provisions of section
15.23 469.155, subdivisions 7 and 13, do not apply to those projects.

15.24 (h) "Project" also includes any real properties used or useful in furtherance of the
15.25 purpose and policy of section 469.141.

15.26 (i) "Project" also includes related facilities as defined by section 471A.02,
15.27 subdivision 11.

15.28 (j) "Project" also includes an undertaking to purchase the obligations of local
15.29 governments located in whole or in part within the boundaries of the municipality that are
15.30 issued or to be issued for public purposes.

15.31 (k) "Project" also includes any properties designated as a qualified green building
15.32 and sustainable design project under section 469.1655.

15.33 Sec. 10. **[469.1655] QUALIFIED GREEN BUILDING AND SUSTAINABLE**
15.34 **DESIGN PROJECTS.**

16.1 Subdivision 1. **Project designation and eligibility.** (a) A municipality or
16.2 redevelopment agency issuing revenue bonds under sections 469.152 to 469.165 may
16.3 designate the project for which the bonds are issued as a qualified green building and
16.4 sustainable design project as provided in this section.

16.5 (b) The issuer must ensure that each designated project substantially:

16.6 (1) reduces consumption of electricity compared to conventional construction;

16.7 (2) reduces daily carbon dioxide emissions compared to energy generated from coal;

16.8 (3) increases the use of solar photovoltaic cells in this state; or

16.9 (4) increases the use of fuel cells to generate energy.

16.10 (c) Before designating a project under this section, the issuer must document in
16.11 writing that the project will satisfy the eligibility criteria in this section.

16.12 (d) At least 75 percent of the square footage of commercial buildings that are part of
16.13 the project must be registered with a recognized green building rating system, including
16.14 Minnesota's sustainable building guidelines or the United States Green Building Council's
16.15 LEED certification, or in the case of residential buildings, Minnesota GreenStar rating,
16.16 and must be reasonably expected to receive the certification.

16.17 Subd. 2. **Applications.** An application for designation under this section must
16.18 include a project proposal that describes the energy-efficiency, renewable energy, and
16.19 sustainable design features of the project and demonstrates that the project satisfies the
16.20 eligibility criteria in this section. The application must include a description of:

16.21 (1) the amount of electric consumption reduced as compared to conventional
16.22 construction;

16.23 (2) the amount of carbon dioxide daily emissions reduced compared to energy
16.24 generated from coal;

16.25 (3) the amount of the gross installed capacity of the project's solar photovoltaic
16.26 capacity measured in megawatts; and

16.27 (4) the amount in megawatts of the project's energy generated by fuel cells.

16.28 Subd. 3. **Use of bond financing.** The project proposal must include a description of
16.29 the bond financing that will be allocated for financing of one or more of the following:

16.30 (1) the purchase, construction, integration, or other use of energy-efficiency,
16.31 renewable energy, and sustainable design features of the project; or

16.32 (2) compliance with certification standards cited under subdivision 1, paragraph (d).

16.33 **EFFECTIVE DATE.** This section is effective for bonds issued after June 30, 2010.

16.34 Sec. 11. Minnesota Statutes 2008, section 469.174, is amended by adding a subdivision
16.35 to read:

17.1 Subd. 10c. **Compact development district.** "Compact development district" means
17.2 a type of tax increment financing district consisting of a project, or portions of a project,
17.3 within which the authority finds by resolution that the following conditions are satisfied:

17.4 (1) parcels consisting of 70 percent of the area of the district are occupied by
17.5 buildings or other structures that are classified as class 3a property under section 273.13,
17.6 subdivision 24; and

17.7 (2) the planned redevelopment or development of the district, when completed, will
17.8 increase the total square footage of buildings, classified as class 3a under section 273.13,
17.9 subdivision 24, occupying the district by three times or more relative to the square footage
17.10 of similar buildings occupying the district when the resolution was approved.

17.11 **EFFECTIVE DATE.** This section is effective for districts for which the request for
17.12 certification is made after June 30, 2009.

17.13 Sec. 12. Minnesota Statutes 2008, section 469.175, is amended by adding a subdivision
17.14 to read:

17.15 Subd. 2b. **Compact development districts; sunset.** The authority to establish or
17.16 approve the tax increment financing plan for a new compact development district expires
17.17 on June 30, 2012.

17.18 Sec. 13. Minnesota Statutes 2008, section 469.176, subdivision 1b, is amended to read:

17.19 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be
17.20 paid to the authority

17.21 (1) after 15 years after receipt by the authority of the first increment for a renewal
17.22 and renovation district,

17.23 (2) after 20 years after receipt by the authority of the first increment for a soils
17.24 condition district,

17.25 (3) after eight years after receipt by the authority of the first increment for an
17.26 economic development district,

17.27 (4) for a housing district, a compact development district, or a redevelopment
17.28 district, after 25 years from the date of receipt by the authority of the first increment.

17.29 (b) For purposes of determining a duration limit under this subdivision or subdivision
17.30 1e that is based on the receipt of an increment, any increments from taxes payable in
17.31 the year in which the district terminates shall be paid to the authority. This paragraph
17.32 does not affect a duration limit calculated from the date of approval of the tax increment
17.33 financing plan or based on the recovery of costs or to a duration limit under subdivision

18.1 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in
18.2 subdivision 1f.

18.3 (c) An action by the authority to waive or decline to accept an increment has no
18.4 effect for purposes of computing a duration limit based on the receipt of increment under
18.5 this subdivision or any other provision of law. The authority is deemed to have received an
18.6 increment for any year in which it waived or declined to accept an increment, regardless
18.7 of whether the increment was paid to the authority.

18.8 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a
18.9 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph
18.10 (b), does not constitute receipt of increment by the overlying district for the purpose of
18.11 calculating the duration limit under this section.

18.12 **EFFECTIVE DATE.** This section is effective for districts for which the request for
18.13 certification is made after June 30, 2009.

18.14 Sec. 14. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision
18.15 to read:

18.16 Subd. 1i. **Compact development districts.** Tax increments derived from a compact
18.17 development district may be used only to pay:

18.18 (1) administrative expenses up to the amount permitted under subdivision 3;

18.19 (2) the cost of acquiring land located in the district or abutting the boundary of
18.20 the district;

18.21 (3) demolition and removal of buildings or other improvements and other site
18.22 preparation costs for lands located in the district or abutting the boundary of the district;
18.23 and

18.24 (4) installation of public infrastructure or public improvements serving the district,
18.25 but excluding the costs of streets, roads, highways, parking, or other public improvements
18.26 primarily designed to serve private passenger motor vehicles.

18.27 **EFFECTIVE DATE.** This section is effective for districts for which the request for
18.28 certification is made after June 30, 2009.

18.29 Sec. 15. Minnesota Statutes 2008, section 469.176, subdivision 4c, is amended to read:

18.30 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax
18.31 increment from an economic development district may not be used to provide
18.32 improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form
18.33 to developments consisting of buildings and ancillary facilities, if more than 15 percent

19.1 of the buildings and facilities (determined on the basis of square footage) are used for a
19.2 purpose other than:

19.3 (1) the manufacturing or production of tangible personal property, including
19.4 processing resulting in the change in condition of the property;

19.5 (2) warehousing, storage, and distribution of tangible personal property, excluding
19.6 retail sales;

19.7 (3) research and development related to the activities listed in clause (1) or (2);

19.8 (4) telemarketing if that activity is the exclusive use of the property;

19.9 (5) tourism facilities;

19.10 (6) qualified border retail facilities; or

19.11 (7) space necessary for and related to the activities listed in clauses (1) to (6).

19.12 ~~(b) Notwithstanding the provisions of this subdivision, revenue derived from tax~~
19.13 ~~increment from an economic development district may be used to pay for site preparation~~
19.14 ~~and public improvements, if the following conditions are met:~~

19.15 ~~(1) bedrock soils conditions are present in 80 percent or more of the acreage of~~
19.16 ~~the district;~~

19.17 ~~(2) the estimated cost of physical preparation of the site exceeds the fair market~~
19.18 ~~value of the land before completion of the preparation; and~~

19.19 ~~(3) revenues from tax increments are expended only for the additional costs of~~
19.20 ~~preparing the site because of unstable soils and the bedrock soils condition, the additional~~
19.21 ~~cost of installing public improvements because of unstable soils or the bedrock soils~~
19.22 ~~condition, and reasonable administrative costs.~~

19.23 ~~(c)~~ (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
19.24 increment from an economic development district may be used to provide improvements,
19.25 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
19.26 square feet of any separately owned commercial facility located within the municipal
19.27 jurisdiction of a small city, if the revenues derived from increments are spent only to
19.28 assist the facility directly or for administrative expenses, the assistance is necessary to
19.29 develop the facility, and all of the increments, except those for administrative expenses,
19.30 are spent only for activities within the district.

19.31 ~~(d) For purposes of this subdivision, a qualified border retail facility is a development~~
19.32 ~~consisting of a shopping center or one or more retail stores, if the authority finds that all~~
19.33 ~~of the following conditions are satisfied:~~

19.34 ~~(1) the district is in a small city located within one mile or less of the border of~~
19.35 ~~the state;~~

~~(2) the development is not located in the seven-county metropolitan area, as defined in section 473.121, subdivision 2;~~

~~(3) the development will contain new buildings or will substantially rehabilitate existing buildings that together contain at least 25,000 square feet of retail space; and~~

~~(4) without the use of tax increment financing for the development, the development or a similar competing development will instead occur in the bordering state or province.~~

~~(c)~~ (c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) Notwithstanding the requirements of paragraph (a) and the finding requirements of section 469.174, subdivision 12, tax increments from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all the following conditions are met:

(1) the municipality finds that the project will create or retain jobs in this state, including construction jobs, and that construction of the project would not have commenced before July 1, 2011, without the authority providing assistance under the provisions of this paragraph;

(2) construction of the project begins no later than July 1, 2011; and

(3) the request for certification of the district is made no later than June 30, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any economic development district for which the request for certification was made after June 30, 2009.

Sec. 16. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision to read:

Subd. 4m. Temporary authority to stimulate construction. (a) Notwithstanding the restrictions in any other subdivision of this section or any other law to the contrary, except the requirement to pay bonds to which the increments are pledged and the provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in this state,

21.1 including construction jobs, and that the construction commences before July 1, 2011, and
 21.2 would not have commenced before that date without the assistance; or

21.3 (2) to make an equity or similar investment in a corporation, partnership, or limited
 21.4 liability company that the authority determines is necessary to make a construction of a
 21.5 development that meets the requirements of clause (1) financially feasible.

21.6 (b) The authority may undertake actions under the authority of this subdivision only
 21.7 after approval by the municipality of a written spending plan that specifically authorizes
 21.8 the authority to take the actions. The municipality shall approve the spending plan only
 21.9 after a public hearing after published notice in a newspaper of general circulation in
 21.10 the municipality at least once, not less than ten days nor more than 30 days prior to the
 21.11 date of the hearing.

21.12 (c) The authority to spend tax increments under this subdivision expires December
 21.13 31, 2011.

21.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
 21.15 and applies to tax increments derived from a district, regardless of when the request for
 21.16 certification was made.

21.17 Sec. 17. Laws 1986, chapter 391, section 1, is amended to read:

21.18 Section 1.

21.19 The legislature finds that providing areawide and local financial assistance,
 21.20 including the provision of security for debt financing, but not including direct subsidies to
 21.21 private interests, in the development of the ~~former metropolitan stadium site~~ Industrial
 21.22 Development District 1 (Airport South) of the city of Bloomington, as amended, is a
 21.23 public purpose of state, metropolitan, and local government in Minnesota and that it is a
 21.24 benefit to the metropolitan area within the purpose of the metropolitan revenue distribution
 21.25 program pursuant to chapter 473F.

21.26 **EFFECTIVE DATE.** This section is effective upon local approval of and
 21.27 compliance by the governing body of the city of Bloomington with the requirements
 21.28 of Minnesota Statutes, section 645.023.

21.29 Sec. 18. Laws 1995, chapter 264, article 5, section 44, subdivision 4, as amended by
 21.30 Laws 1996, chapter 471, article 7, section 21, and Laws 1997, chapter 231, article 10,
 21.31 section 12, and Laws 2008, chapter 154, article 9, section 18, is amended to read:

21.32 Subd. 4. **Authority.** For housing replacement projects in the city of Crystal,
 21.33 "authority" means the Crystal economic development authority. For housing replacement

22.1 projects in the city of Fridley, "authority" means the housing and redevelopment authority
 22.2 in and for the city of Fridley or a successor in interest. For housing replacement
 22.3 projects in the city of Minneapolis, "authority" means the Minneapolis community
 22.4 development agency or its successors and assigns. For housing replacement projects
 22.5 in the city of St. Paul, "authority" means the St. Paul housing and redevelopment
 22.6 authority. For housing replacement projects in the city of Duluth, "authority" means the
 22.7 Duluth economic development authority. For housing replacement projects in the city of
 22.8 Richfield, "authority" is the authority as defined in Minnesota Statutes, section 469.174,
 22.9 subdivision 2, that is designated by the governing body of the city of Richfield. For
 22.10 housing replacement projects in the city of Columbia Heights, "authority" is the authority
 22.11 as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by
 22.12 the governing body of the city of Columbia Heights. For housing replacement projects in
 22.13 the city of Brooklyn Park, "authority" is the authority as defined in Minnesota Statutes,
 22.14 section 469.174, subdivision 2, that is designated by the governing body of the city of
 22.15 Brooklyn Park.

22.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
 22.17 and applies to the city of Brooklyn Park without local approval under Minnesota Statutes,
 22.18 section 645.023, subdivision 1, clause (a).

22.19 Sec. 19. Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended by
 22.20 Laws 1996, chapter 471, article 7, section 22, and Laws 1997, chapter 231, article 10,
 22.21 section 13, and Laws 2002, chapter 377, article 7, section 6, and Laws 2008, chapter 154,
 22.22 article 9, section 19, is amended to read:

22.23 Subdivision 1. **Creation of projects.** (a) An authority may create a housing
 22.24 replacement project under sections 44 to 47, as provided in this section.

22.25 (b) For the cities of Crystal, Fridley, Richfield, ~~and~~ Columbia Heights, and Brooklyn
 22.26 Park, the authority may designate up to ~~50~~ 100 parcels in the city to be included in a
 22.27 housing replacement district over the life of a district or districts. ~~No more than ten~~
 22.28 ~~parcels may be included in year one of the district, with up to ten additional parcels added~~
 22.29 ~~to the district in each of the following nine years.~~ For the cities of St. Paul and Duluth,
 22.30 each authority may designate not more than 200 parcels in the city to be included in a
 22.31 housing replacement district over the life of the district. For the city of Minneapolis, the
 22.32 authority may designate not more than 400 parcels in the city to be included in housing
 22.33 replacement districts over the life of the districts. The only parcels that may be included
 22.34 in a district are (1) vacant sites, (2) parcels containing vacant houses, or (3) parcels

23.1 containing houses that are structurally substandard, as defined in Minnesota Statutes,
23.2 section 469.174, subdivision 10.

23.3 (c) The city in which the authority is located must pay at least 25 percent of the
23.4 housing replacement project costs from its general fund, a property tax levy, or other
23.5 unrestricted money, not including tax increments.

23.6 (d) The housing replacement district plan must have as its sole object the acquisition
23.7 of parcels for the purpose of preparing the site to be sold for market rate housing. As
23.8 used in this section, "market rate housing" means housing that has a market value that
23.9 does not exceed 150 percent of the average market value of single-family housing in that
23.10 municipality.

23.11 **EFFECTIVE DATE.** This section is effective the day following final enactment
23.12 and applies to the affected cities without local approval under Minnesota Statutes, section
23.13 645.023, subdivision 1, clause (a).

23.14 Sec. 20. Laws 2008, chapter 366, article 5, section 28, subdivision 1, is amended to
23.15 read:

23.16 Subdivision 1. **Additional taxes authorized; use of proceeds.** Notwithstanding
23.17 Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision
23.18 to the contrary, the governing body of the city of Bloomington may impose any or all of
23.19 the taxes described in this section. The proceeds of any taxes imposed under this section
23.20 or section 27, less refunds and the cost of collection, must be used to provide financing
23.21 for parking facilities or other public improvements for any phase of the Mall of America
23.22 ~~phase H~~. The Port Authority of the city of Bloomington may, but is not required to,
23.23 issue or cause the sale of bonds, a developer's note, or other obligations to finance the
23.24 improvements. If a governmental entity other than the city of Bloomington issues the
23.25 obligations used to finance the parking facilities and other public improvements, the
23.26 city may transfer the funds available under this section and section 27 for financing the
23.27 project to the entity that issued the bonds.

23.28 **EFFECTIVE DATE.** This section is effective upon local approval of and
23.29 compliance by the governing body of the city of Bloomington with the requirements
23.30 of Minnesota Statutes, section 645.023.

23.31 Sec. 21. Laws 2008, chapter 366, article 5, section 29, subdivision 1, is amended to
23.32 read:

24.1 Subdivision 1. **Issuing authority.** (a) The city of Bloomington may contract with
24.2 any of the following authorities to issue and sell revenue bonds for the purposes and
24.3 in the amounts specified in subdivision 2:

24.4 (1) the commissioner of finance, exercising the authority granted under this section
24.5 and Minnesota Statutes, sections 16A.672 to 16A.675;

24.6 (2) the Agricultural and Economic Development Board, exercising the powers
24.7 granted under this section and Minnesota Statutes, chapter 41A; or

24.8 (3) the Minnesota Public Facilities Authority, exercising the powers granted under
24.9 this section and Minnesota Statutes, chapter 446A.

24.10 (b) The authority granted in this section is in addition to the statutes in paragraph
24.11 (a) and notwithstanding any contrary provisions in them.

24.12 (c) The contract must include as a party the developer of any phase H of the Mall
24.13 of America and may include as a party any other entity deemed appropriate by the city
24.14 of Bloomington, the issuing authority, and the developer.

24.15 **EFFECTIVE DATE.** This section is effective upon local approval of and
24.16 compliance by the governing body of the city of Bloomington with the requirements
24.17 of Minnesota Statutes, section 645.023.

24.18 Sec. 22. Laws 2008, chapter 366, article 5, section 29, subdivision 2, is amended to
24.19 read:

24.20 Subd. 2. **Purposes and amounts.** (a) The revenue bonds may be issued in a single
24.21 or multiple issues and sold for the following purposes:

24.22 (1) to pay the costs to design, construct, furnish, and equip parking facilities and
24.23 ~~related~~ other public improvements for any phase H of the Mall of America;

24.24 (2) to pay the costs of issuance, debt service, and bond insurance or other credit
24.25 enhancements, and to fund reserves; and

24.26 (3) to refund bonds issued under this section.

24.27 (b) The amount of bonds that may be issued for the purposes of paragraph (a), clause
24.28 (1), may not exceed per issue the estimated cost from time to time of the parking facilities
24.29 and other public improvements, including soft costs; the amount of bonds that may be
24.30 issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

24.31 **EFFECTIVE DATE.** This section is effective upon local approval of and
24.32 compliance by the governing body of the city of Bloomington with the requirements
24.33 of Minnesota Statutes, section 645.023.

25.1 Sec. 23. Laws 2008, chapter 366, article 5, section 29, subdivision 4, is amended to
25.2 read:

25.3 Subd. 4. **Sale and issuance; proceeds.** (a) The issuing authority may sell and issue
25.4 the bonds on the terms and conditions the issuing authority determines to be in the best
25.5 interests of the state after reviewing an agreement between the city of Bloomington and
25.6 the developer of any phase H of the Mall of America setting out the terms upon which
25.7 the city of Bloomington will use the proceeds of the bond sales. The bonds may be sold
25.8 at public or private sale at a price or prices the issuing authority finds appropriate. The
25.9 issuing authority may enter any agreements or pledges the issuing authority determines
25.10 necessary or useful to sell the bonds that are not inconsistent with this section.

25.11 (b) The city may enter into a preliminary agreement with the issuing authority under
25.12 which the city agrees, if the revenue bonds are not issued, to pay or cause to be paid the
25.13 costs and expenses incurred by the issuing authority relating to the proposed issuance of
25.14 the revenue bonds.

25.15 (c) The proceeds of the bonds issued under this section must be credited to a special
25.16 Mall of America revenue bond proceeds account with the issuing authority or a trustee
25.17 and are appropriated to the issuing authority for payment to the city of Bloomington
25.18 for the purposes specified in subdivision 2.

25.19 **EFFECTIVE DATE.** This section is effective upon local approval of and
25.20 compliance by the governing body of the city of Bloomington with the requirements
25.21 of Minnesota Statutes, section 645.023.

25.22 Sec. 24. **CITY OF ST. PAUL; AUTHORITY TO EXERCISE SPECIAL LAW**
25.23 **AUTHORITY.**

25.24 Notwithstanding the failure of the governing body of the city of St. Paul to approve
25.25 Laws 1995, chapter 264, article 5, sections 44 to 47, as required by Laws 1995, chapter
25.26 264, article 5, section 49, the provisions of sections 44 to 47, as amended, apply to the city
25.27 of St. Paul without local approval under Minnesota Statutes, section 645.023, subdivision
25.28 1, clause (a).

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

25.30 Sec. 25. **REPEALER.**

25.31 Laws 1996, chapter 464, article 1, section 8, subdivision 5, is repealed.

- 26.1 **EFFECTIVE DATE.** This section is effective upon local approval of and
26.2 compliance by the governing body of the city of Bloomington with the requirements
26.3 of Minnesota Statutes, section 645.023.