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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **3739**

March 25, 2010

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

April 15, 2010

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to higher education; modifying bond allocation limits; authorizing
1.3 transfer; amending Minnesota Statutes 2008, sections 474A.04, subdivision
1.4 6; 474A.091, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2008, section 474A.04, subdivision 6, is amended to
1.7 read:

1.8 Subd. 6. **Entitlement transfers.** An entitlement issuer may enter into an agreement
1.9 with another entitlement issuer whereby the recipient entitlement issuer issues obligations
1.10 pursuant to bonding authority allocated to the original entitlement issuer under this
1.11 section. An entitlement issuer may enter into an agreement with an issuer which is not
1.12 an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to
1.13 \$100,000 of which are issued pursuant to bonding authority allocated to the original
1.14 entitlement issuer under this section. The agreement may be approved and executed by the
1.15 mayor of the entitlement issuer with or without approval or review by the city council.
1.16 Notwithstanding section 474A.091, subdivision 4, prior to December 1, the Minnesota
1.17 Housing Finance Agency, Minnesota Office of Higher Education, and Minnesota Rural
1.18 Finance Authority may transfer allocated bonding authority made available under this
1.19 chapter to one another under an agreement by each agency and the commissioner.

1.20 Sec. 2. Minnesota Statutes 2008, section 474A.091, subdivision 3, is amended to read:

1.21 Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available
1.22 bonding authority under this section on the Monday of every other week beginning with
1.23 the first Monday in August through and on the last Monday in November. Applications

for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

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

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

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

- (1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;
- (2) applications for mortgage bonds;
- (3) applications for public facility projects funded by public facility bonds;
- (4) applications for small issue bonds for manufacturing projects;
- (5) applications for small issue bonds for agricultural development bond loan projects;
- (6) applications for residential rental project bonds;
- (7) applications for enterprise zone facility bonds;
- (8) applications for governmental bonds; and
- (9) applications for redevelopment bonds.

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

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

3.1 first. If two or more applications for enterprise zone facility projects receive an equal
3.2 amount of points, available bonding authority shall be awarded by lot unless otherwise
3.3 agreed to by the respective issuers.

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

3.10 (g) From the first Monday in August through the last Monday in November,
3.11 \$20,000,000 of bonding authority or an amount equal to the total annual amount of
3.12 bonding authority allocated to the small issue pool under section 474A.03, subdivision 1,
3.13 less the amount allocated to issuers from the small issue pool for that year, whichever is
3.14 less, is reserved within the unified pool for small issue bonds to the extent such amounts
3.15 are available within the unified pool.

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

3.18 (1) \$10,000,000 for any one city; or

3.19 (2) \$20,000,000 for any number of cities in any one county.

3.20 (i) The total amount of allocations for student loan bonds from the unified pool may
3.21 not exceed ~~\$10,000,000~~ \$25,000,000 per year.

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

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

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