

1.1 A bill for an act
1.2 relating to housing; adjusting deed tax percentage; providing rental housing
1.3 assistance; establishing a housing account for leverage opportunity; appropriating
1.4 money; amending Minnesota Statutes 2006, sections 287.21, subdivision 1;
1.5 462A.201, by adding a subdivision; 462A.33, by adding a subdivision; proposing
1.6 coding for new law in Minnesota Statutes, chapter 462A.

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

1.8 Section 1. **HOUSING SOLUTIONS ACT.**

1.9 Sections 2 to 6 shall be known as the Housing Solutions Act.

1.10 Sec. 2. Minnesota Statutes 2006, section 287.21, subdivision 1, is amended to read:

1.11 Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or
1.12 instrument by which any real property in this state is granted, assigned, transferred, or
1.13 otherwise conveyed. The tax applies against the net consideration. For purposes of the
1.14 tax, the conversion of a corporation to a limited liability company, a limited liability
1.15 company to a corporation, a partnership to a limited partnership, a limited partnership to
1.16 another limited partnership or other entity, or a similar conversion of one entity to another
1.17 does not grant, assign, transfer, or convey real property.

1.18 (b) The tax is determined in the following manner: (1) when transfers are made by
1.19 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is
1.20 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value
1.21 of any lien or encumbrance remaining thereon at the time of sale, is \$500 or less, the tax is
1.22 \$1.65; or (3) when the consideration, exclusive of the value of any lien or encumbrance
1.23 remaining at the time of sale, exceeds \$500, the tax is ~~.0033~~ .005 of the net consideration.

2.1 (c) If, within six months from the date of a designated transfer, an ownership interest
2.2 in the grantee entity is transferred by an initial owner to any person or entity with the
2.3 result that the designated transfer would not have been a designated transfer if made to
2.4 the grantee entity with its subsequent ownership, then a tax is imposed at .0033 of the
2.5 net consideration for the designated transfer. If the subsequent transfer of ownership
2.6 interests was reasonably expected at the time of the designated transfer, the applicable
2.7 penalty under section 287.31, subdivision 1, must be paid. The deed tax imposed under
2.8 this paragraph is due within 30 days of the subsequent transfer that caused the tax to be
2.9 imposed under this paragraph. Involuntary transfers of ownership shall not be considered
2.10 transfers of ownership under this paragraph. The commissioner may adopt rules defining
2.11 the types of transfers to be considered involuntary.

2.12 (d) The tax is due at the time a taxable deed or instrument is presented for
2.13 recording, except as provided in paragraph (c). The commissioner may require the tax
2.14 to be documented in a manner prescribed by the commissioner, and may require that the
2.15 documentation be attached to and recorded as part of the deed or instrument. The county
2.16 recorder or registrar of titles shall accept the attachment for recording as part of the deed or
2.17 instrument and may not require, as a condition of recording a deed or instrument, evidence
2.18 that a transfer is a designated transfer in addition to that required by the commissioner.
2.19 Such an attachment shall not, however, provide actual or constructive notice of the
2.20 information contained therein for purposes of determining any interest in the real property.
2.21 The commissioner shall prescribe the manner in which the tax due under paragraph (c) is
2.22 to be paid and may require grantees of designated transfers to file with the commissioner
2.23 subsequent statements verifying that the tax provided under paragraph (c) does not apply.

2.24 Sec. 3. Minnesota Statutes 2006, section 462A.201, is amended by adding a
2.25 subdivision to read:

2.26 Subd. 8. **Appropriation.** An amount equal to the proceeds of the deed tax
2.27 under section 287.21, subdivision 1, paragraph (b), clause (3), on .000709 of the net
2.28 consideration is appropriated from the general fund to the commissioner of finance for
2.29 transfer to the housing development fund and credit to the housing trust fund account to
2.30 be used for rental assistance. No more than ten percent of these funds may be used for
2.31 operations of rental housing under section 462A.201. This appropriation to the housing
2.32 trust fund account shall not supplant current funding levels for housing.

2.33 Sec. 4. Minnesota Statutes 2006, section 462A.33, is amended by adding a subdivision
2.34 to read:

3.1 Subd. 9. **Appropriation.** An amount equal to the proceeds of the deed tax
3.2 under section 287.21, subdivision 1, paragraph (b), clause (3), on .000566 of the net
3.3 consideration is appropriated from the general fund to the commissioner of finance for
3.4 transfer to the housing development fund to be used for the economic development and
3.5 housing challenge program. This appropriation to the housing development fund shall not
3.6 supplant current funding levels for housing.

3.7 Sec. 5. **[462A.35] HOUSING ACCOUNT FOR LEVERAGE OPPORTUNITY.**

3.8 Subdivision 1. **Created.** The housing account for leverage opportunity is an account
3.9 created to be administered by the agency.

3.10 (a) The fund shall provide matching grants to eligible recipients for preservation,
3.11 renovation, or development of affordable home ownership or rental housing.

3.12 (b) Not less than 40 percent of the funds in the account are to be available for project
3.13 applications submitted by eligible recipients outside of the seven-county metropolitan area
3.14 as defined in section 473.121, subdivision 2, and outside of community development
3.15 entitlement areas as defined by the United States Department of Housing and Urban
3.16 Development.

3.17 (c) In any biennial funding cycle, funds not committed to eligible recipients for
3.18 affordable housing projects by March 1 of any odd-numbered year shall be available to
3.19 provide matching funds for projects of eligible recipients without regard to the limitation
3.20 established in paragraph (b).

3.21 (d) Only one matching grant may be awarded within the jurisdictional boundaries of
3.22 any eligible recipient in any year.

3.23 Subd. 2. **Eligible recipients.** Matching grants may be made to a county; a city, as
3.24 defined in section 462A.03, subdivision 21; a housing and redevelopment authority or
3.25 public housing agency, established pursuant to sections 469.001 to 469.047; an economic
3.26 development authority, established pursuant to sections 469.090 to 469.1082; a community
3.27 development agency, established pursuant to section 383D.41; or a federally recognized
3.28 American Indian tribe located in Minnesota.

3.29 Subd. 3. **Matching requirements.** (a) Grants from the incentive fund must be
3.30 matched on a dollar-for-dollar basis by funds or the value of the land provided by eligible
3.31 recipients.

3.32 (b) The minimum incentive fund grant award is \$50,000. The maximum incentive
3.33 fund grant award to any eligible recipient in any year is \$1,000,000.

4.1 (c) Local matching funds may not include funds secured from any other state or
4.2 federal program for the project for which eligible recipients submitted applications to
4.3 the incentive fund.

4.4 Subd. 4. **Income limits.** Households served through the incentive fund
4.5 matching grant must not have incomes at the time of initial occupancy that exceed, for
4.6 homeownership projects, 115 percent of the greater of state or area median income as
4.7 determined by the United States Department of Housing and Urban Development, and
4.8 for rental housing projects, 60 percent of the greater of state or area median income as
4.9 determined by the United States Department of Housing and Urban Development.

4.10 Preference among comparable proposals shall be given to those that provide housing
4.11 opportunities for the broadest range of incomes within the development.

4.12 **Sec. 6. APPROPRIATION.**

4.13 An amount equal to the proceeds of the deed tax under section 287.21, subdivision
4.14 1, paragraph (b), clause (3), on .000425 of the net consideration is appropriated from
4.15 the general fund to the commissioner of finance for transfer to the account established
4.16 by section 462A.35.

4.17 This appropriation to the housing account for leverage opportunity shall not supplant
4.18 current funding levels for housing.