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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4649

03/28/2022 Authored by Hollins, Acomb, Morrison, Lillie, Youakim and others

05/11/2022 The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance and Policy

05/11/2022 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration

05/11/2022 Adoption of Report: Re-referred to the Committee on Ways and Means

05/18/2022 Joint Rule 2.03 has been waived for any subsequent committee action on this bill

05/18/2022 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act

1.2 relating to state government; proposing an amendment to the Minnesota

1.3 Constitution, article XI, section 14; providing for renewal and modification of

1.4 environment and natural resources trust fund; providing for housing fund and

1.5 Housing Fund Council; modifying lottery provisions; appropriating money;

1.6 amending Minnesota Statutes 2020, sections 349A.08, subdivision 5; 349A.10,

1.7 subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 462A.

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

1.9 ARTICLE 1

1.10 CONSTITUTIONAL AMENDMENT

1.11 Section 1. CONSTITUTIONAL AMENDMENT PROPOSED.

1.12 An amendment to the Minnesota Constitution is proposed to the people. If the amendment

1.13 is adopted, article XI, section 14, will read:

1.14 Sec. 14. A permanent environment and natural resources trust fund is and a housing

1.15 fund are established in the state treasury. ~~Loans may be made of up to five percent of the~~

1.16 ~~principal of the fund for water system improvements as provided by law.~~ The assets of the

1.17 environment and natural resources trust fund shall be appropriated by law for the public

1.18 purpose of protection, conservation, preservation, and enhancement of the state's air, water,

1.19 land, fish, wildlife, and other natural resources and for addressing climate change. The assets

1.20 of the environment and natural resources trust fund shall not be used to pay the principal

1.21 or interest of any bonds. The assets of the environment and natural resources trust fund shall

1.22 not be used to pay for any costs related to the construction, repair, improvement, or operation

1.23 of any facility or system that processes wastewater, but may be used to pay for research

1.24 related to wastewater. The amount appropriated from the environment and natural resources

2.1 trust fund each year of a biennium, commencing on July 1 in each odd-numbered year and
 2.2 ending on and including June 30 in the next odd-numbered year, may be up to ~~5-1/2~~ seven
 2.3 percent of the market value of the fund on June 30 one year before the start of the biennium.
 2.4 ~~Not less than 40~~ The assets of the housing fund shall be appropriated to provide housing,
 2.5 improve housing affordability, and increase homeownership. Until the year 2050, 50 percent
 2.6 of the net proceeds from any state-operated lottery must be credited to the environment and
 2.7 natural resources trust fund until the year 2025, and the remaining 50 percent of the net
 2.8 proceeds must be credited to the housing fund.

2.9 Sec. 2. SUBMISSION TO VOTERS.

2.10 (a) The proposed amendment must be submitted to the people at the 2022 general election.
 2.11 The question submitted must be:

2.12 "Shall the Minnesota Constitution be amended to protect drinking water sources; protect
 2.13 the water quality of lakes, rivers, and streams; protect forests to improve air quality, wildlife
 2.14 habitat, natural areas, parks, and trails; and address climate change by extending from 2025
 2.15 until 2050 the transfer of proceeds from the state-operated lottery to the environment and
 2.16 natural resources trust fund; to increase the portion of lottery proceeds transferred to the
 2.17 fund from the lottery from 40 to 50 percent; to limit the uses of trust fund money; and to
 2.18 transfer the remaining 50 percent of the net proceeds from the state-operated lottery to a
 2.19 new housing fund to provide housing, improve housing affordability, and increase
 2.20 homeownership?

2.21 Yes
 2.22 No "

2.23 (b) The title required under Minnesota Statutes, section 204D.15, subdivision 1, for the
 2.24 question submitted to the people under paragraph (a) shall be: "Environment and Natural
 2.25 Resources Trust Fund Renewal and Housing Fund Creation."

2.26 **ARTICLE 2**
 2.27 **STATUTORY CHANGES**

2.28 Section 1. Minnesota Statutes 2020, section 349A.08, subdivision 5, is amended to read:

2.29 Subd. 5. **Payment; unclaimed prizes.** A prize in the state lottery must be claimed by
 2.30 the winner within one year of the date of the drawing at which the prize was awarded or
 2.31 the last day sales were authorized for a game where a prize was determined in a manner
 2.32 other than by means of a drawing. If a valid claim is not made for a prize payable directly

by the lottery by the end of this period, the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director must transfer all unclaimed prize money at the end of each fiscal year from the lottery cash flow account to the general environment and natural resources trust fund.

EFFECTIVE DATE. If the constitutional amendment in article 1, section 1, is approved by the voters at the 2022 general election, this section is effective January 1, 2023.

Sec. 2. Minnesota Statutes 2020, section 349A.10, subdivision 5, is amended to read:

Subd. 5. **Deposit of net proceeds.** Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, ~~40~~ 50 percent must be credited to the Minnesota environment and natural resources trust fund and ~~the remainder~~ 50 percent must be credited to the general housing fund.

EFFECTIVE DATE. If the constitutional amendment in article 1, section 1, is approved by the voters at the 2022 general election, this section is effective January 1, 2023.

Sec. 3. **[462A.50] HOUSING FUND; HOUSING FUND COUNCIL.**

Subdivision 1. **Housing fund.** A housing fund, under article XI, section 14, of the Minnesota Constitution, is established as an account in the state treasury. All money earned by the housing fund must be credited to the fund. Money in the account is appropriated to the commissioner of the Minnesota Housing Finance Agency and may be spent only to provide housing, improve housing affordability, and increase homeownership, including but not limited to building and refurbishing affordable housing, mitigating resident displacement, improving housing conditions, providing climate-resilient and sustainable housing, and reducing harmful environmental and health impacts related to housing.

Subd. 2. **Housing Fund Council.** (a) A Housing Fund Council consisting of nine members appointed by the governor is created. Members of the council include:

(1) two public members who are developers who identify as Black, Indigenous, or people of color;

(2) two public members who are or have been houseless at the time of appointment;

4.1 (3) three public members who are renters at the time of appointment; and

4.2 (4) two public members who are realtors working with first-time home buyers.

4.3 (b) Members must not be registered lobbyists. Five members must be from the
4.4 seven-county metropolitan area and four members must be from outside the seven-county
4.5 metropolitan area. The appointments to the council are subject to the advice and consent of
4.6 the senate.

4.7 (c) Members serve four-year terms and may not serve for more than three terms. Members
4.8 continue to serve until their successors are appointed.

4.9 (d) Terms, compensation, and removal of members are as provided in section 15.059.
4.10 A vacancy on the council may be filled by the governor for the remainder of the unexpired
4.11 term.

4.12 (e) Members must elect a chair and other officers as determined by the council. The
4.13 chair may convene meetings as necessary to conduct the duties prescribed by this section.

4.14 (f) The Minnesota Housing Finance Agency must provide administrative support for
4.15 the council.

4.16 Subd. 3. **Council recommendations.** (a) The Housing Fund Council must make
4.17 recommendations on spending money from the housing fund that are consistent with the
4.18 constitution and state law. The recommendations must be submitted to the commissioner
4.19 of the Minnesota Housing Finance Agency for consideration.

4.20 (b) Recommendations of the council, including approval of recommendations for the
4.21 housing fund, require an affirmative vote of at least seven members of the council.

4.22 (c) When making recommendations, the council must give priority to projects that build
4.23 or preserve housing that is affordable to households with incomes at or below 30 percent
4.24 of the area median income.

4.25 Subd. 4. **Conflict of interest.** A Housing Fund Council member may not participate in
4.26 or vote on a decision of the council relating to an organization in which the member has
4.27 either a direct or indirect personal financial interest. While serving on the Housing Fund
4.28 Council, a member must avoid any potential conflict of interest.

4.29 **EFFECTIVE DATE.** If the constitutional amendment in article 1, section 1, is approved
4.30 by the voters at the 2022 general election, this section is effective January 1, 2023.

5.1 Sec. 4. **INITIAL APPOINTMENTS AND FIRST MEETING.**

5.2 (a) Initial appointments to the Housing Fund Council must be made by February 1, 2023.
5.3 The first meeting of the Housing Fund Council must be convened by the commissioner of
5.4 the Minnesota Housing Finance Agency by June 15, 2023. The Housing Fund Council must
5.5 select a chair from its membership at its first meeting.

5.6 (b) Members of the Housing Fund Council must initially be appointed according to the
5.7 following schedule of terms:

5.8 (1) four members appointed by the governor for a term ending the first Monday in
5.9 January 2025; and

5.10 (2) five citizen members appointed by the governor for a term ending the first Monday
5.11 in January 2027.

5.12 **EFFECTIVE DATE.** If the constitutional amendment in article 1, section 1, is approved
5.13 by the voters at the 2022 general election, this section is effective January 1, 2023.