

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

Section 1. [325E.025] DELINQUENT BILLINGS.

Subdivision 1. DEFINITIONS. For purposes of this section, "utility" means persons, corporations, or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured, or mixed gas or electric service to or for the public or engaged in its production and retail sale. The term "utility" includes municipalities and cooperative electric associations, organized under the provisions of chapter 308, producing or furnishing natural, manufactured, or mixed gas or electric service. This section is not applicable to the sale of natural, manufactured, or mixed gas or electricity by a public utility to another public utility for resale.

"Customer" means any person, firm, association, or corporation, or any agency of the federal, state, or local government being supplied with service by a utility.

Subd. 2. PAYMENT RESPONSIBILITY FOR UTILITY SERVICE. A utility shall not: (1) recover or attempt to recover payment from a landlord, property owner or manager, or manufactured home park owner, as defined in section 327C.01, or manufactured home dealer, as defined in section 327B.01, who has not contracted for the service; (2) condition service on payment of an outstanding bill or other charge for utility service due upon the outstanding account of a previous customer or customers when all of the previous customers have vacated the property; or (3) place a lien on the landlord's or owner's property for a tenant's outstanding bill or charge whether created by local ordinance or otherwise. A utility may recover or attempt to recover payment from a property owner where the manager, acting as the owner's agent, contracted for the utility service.

Approved May 17, 1985

CHAPTER 136 — H.F.No. 191

An act relating to local and state government; requiring prompt payment of local government bills; amending Minnesota Statutes 1984, section 16A.124, subdivisions 1, 5, and 8, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 471.

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

Section 1. Minnesota Statutes 1984, section 16A.124, subdivision 1, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **DEFINITIONS.** For the purposes of section 16A.124, the following terms have the meanings here given them.

(a) "Commissioner" means the commissioner of finance.

(b) "State agency" has the meaning assigned to it in section ~~16.011~~ 16A.011.

Sec. 2. Minnesota Statutes 1984, section 16A.124, subdivision 5, is amended to read:

Subd. 5. **PAYMENT OF INTEREST ON LATE PAYMENTS REQUIRED.** (a) A state agency shall pay interest to a vendor for undisputed billings when the agency has not paid the billing within 30 days following receipt of the invoice, merchandise, or service whichever is later. A negotiated contract or agreement between a vendor and a state agency which requires an audit by the state agency prior to acceptance and payment of the vendor's invoice shall not be considered past due until 30 days after the completion of the audit by the state agency. Before any interest payment is made, the vendor must invoice the state agency for such interest.

(b) The rate of interest paid by the agency on undisputed bills not paid within 30 days shall be one and one-half percent per month or any part thereof.

(c) All interest penalties and collection costs must be paid from the agency's current operating budget. No agency may seek to increase its appropriation for the purpose of obtaining funds to pay interest penalties or collection costs.

(d) Any vendor who prevails in a civil action to collect interest penalties from a state agency shall be awarded its costs and disbursements, including attorney's fees, incurred in bringing the actions.

(e) No interest penalties may accrue against an agency that delays payment of a bill due to a disagreement with the vendor; provided, that the dispute must be settled within 30 days after the bill became overdue. Upon the resolution of the dispute, the agency must pay the vendor accrued interest on all proper invoices for which payment was not received within the applicable time limit contained in subdivision 3.

(f) The minimum monthly interest penalty payment that a state agency shall pay a vendor for the unpaid balance for any one overdue bill equal to or in excess of \$100 is \$10. For unpaid balances of less than \$100, the state agency shall pay the actual penalty due to the vendor.

Sec. 3. Minnesota Statutes 1984, section 16A.124, is amended by adding a subdivision to read:

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Subd. 5a. UNIVERSITY OF MINNESOTA; PAYMENT OF INTEREST ON LATE PAYMENTS AUTHORIZED. The University of Minnesota may comply with the requirements of subdivision 5.

Sec. 4. Minnesota Statutes 1984, section 16A.124, subdivision 8, is amended to read:

Subd. 8. **APPLICABILITY.** Subdivisions 1 to 7 apply to all agency purchases, leases, rentals, and contracts for services, including construction and remodeling contracts, except for purchases from or contracts for service with a public utility as defined in section 216B.02 or a telephone company as defined in section 237.01 that has on file with the public utilities commission an approved practice regarding late fees.

Sec. 5. [471.425] PROMPT PAYMENT OF LOCAL GOVERNMENT BILLS.

Subdivision 1. DEFINITIONS. For the purposes of this section, the following terms have the meanings here given them.

(a) "Contract" means any written legal document or documents signed by both parties in which the terms and conditions of any interest or other penalty for late payments are clearly stated.

(b) "Date of receipt" means the completed delivery of the goods or services or the satisfactory installation, assembly or specified portion thereof, or the receipt of the invoice for the delivery of the goods or services, whichever is later.

(c) "Governing board" means the elected or appointed board of the municipality and includes, but is not limited to, city councils, town boards and county boards.

(d) "Municipality" means any home rule charter or statutory city, county, town, school district, political subdivision or agency of local government. "Municipality" means the metropolitan council or any board or agency created under chapter 473.

Subd. 2. PAYMENT REQUIRED. A municipality must pay each vendor obligation according to the terms of the contract or, if no contract terms apply, within the standard payment period unless the municipality in good faith disputes the obligation. Standard payment period is defined as follows:

(a) For municipalities who have governing boards which have regularly scheduled meetings at least once a month, the standard payment period is defined as within 35 days of the date of receipt.

(b) For municipalities whose governing boards do not regularly meet at least once a month, the standard payment period is defined as 45 days after

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receipt of the goods or services or the invoice for the goods or services, whichever is later.

(c) For joint powers organizations organized under section 471.59, the standard payment period is within 45 days of the date of receipt.

Subd. 3. INVOICE ERRORS. If an invoice is incorrect, defective or otherwise improper, the municipality must notify the vendor within ten days of the date of receipt. Upon receiving a corrected invoice from the vendor, the municipality must pay the obligation within the standard payment period defined in subdivision 2.

Subd. 4. PAYMENT OF INTEREST ON LATE PAYMENTS REQUIRED. (a) Except otherwise provided in this section, a municipality shall calculate and pay interest to a vendor if the municipality has not paid the obligation according to the terms of the contract or, if no contract terms apply, within the standard payment period as defined in subdivision 2. The standard payment period for a negotiated contract or agreement between a vendor and a municipality which requires an audit by the municipality before acceptance and payment of the vendor's invoice shall not be begun until the completion of the audit by the municipality.

(b) The rate of interest calculated and paid by the municipality on the outstanding balance of the obligation not paid according to the terms of the contract or during the standard payment period shall be one and one-half percent per month or part of a month.

(c) No interest penalties may accrue against a purchaser who delays payment of a vendor obligation due to a good faith dispute with the vendor regarding the fitness of the product or service, contract compliance, or any defect, error or omission related thereto. If such delay undertaken by the municipality is not in good faith, the vendor may recover costs and attorney's fees.

(d) The minimum monthly interest penalty payment that a municipality shall calculate and pay a vendor for the unpaid balance for any one overdue bill of \$100 or more is \$10. For unpaid balances of less than \$100, the municipality shall calculate and pay the actual interest penalty due the vendor.

Subd. 5. APPLICABILITY. This section applies to all goods, leases and rents, and contracts for services, construction, repair and remodeling. Purchases from or contracts for service with a public utility as defined in section 216B.02 or a telephone company as defined in section 237.01 that has on file with the public utilities commission an approved practice regarding late fees are not subject to this section.

Sec. 6. EFFECTIVE DATE.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Section 2 is effective for purchases and contracts entered into on or after January 1, 1986.

Approved May 17, 1985

CHAPTER 137 — H.F.No. 216

An act relating to financial institutions; credit unions; specifying certain powers; authorizing the establishment of detached banking facilities in the city of Savage; amending Minnesota Statutes 1984, section 52.04, subdivision 1; repealing Minnesota Statutes 1984, section 52.04, subdivision 2.

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

Section 1. Minnesota Statutes 1984, section 52.04, subdivision 1, is amended to read:

Subdivision 1. A credit union has the following powers:

- (1) To offer its members and other credit unions various classes of shares, share certificates, deposits, or deposit certificates;
- (2) To receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other thrift organizations within its membership;
- (3) To make loans to members for provident or productive purposes as provided in section 52.16;
- (4) To make loans to a cooperative society or other organization having membership in the credit union;
- (5) To deposit in state and national banks and trust companies authorized to receive deposits;
- (6) To invest in any investment legal for savings banks or for trust funds in the state and, notwithstanding clause (3), to invest in and make loans of unsecured days funds (federal funds or similar unsecured loans) to financial institutions insured by an agency of the federal government and a member of the Federal Reserve System or required to maintain reserves at the Federal Reserve;
- (7) To borrow money as hereinafter indicated;
- (8) To adopt and use a common seal and alter the same at pleasure;
- (9) To make payments on shares of and deposit with any other credit union chartered by this or any other state or operating under the provisions of the federal credit union act, in amounts not exceeding in the aggregate 25 percent

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