

**CHAPTER 238 — S.F.No. 1357**

*An act relating to contempt of court; providing penalties for failure to file a complete income tax return pursuant to court order; proposing coding for new law in Minnesota Statutes, chapter 588.*

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

**Section 1. [588.21] FAILURE TO FILE COMPLETE INCOME TAX RETURN.**

In addition to other sanctions, when a taxpayer is in contempt of an order of the district court for failure to file a complete and proper income tax return under the provisions of section 290.39, subdivision 1, the court may order a civil fine not to exceed \$50 for each day the contempt of court continues, or for each separate contempt of court, or both. The court may award costs, expenses, reasonable attorney's fees, and witness fees to the state. The court may issue additional orders to ensure compliance with the court's prior order.

**Sec. 2. EFFECTIVE DATE.**

Section 1 is effective the day after final enactment.

Approved May 24, 1985

**CHAPTER 239 — S.F.No. 1398**

*An act relating to deposit and investment of public funds; modifying the collateral requirements for public deposits; amending Minnesota Statutes 1984, sections 118.005, subdivision 1; 118.01; 475.66, subdivisions 1 and 3; and 475.76, subdivision 1.*

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

Section 1. Minnesota Statutes 1984, section 118.005, subdivision 1, is amended to read:

Subdivision 1. The governing body of every municipality, as defined in section 118.01, which has the power to receive and disburse funds, shall designate as a depository of the funds such national, insured state banks or thrift institutions as defined in section 51A.02, subdivision 23, as it may deem proper. The governing body may authorize the treasurer or chief financial officer to exercise the powers of the governing body in designating a depository of the funds.

Sec. 2. Minnesota Statutes 1984, section 118.01, is amended to read:

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

**118.01 DEPOSITORY BONDS.**

Subdivision 1. Any bank, trust company or thrift institution authorized to do business in this state, designated as a depository of funds of a municipality, as provided by law may, in lieu of the corporate or personal surety bond required to be furnished to secure the deposited funds, deposit with the custodian of the funds as collateral security, the bonds or other interest bearing obligations which are legally authorized investments for savings banks under section 50.14, except as otherwise provided by this subdivision. notes secured by first mortgages of future maturity, upon which interest is not past due, on improved real estate free from delinquent taxes, within the county wherein the depository is located, or within counties immediately adjoining the county in the state of Minnesota or, to the extent of the guarantee, loans guaranteed by the Small Business Administration under the Federal Small Business Act or, to the extent of the guarantee, loans or obligations secured or guaranteed by the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States may also be deposited with the custodian of the funds in lieu of the corporate or personal surety bond required to be furnished to secure the funds. Industrial revenue bonds or notes issued pursuant to chapter 474 or similar bonds or notes of other states, territories, or their municipal subdivisions or bonds secured by real estate may not be deposited with the custodian of the funds in fulfilling the requirement of this subdivision, the obligations which are legally authorized investments for debt service funds under section 475.66, subdivision 3, and qualified state or local government obligations acceptable to the treasurer or chief financial officer. Qualified obligations must be general obligations rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

Subd. 2. Except for notes secured by first mortgages of future maturity, the total in amount of the collateral computed at its market value shall be at least ten percent more than the amount of on deposit at the close of the business day, in excess of any insured portion, which would be permitted if a corporate or personal surety bond were furnished. The total amount of collateral consisting of notes secured by first mortgages of future maturity computed at its market value shall be at least 40 percent more than the amount on deposit at the close of the business day, in excess of any insured portion, which would be permitted if a corporate or personal surety bond were furnished. The depository may at its discretion furnish both a bond and collateral aggregating the required amount.

Subd. 3. Any collateral so deposited shall be accompanied by an assignment thereof to the municipality designating from the depository, which. The assignment shall recite that the depository shall pay over to the treasurer or his order chief financial officer on demand or, if a time deposit, when due, free of exchange or any other charges, except for early withdrawal penalties on time deposits, all moneys deposited therein at any time during the period the collateral shall be so deposited and shall pay the interest thereon when due at the agreed

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rate; and that, in case of any default upon the part of the depository, the governing body of the municipality ~~making the designation shall have full power and authority to~~ or the treasurer or chief financial officer may sell the collateral, or as much thereof as may be necessary to realize the full amount due the municipality and to pay over any surplus to the depository or its assigns.

Subd. 4. A depository may in its discretion deposit collateral of a value less than the total designation and may from time to time, during the period of its designation, deposit additional collateral and make withdrawals of excess collateral or substitute other collateral for that on deposit or any part thereof, ~~as defined in subdivision 1, on receipt by the municipality of written notice from the depository.~~ Authority is vested in the treasurer to return the collateral to the depository when the trust so created is terminated and he shall, in the case of a reduction of the deposit, permit the depository to withdraw the excess portion thereof. All interest on the collateral so deposited when collected shall be paid to the depository so long as it is not in default. Before any collateral is deposited with the treasurer it shall first be approved by the same authority that designated the depository, but no such authority shall be necessary for the withdrawal of collateral.

Subd. 5. The closing of a depository shall be deemed a default ~~upon~~ on the part of the depository and no demand ~~upon~~ on the part of the municipality or its treasurer shall be necessary to establish the default. If a depository closes, any time deposit placed therein shall immediately become due and payable.

Subd. 6. If both bond and collateral are furnished by a depository, all or any part of the collateral may be withdrawn without in any way impairing the full force and effect of the bond unless it contains a provision that the collateral shall not be withdrawn without the consent of the surety thereon. If a corporate surety bond is furnished by a depository, it shall be in a penal sum not to exceed the amount designated as the limit of deposit therein, notwithstanding any other provisions of law to the contrary.

Subd. 7. At no time shall the treasurer maintain a deposit in any depository against collateral in excess of 90 percent of the market value thereof.

Subd. 8. Any provision of law authorizing any municipality to designate banks as depositories shall be construed to include trust companies and thrift institutions authorized to do business.

Subd. 9. All bonds furnished under the provisions of this section shall be approved by the governing body of the municipality designating the depository and shall be filed in the office of the county auditor. All collateral deposited under the provisions of this section shall be approved by the governing body of the municipality and deposited with the treasurer or chief financial officer of the municipality, unless the governing body by resolution designates some other place for the safe-keeping of the collateral or placed in safekeeping for the municipality

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in a financial institution approved by the governing body of the municipality or the treasurer or chief financial officer, if approval authority is designated to the treasurer or chief financial officer. The collateral shall not be redeposited in the bank, trust company or thrift institution furnishing it.

Subd. 10. Any depository pledging securities, at any time it deems it advisable or desirable, may substitute obligations of the United States of America for all or any part of the securities pledged. The substituted collateral shall be approved by the governing body of the municipality making the designation at its next official meeting. The substituted securities, at the time of substitution, shall have a market value which, together with the market value of the original securities for which no substitution is made, is at least ten percent more than the amount of deposit, in excess of any insured portion, that would be permitted if a corporate or personal surety bond were furnished. In the event of substitution the holder or custodian of the securities shall, on the same day, forward by registered or certified mail to the public corporation and the depository, a receipt specifically describing and identifying both the substituted securities and those released and returned to the depository.

Subd. 41 7. "Municipality" for the purpose of this section means a county, city, town, school district, hospital district, public authority, public corporation, public commission, special district, police or salaried firefighter's relief association, volunteer firefighter's relief association, independent nonprofit firefighting corporation having a subsidiary firefighter's relief association, or any retirement association established pursuant to statute or special law holding funds intended to support or pay retirement benefits for employees of a municipality, any other political subdivision, or an agency of the state or of its subdivisions.

Sec. 3. Minnesota Statutes 1984, section 475.66, subdivision 1, is amended to read:

Subdivision 1. All debt service funds shall be deposited and secured as provided in chapter 118, except for amounts invested as authorized in this section, and may be deposited in interest bearing accounts, and such deposits may be evidenced by certificates of deposit with fixed maturities. Sufficient cash for payment of principal, interest, and redemption premiums when due with respect to the obligations for which any debt service fund is created shall be provided by crediting to the fund the collections of tax, special assessment, or other revenues appropriated for that purpose, and depositing all such receipts in a depository bank or banks duly qualified according to law or investing and reinvesting such receipts in securities authorized in this section. Time deposits shall be withdrawable and certificates of deposit and investments shall mature and shall bear interest payable at times and in amounts which, in the judgment of the governing body or its treasurer or other officer or committee to which it has delegated investment decisions, will provide cash at the times and in the amounts required for the purposes of the debt service fund, provided however, that the governing

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body may authorize the purchase of longer term investments subject to an agreement to repurchase such investments at times and prices sufficient to yield the amounts estimated to be so required. Repurchase agreements may be entered into with a bank qualified as depository of money held in the debt service fund, or with any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000, or a primary reporting dealer in United States government securities to the federal reserve bank of New York.

Sec. 4. Minnesota Statutes 1984, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) ~~in any security which is a direct obligation of or is guaranteed as to payment of principal and interest by the United States or any agency or instrumentality of the United States governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress,~~

(b) in shares of an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, and whose only investments are in securities described in the preceding clause,

(c) in any security which is a general obligation of the state of Minnesota or any of its municipalities,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, or

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created.

Sec. 5. Minnesota Statutes 1984, section 475.76, subdivision 1, is amended to read:

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Subdivision 1. A reverse repurchase agreement may be entered into by a municipality, subject to the provisions of this section, only with a bank qualified as depository of funds of the municipality, or with any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000, or with a primary reporting dealer in United States government securities to the federal reserve bank of New York.

Approved May 24, 1985

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## CHAPTER 240 — H.F.No. 282

*An act relating to education; declaring the purpose of public education in Minnesota; changing the name of and provisions about the Minnesota school for the deaf and the Minnesota braille and sight saving school; requiring annual development of two-year plans for the academies; allowing for certain positions at the academies to be in the unclassified service; amending Minnesota Statutes 1984, sections 128A.01; 128A.02; 128A.03; and 128A.05; proposing coding for new law in Minnesota Statutes, chapter 120.*

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

### Section 1. [120.011] PURPOSE STATEMENT.

In accordance with the responsibility vested in the legislature in the Minnesota Constitution, article XIII, section 1, the legislature declares that the purpose of public education in Minnesota is to help all individuals acquire knowledge, skills, and positive attitudes toward self and others that will enable them to solve problems, think creatively, continue learning, and develop maximum potential for leading productive, fulfilling lives in a complex and changing society.

Sec. 2. Minnesota Statutes 1984, section 128A.01, is amended to read:  
128A.01 LOCATION.

The Minnesota ~~school~~ state academy for the deaf and the Minnesota ~~braille and sight-saving school~~ state academy for the blind shall be continued at Faribault, and shall be grouped and classed with the educational institutions of the state.

Sec. 3. Minnesota Statutes 1984, section 128A.02, is amended to read:

128A.02 TRANSFER OF AUTHORITY STATE BOARD DUTIES AND POWERS.

Subdivision 1. The state board of education ~~shall be~~ is responsible for the control, management and administration of the Minnesota ~~school~~ state

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