

## CHAPTER 271—S.F.No. 481

*An act relating to state government; financing the beginning farmer loan program; regulating certain administrative duties of the commissioner of finance; permitting certain financial arrangements; amending Minnesota Statutes 1988, sections 16A.065; 16A.27, subdivision 5; 16A.58; 16A.631; 16A.641, subdivision 7; 16A.661, subdivision 7; 16A.85, subdivisions 1 and 3; 41B.19, subdivision 5; 41B.195; 115A.58, subdivisions 1, 3, 4, and 5; 115A.59; 116.16, subdivisions 1, 2, 3, 4, 5, and 9; 116.17, subdivisions 1, 3, and 5; 116.18, subdivisions 1, 4, 5, and 6; 124.42, subdivision 3; 136C.44; 216C.37, subdivision 6; 246.50, subdivision 5; 246.64, subdivision 1; and Laws 1987, chapter 396, article 12, section 10; repealing Minnesota Statutes 1988, sections 84B.08; 85A.04, subdivision 2; 115A.57; 136C.42; 136C.43, subdivisions 1, 2, and 3.*

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

Section 1. Minnesota Statutes 1988, section 16A.065, is amended to read:

**16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.**

Despite section 16A.41, subdivision 1, the commissioner may allow an agency to make advance deposits or payments for software or software maintenance services for state-owned or leased electronic data processing equipment, for sole source maintenance agreements where it is not cost effective to pay in arrears, for exhibit booth space rental when required by the renter to guarantee the availability of space, for registration fees where advance payment is required or advance payment discount is provided, and for newspaper, magazine, and other subscription fees customarily paid for in advance. The commissioner may also allow advance deposits by any department with the Library of Congress and federal Supervisor of Documents for items to be purchased from those federal agencies.

Sec. 2. Minnesota Statutes 1988, section 16A.27, subdivision 5, is amended to read:

Subd. 5. **CHARGES, COMPENSATING BALANCES.** The commissioner may agree to pay a depository a reasonable charge ~~or~~ to keep maintain appropriate compensating balances ~~there~~ with the depository, or purchase noninterest bearing certificates of deposit from the depository for performing depository related services.

Sec. 3. Minnesota Statutes 1988, section 16A.58, is amended to read:

**16A.58 COMMISSIONER CUSTODIAN OF PAYMENT DOCUMENTS.**

The commissioner is the custodian of original documents on which money has been or may be paid out of or received in the state treasury.

Sec. 4. Minnesota Statutes 1988, section 16A.631, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

**16A.631 STATE BUILDING BOND PROCEEDS FUND.**

The state building bond proceeds fund is established to receive state bond proceeds appropriated to agencies to acquire and to better public land and buildings and other public improvements of a capital nature, as authorized by the constitution, article XI, section 5, clause (a).

Sec. 5. Minnesota Statutes 1988, section 16A.641, subdivision 7, is amended to read:

Subd. 7. **CREDIT OF PROCEEDS.** (a) Proceeds of bonds issued under each law must be credited by the commissioner to a special fund, as provided in this subdivision.

(b) Accrued interest and any premium received on sale of the bonds must be credited to the state bond fund created by the constitution, article XI, section 7.

(c) Proceeds of state building bonds must be credited to the state building bond proceeds fund under section 16A.631.

(d) Proceeds of state highway bonds must be credited to the trunk highway fund under the constitution, article XIV, section 6.

(e) Proceeds of bonds issued for programs of grants or loans to political subdivisions must be credited to special accounts in the bond proceeds fund or to special funds established by laws stating the purposes of the grants or loans, and the standards and criteria under which an executive agency is authorized to make them.

(f) Proceeds of refunding bonds must be credited to the state bond fund as provided in section 16A.66, subdivision 1.

Sec. 6. Minnesota Statutes 1988, section 16A.661, subdivision 7, is amended to read:

Subd. 7. **APPLICATION AND APPROPRIATION OF PROCEEDS.** The proceeds of the bonds must be deposited and spent as provided in this subdivision and are appropriated for those purposes. Any accrued interest and any premium received on the sale of the bonds, and any amount of bond proceeds determined by the commissioner to be needed to pay interest payable on the bonds up to 18 months following their issuance, must be credited to the appropriate general obligation special tax bond debt service account. Except as otherwise required by law, the balance of the bond proceeds shall be credited to the state building bond proceeds fund and spent for the purposes specified in the law authorizing the issuance of the bonds. So much of the proceeds as is necessary must be used to pay costs incurred in issuing and selling the bonds.

Sec. 7. Minnesota Statutes 1988, section 16A.85, subdivision 1, is amended to read:

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Subdivision 1. **AUTHORIZATION.** The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, and commissions of the kinds identified in this subdivision that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease ~~and to~~. The master lease may be used only to finance the following kinds of purchases:

(a) The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.

(b) The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.

(c) The master lease may be used to finance purchases of large equipment with a capital value of more than \$100,000 and a useful life of more than ten years.

(d) The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than \$10,000.

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16B. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to ~~pay principal and interest coming due on the certificates of participation~~ make master lease payments.

Sec. 8. Minnesota Statutes 1988, section 16A.85, subdivision 3, is amended to read:

Subd. 3. **MASTER LEASES NOT DEBT.** The commissioner of finance may not enter into a master lease unless the commissioner of finance has conducted a demand survey of the amount of projected rentals and determines that money has been appropriated and allotted for the payment of the maximum amount of rentals that are projected to be payable from state money and that are projected to be due or to become due during the appropriation period in which the lease contract is entered into. A master lease does not constitute or create a general or moral obligation or indebtedness of the state in excess of the money from time to time appropriated or otherwise available for the payment of rent coming due under the lease, and the state has no continuing obligation to appropriate money for the payment of rent or other obligations under the lease. Rent due under a master lease during a current lease term for which money has been appropriated is a current expense of the state.

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Sec. 9. Minnesota Statutes 1988, section 41B.19, subdivision 5, is amended to read:

Subd. 5. **RURAL FINANCE AUTHORITY SECURITY ACCOUNT.** The commissioner of finance shall maintain a separate ~~state building fund~~ account designated as the rural finance authority security account, into which must be deposited the proceeds of the rural renewal general obligation bonds issued as provided in this section. The commissioner of finance shall maintain a separate bookkeeping account to record receipts and disbursements of money transferred to or from the security account and to record income from the investment of money in the account. Upon the written request of the authority, the commissioner of finance shall transfer from the security account to an account or accounts the authority shall designate, a sum of money sufficient in amount, if available, when added to the balances then on hand in the designated accounts, to pay bonds issued by the authority under sections 41B.01 to 41B.23 and the interest on them due and to become due on the next succeeding date for the payment of the principal of and interest on the bonds of the authority or to restore to any debt service reserve fund established in connection with the bonds any amount withdrawn from the debt service reserve account to pay the bonds. When no revenue bonds secured by the security account are outstanding under the resolution authorizing their issuance, the commissioner of finance shall transfer all money and securities on hand in the security account to the state bond fund.

Sec. 10. Minnesota Statutes 1988, section 41B.195, is amended to read:

#### 41B.195 ADDITIONAL USE OF GENERAL OBLIGATION BONDS.

Notwithstanding the limit set forth in section 41B.19, subdivision 1, the commissioner of finance, upon the request of the rural finance authority, may issue the general obligation bonds authorized by section 41B.19 and use the proceeds of the bonds to purchase participations in qualified agricultural loans if the commissioner determines that it is not practical or efficient to issue revenue bonds under section 41B.08 for the purpose of sections 41B.025, subdivision 5, 41B.037, 41B.038, and 41B.04 as a result of reduced program size or increased program costs. Subject to the other provisions of this section, the proceeds of the bonds must be deposited, held, and disbursed from a separate ~~state building fund~~ account, the bonds are payable from the bond account established by section 41B.19, subdivision 4, and the participations purchased with the bond proceeds must be held as assets of the bond account. If the rural finance authority later determines to issue revenue bonds under section 41B.08 for the purposes specified in section 41B.04, the commissioner may by order provide for the transfer of all or a portion of the remaining bond proceeds and interest on them, and all or a portion of the participations purchased with the bond proceeds and proceeds of them, to be transferred to the security account established in section 41B.19, subdivision 5, and used for the purposes specified in section 41B.19, subdivisions 1 and 5.

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Sec. 11. Minnesota Statutes 1988, section 115A.58, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY TO ISSUE BONDS.** The commissioner of finance shall sell bonds of the state of Minnesota for the prompt and full payment of which, together with interest, the full faith, credit, and taxing powers of the state are irrevocably pledged. Bonds shall be sold only upon request of the board and in the amount as may otherwise be authorized by this or a subsequently enacted law which authorizes the sale of additional bonds and the deposit of the proceeds in ~~the state a~~ waste management account in the bond proceeds fund. Any authorized amount of bonds in this law or any subsequently enacted law authorizing the issuance of bonds for the purposes of the ~~state waste management fund~~ account, together with this section, constitute complete authority for the issue. The bonds shall not be subject to restrictions or limitations contained in any other law.

Sec. 12. Minnesota Statutes 1988, section 115A.58, subdivision 3, is amended to read:

Subd. 3. **EXPENSES.** All expenses incidental to the sale, printing, execution, and delivery of bonds pursuant to this section, including but not limited to actual and necessary travel and subsistence expenses of state officers and employees for these purposes, and any expenses of litigation relating to the validity of the bonds, shall be paid from the waste management ~~fund~~ account, and the amounts necessary are appropriated from that ~~fund~~ account.

Sec. 13. Minnesota Statutes 1988, section 115A.58, subdivision 4, is amended to read:

Subd. 4. **DEBT SERVICE ACCOUNT IN THE STATE WASTE MANAGEMENT FUND.** The commissioner of finance shall maintain in the ~~Minnesota state waste management state bond~~ fund a separate account to be called the state waste management debt service account. It shall record receipts of premium and accrued interest, loan repayments, project revenue or other money transferred to the fund and income from the investment of the money and record any disbursements to pay the principal and interest on waste management bonds. Income from investment shall be credited to the account in each fiscal year. The amount credited shall be equal to the average return that year on all funds invested by the state treasurer, as determined by the treasurer, times the average balance in the account that year.

Sec. 14. Minnesota Statutes 1988, section 115A.58, subdivision 5, is amended to read:

Subd. 5. **APPROPRIATIONS TO DEBT SERVICE ACCOUNT; APPROPRIATION FROM ACCOUNT TO PAY DEBT SERVICE.** The premium and accrued interest received on each issue of Minnesota state waste management bonds, and all payments received in repayment of loans and other revenues received are appropriated to the debt service account. All income from the investment of the ~~Minnesota state waste management~~ account in the bond

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proceeds fund is appropriated to the debt service account. In order to reduce the amount of taxes otherwise required to be levied, there is also appropriated to the debt service account from any funds available in the general fund on November 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand, to pay all principal and interest on Minnesota waste management bonds due and to become due before July 1 in the second ensuing year. So much of the debt service account ~~of the state waste management fund~~ as is necessary to pay principal and interest on waste management bonds is annually appropriated from the debt service account for the payment of principal and interest of the waste management bonds. All funds appropriated by this subdivision shall be available in the debt service account prior to any levy of the tax in any year required by the Minnesota Constitution, article XI, section 7.

Sec. 15. Minnesota Statutes 1988, section 115A.59, as amended to read:

**115A.59 BOND AUTHORIZATION AND APPROPRIATION OF PROCEEDS.**

The commissioner of finance is authorized, upon request of the board, to sell ~~Minnesota state waste management~~ bonds in the amount of up to \$8,800,000 for the purpose of the waste processing facility capital assistance program under section 115A.54, and in the amount of up to \$6,200,000 for the purpose of acquiring real property and interests in real property for hazardous waste facility sites and buffer areas as authorized by section 115A.06, subdivision 4. The bonds shall be sold in the manner and upon the conditions prescribed in ~~section 115A.58~~ sections 16A.631 to 16A.675, and in the Minnesota Constitution, article XI, sections 4 to 7. ~~The proceeds of the bonds, except as provided in section 115A.58, subdivision 5, are appropriated to the Minnesota state waste management fund.~~ The amount of bonds issued pursuant to this authorization shall not exceed at any time the amount needed to produce a balance in the waste management ~~fund~~ account equal to the aggregate amount of the loans and grants then approved and not previously disbursed, plus the amount of the loans and grants to be approved in the current and the following fiscal year, as estimated by the board.

Sec. 16. Minnesota Statutes 1988, section 116.16, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE.** A Minnesota state water pollution control ~~fund~~ is created as a separate bookkeeping account in the general books of account of the state, to record receipts of the proceeds of state bonds and other money appropriated to the fund and disbursements of money appropriated or loaned from the fund program is created to provide money to be granted or loaned to agencies and subdivisions of the state for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the prevention, control, and abatement of water pollution in accordance with the long-range state policy, plan, and program established in sections 115.41 to 115.63, and in accordance with standards adopted pursuant to law by the Min-

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nesota pollution control agency. It is determined that state financial assistance for the construction of water pollution prevention and abatement facilities for municipal disposal systems and combined sewer overflow is a public purpose and a proper function of state government, in that the state is trustee of the waters of the state and such financial assistance is necessary to protect the purity of state waters, and to protect the public health of the citizens of the state, which is endangered whenever pollution enters state waters at one point and flows to other points in the state.

Sec. 17. Minnesota Statutes 1988, section 116.16, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** In this section and sections 116.17 and 116.18:

(1) Agency means the Minnesota pollution control agency created by this chapter;

(2) Municipality means any county, city, and town, the metropolitan waste control commission established in chapter 473 and the metropolitan council when acting under the provisions of that chapter or an Indian tribe or an authorized Indian tribal organization, and any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state;

(3) Water pollution control fund program means the Minnesota state water pollution control ~~fund~~ program created by subdivision 1;

(4) Bond account means the Minnesota state water pollution control bond account created in the state bond fund by section 116.17, subdivision 4;

(5) Terms defined in section 115.01 have the meanings therein given them;

(6) The eligible cost of any municipal project, except as otherwise provided in clauses (7) and (8), includes (a) preliminary planning to determine the economic, engineering, and environmental feasibility of the project; (b) engineering, architectural, legal, fiscal, economic, sociological, project administrative costs of the agency and the municipality, and other investigations and studies; (c) surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the planning, design, and construction of the project; (d) erection, building, acquisition, alteration, remodeling, improvement, and extension of disposal systems; (e) inspection and supervision of construction; and (f) all other expenses of the kinds enumerated in section 475.65;

(7) For state independent grant and matching grant purposes hereunder, the eligible cost for grant applicants shall be the eligible cost as determined by the United States environmental protection agency under the Federal Water Pollution Control Act, United States Code, title 33, sections 1281 to 1299;

(8) Notwithstanding clause (7), for state grants under the state independent grants program, the eligible cost includes the acquisition of land for stabilization

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ponds, the construction of collector sewers for totally unsewered statutory and home rule charter cities and towns described under section 368.01, subdivision 1 or 1a, that are in existence on January 1, 1985, and the provision of reserve capacity sufficient to serve the reasonable needs of the municipality for 20 years in the case of treatment works and 40 years in the case of sewer systems. Notwithstanding clause (7), for state grants under the state independent grants program, the eligible cost does not include the provision of service to seasonal homes, or cost increases from contingencies that exceed three percent of as-bid costs or cost increases from unanticipated site conditions that exceed an additional two percent of as-bid costs;

(9) Authority means the Minnesota public facilities authority established in section 446A.03.

Sec. 18. Minnesota Statutes 1988, section 116.16, subdivision 3, is amended to read:

Subd. 3. **RECEIPTS.** The commissioner of finance and treasurer shall deposit in the state treasury and credit to a separate account in the bond proceeds fund as received ~~(a)~~ all proceeds of Minnesota water pollution control bonds, except accrued interest and premiums received upon the sale thereof; ~~(b)~~ all other money appropriated by law for purposes stated in subdivision 1; and ~~(c)~~ All money granted to the state for such purposes by the federal government or any agency thereof must be credited to a separate account in the federal fund. All such receipts are annually appropriated for the permanent construction and improvement purposes of the fund water pollution control program, and shall be and remain available for expenditure in accordance with this section and federal law until the purposes for which such appropriations were made have been accomplished or abandoned.

Sec. 19. Minnesota Statutes 1988, section 116.16, subdivision 4, is amended to read:

Subd. 4. **DISBURSEMENTS.** Disbursements ~~from the fund for the water pollution control program~~ shall be made by the state treasurer upon order of the commissioner of finance at the times and in the amounts requested by the agency or the Minnesota public facilities authority in accordance with the applicable state and federal law governing such disbursements; except that no appropriation or loan of state funds for any project shall be disbursed to any municipality until and unless the agency has by resolution determined the total estimated cost of the project, and ascertained that financing of the project is assured by:

(1) a grant to the municipality by an agency of the federal government within the amount of funds then appropriated to that agency and allocated by it to projects within the state; or

(2) a grant of funds appropriated by state law; or

(3) a loan authorized by state law; or

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(4) the appropriation of proceeds of bonds or other funds of the municipality to a fund for the construction of the project; or

(5) any or all of the means referred to in paragraphs (1) to (4); and

(6) an irrevocable undertaking, by resolution of the governing body of the municipality, to use all funds so made available exclusively for the construction of the project, and to pay any additional amount by which the cost of the project exceeds the estimate, by the appropriation to the construction fund of additional municipal funds or the proceeds of additional bonds to be issued by the municipality; and

(7) conformity of the project and of the loan or grant application with the state water pollution control plan as certified to the federal government and with all other conditions under applicable state and federal law for a grant of state or federal funds of the nature and in the amount involved.

Sec. 20. Minnesota Statutes 1988, section 116.16, subdivision 5, is amended to read:

Subd. 5. **RULES.** (a) The agency shall promulgate permanent rules and may promulgate emergency rules for the administration of grants and loans authorized to be made ~~from the fund or from federal funds under the Federal Water Pollution Control Act~~ under the water pollution control program, which rules, however, shall not be applicable to the issuance of bonds by the commissioner of finance as provided in section 116.17. The rules shall contain as a minimum:

(1) procedures for application by municipalities;

(2) conditions for the administration of the grant or loan;

(3) criteria for the ranking of projects in order of priority for grants or loans, based on factors including the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multimunicipal systems; and

(4) such other matters as the agency and the commissioner find necessary to the proper administration of the grant program.

(b) Except as otherwise provided in sections 116.16 to 116.18, the rules for the administration of state independent grants must comply, to the extent practicable, with provisions relating directly to protection of the environment contained in the Federal Water Pollution Control Act, as amended, and regulations and guidelines of the United States environmental protection agency promulgated under the act, except provisions regarding allocation contained in section 205 of the act and regulations and guidelines promulgated under section 205 of the act. This provision does not require approval from federal agencies for the issuance of grants or for the construction of projects under the state independent grants program.

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(c) For purposes of awarding independent state grants, the agency may by rule waive the federal 20-year planning requirement for municipalities with a population of less than 1,500.

Sec. 21. Minnesota Statutes 1988, section 116.16, subdivision 9, is amended to read:

Subd. 9. **APPLICATIONS.** Applications by municipalities for grants or loans ~~from the fund under the water pollution control program~~ shall be made to the authority on forms requiring information prescribed by rules of the agency. The authority shall send the application to the agency within ten days of receipt. The commissioner shall certify to the authority those applications which appear to meet the criteria set forth in sections 116.16 to 116.18 and the rules promulgated hereunder, and the authority shall award the grants or loans on the basis of the criteria and priorities established by the agency in its rules and in sections 116.16 to 116.18. A municipality that is designated under agency rules to receive state or federal funding for a project and that does not make a timely application for or that refuses the funding is not eligible for either state or federal funding for that project in that fiscal year or the subsequent year.

Sec. 22. Minnesota Statutes 1988, section 116.17, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE AND APPROPRIATION.** For the purpose of providing money to be appropriated or loaned to municipalities ~~from under~~ the Minnesota state water pollution control ~~fund~~ program for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the prevention, control, and abatement of water pollution in accordance with the provisions of section 116.16, when such appropriations or loans are authorized by law and funds therefor are requested by the agency, the commissioner of finance shall sell and issue bonds of the state of Minnesota for the prompt and full payment of which, with interest thereon, the full faith, credit, and taxing powers of the state are irrevocably pledged. Bonds shall be issued pursuant to this section only as authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended for this purpose. Any act authorizing the issuance of bonds for this purpose, together with this section, constitutes complete authority for such issue, and such bonds shall not be subject to restrictions or limitations contained in any other law.

Sec. 23. Minnesota Statutes 1988, section 116.17, subdivision 3, is amended to read:

Subd. 3. **EXPENSES.** All expenses incidental to the sale, printing, execution, and delivery of bonds pursuant to this section, including but not limited to actual and necessary travel and subsistence expenses of state officers and employees for such purposes, and any expenses of litigation relating to the validity of the bonds, shall be paid from the ~~pollution control~~ bond proceeds fund, and the amounts necessary therefor are appropriated from that fund; provided that if

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any amount is specifically appropriated for this purpose in an act authorizing the issuance of bonds pursuant to this section, such expenses shall be limited to the amount so appropriated.

Sec. 24. Minnesota Statutes 1988, section 116.17, subdivision 5, is amended to read:

Subd. 5. **APPROPRIATIONS TO BOND ACCOUNT.** The premium and accrued interest received on each issue of Minnesota state water pollution control bonds, and all loan payments received under the provisions of section 116.16, subdivision 5, shall be credited to the bond account. All income from the investment of ~~the~~ Minnesota state water pollution control ~~fund~~ and bond proceeds, shall also be credited to the bond account ~~identified in Minnesota Statutes 1971, section 116.16.~~ In order to reduce the amount of taxes otherwise required to be levied, there shall also be credited to the bond account therein from the general fund in the state treasury, on November 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand therein, to pay all Minnesota water pollution control bonds and interest thereon due and to become due to and including July 1 in the second ensuing year. All money so credited and all income from the investment thereof is annually appropriated to the bond account for the payment of such bonds and interest thereon, and shall be available in the bond account prior to the levy of the tax in any year required by the Constitution, article XI, section 7. The commissioner of finance and treasurer are directed to make the appropriate entries in the accounts of the respective funds.

Sec. 25. Minnesota Statutes 1988, section 116.18, subdivision 1, is amended to read:

Subdivision 1. **APPROPRIATION FROM THE FUND.** The sum of \$167,000,000, or so much thereof as may be necessary, is appropriated from the ~~Minnesota state water pollution control~~ bond proceeds fund in the state treasury to the pollution control agency, for the period commencing on July 23, 1971, to be granted and disbursed to municipalities and agencies of the state in aid of the construction of projects conforming to section 116.16, in accordance with the rules, priorities, and criteria therein described.

Sec. 26. Minnesota Statutes 1988, section 116.18, subdivision 4, is amended to read:

Subd. 4. **BOND AUTHORIZATION.** For the purpose of providing money appropriated in subdivision 1 for ~~expenditure from the Minnesota state water pollution control fund~~ through grants to municipalities and agencies of the state for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the prevention, control, and abatement of water pollution, the commissioner of finance is authorized upon request of the pollution control agency to sell and issue Minnesota state water pollution control bonds in the amount of \$156,000,000, in the manner and upon the conditions prescribed in section 116.17 and in the Constitution, article XI, sections 4 to 7.

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The proceeds of the bonds, except as provided in section 116.17, subdivision 5, are appropriated and shall be credited to ~~the a~~ Minnesota state water pollution control account in the bond proceeds fund. The amount of bonds issued pursuant to this authorization shall not exceed at any time the amount needed to produce a balance in the water pollution control ~~fund~~ account equal to the aggregate amount of grants then approved and not previously disbursed, plus the amount of grants to be approved in the current and the following fiscal year, as estimated by the pollution control agency.

Sec. 27. Minnesota Statutes 1988, section 116.18, subdivision 5, is amended to read:

Subd. 5. **FEDERAL AND OTHER FUNDS.** All federal and other funds made available for any purpose of the water pollution control ~~fund~~ program are also appropriated ~~to that fund~~ for the program.

Sec. 28. Minnesota Statutes 1988, section 116.18, subdivision 6, is amended to read:

Subd. 6. **CONTINUANCE OF APPROPRIATIONS.** None of the appropriations made in this section shall lapse until the purpose for which it is made has been accomplished or abandoned. The amount of each grant approved for ~~disbursement from~~ the water pollution control ~~fund~~ program shall be and remain appropriated for that purpose until the grant is fully disbursed or part or all thereof is revoked by the pollution control agency.

Sec. 29. Minnesota Statutes 1988, section 124.42, subdivision 3, is amended to read:

Subd. 3. ~~On or before December 1,~~ The commissioner shall issue to each district whose note has been so received a warrant on the debt service loan account of the maximum effort school loan fund, payable on presentation to the state treasurer out of any money in such account. The warrant shall be issued by the commissioner in sufficient time to coincide with the next date on which the district is obligated to make principal or interest payments on its bonded debt in the ensuing year. Interest shall accrue from the date such warrant is issued. The proceeds thereof shall be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Sec. 30. Minnesota Statutes 1988, section 136C.44, is amended to read:

**136C.44 VOCATIONAL TECHNICAL BUILDING APPROPRIATIONS.**

Money appropriated ~~from the state building fund~~ to the state board of vocational technical education for post-secondary vocational technical construction in school districts shall be used for grants to school districts for the acquisition and betterment of land, buildings, and capital improvements for technical institutes. These grants shall only be made upon the conditions and in accordance with all standards and criteria established in state board rules and in the

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legislative act authorizing the specific post-secondary vocational facilities project. A grant shall cover 85 percent of the cost of the post-secondary vocational facilities authorized by the specific legislative act, and 15 percent of the cost of these facilities shall be financed by the school district operating the technical institute, unless otherwise provided by the specific legislative act. A grant to a joint vocational technical district formed under sections 136C.60 to 136C.69 must cover 100 percent of the cost, unless otherwise provided by the specific legislative act. No local bonds shall be authorized, issued, or sold, nor shall any election be held to authorize the issuance of bonds, if the proceeds will be used to finance a project for which specific legislative approval is required, until after that specific legislative approval has been given.

Sec. 31. Minnesota Statutes 1988, section 216C.37, subdivision 6, is amended to read:

Subd. 6. **RECEIPTS; APPROPRIATION.** The commissioner of finance shall deposit in the state treasury all principal and interest payments received in repayment of the loans authorized by this section. These payments shall be credited to the ~~state building bond~~ proceeds fund and are appropriated to the commissioner of finance for the purposes of that account.

Sec. 32. Minnesota Statutes 1988, section 246.50, subdivision 5, is amended to read:

Subd. 5. **COST OF CARE.** "Cost of care" means the commissioner's determination of the anticipated average per capita cost of all maintenance, treatment and expense, including depreciation of buildings and equipment, interest paid on bonds issued for capital improvements to state facilities, and indirect costs related to the operation other than that paid from the Minnesota state building fund or the bond proceeds fund, at all of the state facilities during the current year for which billing is being made. The commissioner shall determine the anticipated average per capita cost. The commissioner may establish one all inclusive rate or separate rates for each patient or resident disability group, and may establish separate charges for each facility. "Cost of care" for outpatient or day care patients or residents shall be on a cost for service basis under a schedule the commissioner shall establish.

For purposes of this subdivision "resident patient" means a person who occupies a bed while housed in a state facility for observation, care, diagnosis, or treatment.

For purposes of this subdivision "outpatient" or "day care" patient or resident means a person who makes use of diagnostic, therapeutic, counseling, or other service in a state facility or through state personnel but does not occupy a bed overnight.

For the purposes of collecting from the federal government for the care of those patients eligible for medical care under the Social Security Act "cost of care" shall be determined as set forth in the rules and regulations of the Department of Health and Human Services or its successor agency.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 33. Minnesota Statutes 1988, section 246.64, subdivision 1, is amended to read:

Subdivision 1. **CHEMICAL DEPENDENCY RATES.** Notwithstanding sections 246.50, subdivision 5; 246.511; and 251.011, the commissioner shall establish separate rates for each chemical dependency service operated by the commissioner and may establish separate rates for each service component within the program by establishing fees for services or different per diem rates for each separate chemical dependency unit within the program based on actual costs attributable to the service or unit. The rate must allocate the cost of all anticipated maintenance, treatment, and expenses including depreciation of buildings and equipment, interest paid on bonds issued for capital improvements for chemical dependency programs, reimbursement and other indirect costs related to the operation of chemical dependency programs other than that paid from the Minnesota state building fund or the bond proceeds fund, and losses due to bad debt. The rate must not include allocations of chaplaincy, patient advocacy, or quality assurance costs that are not required for chemical dependency licensure by the commissioner or certification for chemical dependency by the Joint Commission on Accreditation of Hospitals. Notwithstanding any other law, the commissioner shall treat these costs as nonhospital department expenses.

Sec. 34. Laws 1987, chapter 396, article 12, section 10, is amended to read:

Sec. 10. **RURAL FINANCE AUTHORITY.**

Subdivision 1. **RURAL FINANCE AUTHORITY.** \$300,000 is appropriated from the general fund to the rural finance authority for administering the beginning farmer loan program.

The complement of the authority is increased by three positions.

Subd. 2. **DEBT SERVICE.** \$270,000 is appropriated from the general fund to the rural finance authority for debt service on general obligation bonds issued for the beginning farmer program.

The appropriations in this section are available until June 30, 1989.

Sec. 35. **STATE BUILDING FUND RENAMED BOND PROCEEDS FUND.**

The state building fund created by Minnesota Statutes 1988, section 16A.631, is renamed the bond proceeds fund. A previous appropriation from the state building fund or the state waste management fund, or of bond proceeds from the Minnesota state water pollution control fund, is deemed to be an appropriation from the bond proceeds fund.

Sec. 36. **REPEALER.**

Minnesota Statutes 1988, sections 84B.08; 85A.04, subdivision 2; 115A.57; 136C.42; and 136C.43, subdivisions 1, 2, and 3, are repealed.

New language is indicated by underline, deletions by ~~strikeout~~.

## Sec. 37. EFFECTIVE DATE.

This act is effective July 1, 1989, except that section 34 is effective the day following final enactment.

Presented to the governor May 23, 1989

Signed by the governor May 25, 1989, 6:38 p.m.

## CHAPTER 272—S.F.No. 499

*An act relating to transportation; specifying that state airports fund money may be used as state's match of costs of the federal essential air services program; establishing registration classification for recreational aircraft; amending Minnesota Statutes 1988, sections 360.305, subdivision 2; and 360.55, by adding a subdivision.*

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

Section 1. Minnesota Statutes 1988, section 360.305, subdivision 2, is amended to read:

Subd. 2. (a) Before any expenditure of any of the moneys appropriated pursuant to sections 360.301 to 360.306 to assist political subdivisions, municipalities, and public corporations in acquiring, constructing, improving, maintaining, and operating airports and other air navigation facilities may be authorized, the commissioner of transportation shall have made, with the approval of the governor, an order designating the municipalities and airports which are a part of the key airport system, the intermediate airport system, the landing strip system, and the state system of radio and navigational aids, in accordance with the definitions and limitations stated in subdivision 3.

(b) The commissioner may use state airports fund money to provide the state's matching portion required to participate in the federal essential air service program under United States Code, title 49 App., sections 1301 to 1551, as amended by the Airport and Airway Safety and Capacity Expansion Act of 1987, Public Law Number 100-223, section 202.

Sec. 2. Minnesota Statutes 1988, section 360.55, is amended by adding a subdivision to read:

Subd. 4a. RECREATIONAL AIRCRAFT; CLASSIC LICENSES. An aircraft that has a base price for tax purposes under section 360.531 of \$10,000 or less, and that is owned and operated solely for recreational purposes, may be listed for taxation and registration by executing a sworn affidavit stating (1) the name and address of the owner, (2) the name and address of the person from whom purchased, (3) the aircraft's make, year, model number, federal aircraft registration number, and manufacturer's identification number, and (4) that the aircraft is owned and operated solely as a recreational aircraft and not for

New language is indicated by underline, deletions by ~~strikeout~~.