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

Section 1. **DOMESTIC ABUSE; CHILD CARE; UNEMPLOYMENT COMPENSATION.**

Subdivision 1. **DOMESTIC ABUSE; INTERIM POLICY.** The commissioner of jobs and training shall develop and implement an interim policy to address the issue of employees forced to leave employment due to domestic abuse as defined in Minnesota Statutes 1992, section 518B.01, subdivision 2, paragraph (a). The commissioner shall provide opportunities for members of the public to be fully involved in developing the interim policy. The department shall report to the labor-management relations committee of the house of representatives and the jobs, energy, and community development committee for the senate bimonthly until January 15, 1994, on its progress in developing the interim policy and its experience in implementing it.

Subd. 2. **STUDY; DOMESTIC ABUSE; CHILD CARE.** The commissioner of jobs and training shall study the issues of employees separated from employment due to problems with child care and domestic abuse as defined in Minnesota Statutes 1992, section 518B.01, subdivision 2, paragraph (a). The commissioner of jobs and training shall consult with the commissioner of human services, the unemployment advisory council, and members of the public in preparing the study. The study shall include a review of case histories in which unemployment compensation was sought. The study shall investigate whether legislation is necessary to address the issues and whether the issues are best addressed as employment, human services, criminal, unemployment compensation, or other problems. The results of the study shall be reported to the legislature by January 15, 1994, along with any recommendations for legislation.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor May 15, 1993

Signed by the governor May 19, 1993, 8:20 a.m.

CHAPTER 271—H.F.No. 1524

An act relating to finance; providing conditions and requirements for the issuance of public debt and for the financial obligations of authorities; providing an exemption from the mortgage registration tax; providing an exemption from an ad valorem taxation for certain lease purchase property; providing a property tax exemption for certain property devoted to public use; regulating certain exempt securities transactions; changing the applicability of deductions from certain bond entitlement allocations; amending Minnesota Statutes 1992, sections 80A.15, subdivision 2; 275.065, subdivision 7; 287.04; 447.45, subdivision 2; 475.67, *subdivisions 3 and 13; and 501B.25; proposing coding for new law in Minnesota Statutes, chapter 80A; repealing Minnesota Rules, part 2875.3532.*

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

Section 1. **[80A.125] PROHIBITION; NONRECOURSE LOANS.**

No part of the offering proceeds resulting from the sale of bonds or similar interest-bearing securities issued by the United States, any state, any political subdivision of any state, or any corporate or other instrumentality of one or more of those entities may be loaned to a person on a nonrecourse basis. This prohibition does not apply to bonds or similar interest-bearing securities:

(1) exempt from registration under section 80A.15;

(2) rated in one of the top four letter rating categories by Fitch Investors Service, Inc., Standard and Poor's Corporation, or Moody's Investor Services, Inc.; or

(3) issued to provide housing facilities with respect to which low income tax credits are to be obtained.

Sec. 2. Minnesota Statutes 1992, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

(a) Any ~~isolated~~ sales, whether or not effected through a broker-dealer, provided that no person shall make more than ten sales of securities of the same issuer pursuant to this exemption during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (1) the seller reasonably believes that all buyers are purchasing for investment, and (2) the securities are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale, and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes the commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) Any sales by an issuer to the number of persons that shall not exceed 25 persons in this state, or 35 persons if the sales are made in compliance with Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.501 to 230.506, (other than those designated in paragraph (a) or (g)), whether or not any of the purchasers is then present in this state, if (1) the issuer reasonably believes that all of the buyers in this state (other than those designated in clause (g)) are purchasing for investment, and (2) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyer in this state (other than those designated in clause (g)), except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter, and (3) the issuer has, ten days prior to any sale pursuant to this paragraph, supplied the commissioner with a statement of issuer on forms prescribed by the commissioner, containing the following information: (i) the name and address of the issuer, and the date and state of its organization; (ii) the number of units, price per unit, and a description of the securities to be sold; (iii) the amount of commissions to be paid and the persons to whom they will be paid; (iv) the names of all officers, directors and persons owning five percent or more of the equity of the issuer; (v) a brief description of the intended use of proceeds; (vi) a description of all sales of securities made by the issuer within the six-month period next preceding the date of filing; and (vii) a copy of the investment letter, if any, intended to be used in connection with any sale. Sales that are made more than six months before the start of an offering made pursuant to this exemption or are made more than six months after completion of an offering made pursuant to this exemption will not be considered part of the offering, so long as during those six-month periods there are no sales of unregistered securities (other than those made pursuant to paragraph (a) or (g)) by or for the issuer that are of the same or similar class as those sold under this exemption. The commissioner may by rule or order as to any security or transaction or any type of security or transaction, withdraw or further condition this exemption, or increase the number of offers and sales permitted, or waive the conditions in clause (1), (2), or (3) with or without the substitution of a limitation or remuneration.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as the commissioner deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative association organized under chapter 308A, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in such association, or when such securities are issued as patronage dividends.

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders in connection with a merger, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained, provided, that the commissioner has been furnished with a general description of the transaction and with other information as the commissioner by rule prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

(p) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if: (1) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; and (2) the commissioner has been furnished with a general description of the transaction and with other information as the commissioner may by rule prescribe no less than ten days prior to the transaction.

(q) Any nonissuer sales of any security, including a revenue obligation, issued by the state of Minnesota or any of its political or governmental subdivisions, municipalities, governmental agencies, or instrumentalities.

Sec. 3. Minnesota Statutes 1992, section 275.065, subdivision 7, is amended to read:

Subd. 7. **CERTIFICATION OF COMPLIANCE.** At the time the taxing authority certifies its tax levy under section 275.07, it shall certify to the commissioner of revenue its compliance with this section. The certification must contain the information required by the commissioner of revenue to determine compliance with this section. If the commissioner determines that the taxing authority has failed to substantially comply with the requirements of this section, the commissioner of revenue shall notify the county auditor. The decision of the commissioner is final. When fixing rates under section 275.08 for a taxing authority that has not complied with this section, the county auditor must use the taxing authority's previous year's levy, plus any additional amounts necessary to pay principal and interest on general obligation bonds of the taxing authority for which its taxing powers have been pledged if the bonds were issued before 1989.

Sec. 4. Minnesota Statutes 1992, section 287.04, is amended to read:

287.04 **MORTGAGES EXEMPTED.**

Subdivision 1. **GENERALLY.** A decree of marriage dissolution or an instrument made pursuant to it or a mortgage given to correct a misdescription of the mortgaged property, or to include additional security for the same indebtedness on which a mortgage registration tax has been paid, ~~shall~~ are not ~~be~~ subject to the tax imposed by this chapter except as provided in section 287.05, subdivision 2, paragraph (b).

Subd. 2. **MORTGAGES ON PUBLIC PROPERTY.** No tax is imposed upon the principal amount of bonds or other obligations issued by the St. Paul port authority under its common revenue bond fund if each of the following conditions are met.

(a) The bonds or other obligations are secured by a mortgage on property, title to which is held by the political subdivision.

(b) The mortgage is recorded or registered after the date of enactment.

(c) The bonds or other obligations are either (i) outstanding on the date of enactment or (ii) issued in exchange for or to otherwise refund bonds or other obligations the original series of which were issued before the date of enactment.

Sec. 5. Minnesota Statutes 1992, section 447.45, subdivision 2, is amended to read:

Subd. 2. **POWERS OVER SPECIAL FACILITIES.** With respect to facilities for the care, treatment, and training of persons with mental retardation or related conditions, and facilities attached or related to a nursing home providing supportive services to elderly persons who are not yet in need of nursing home care, including congregate housing, adult day care and respite care services, a county or city may exercise the powers in sections 447.45 to 447.50 as if these facilities were hospital or nursing home facilities within the meaning of sections 447.45 to 447.50. "County or city" includes cities of the first class and counties containing them. "Related conditions" is defined in section 252.27, subdivision 1a.

Sec. 6. Minnesota Statutes 1992, section 475.67, subdivision 3, is amended to read:

Subd. 3. (a) Any or all obligations and interest thereon may be refunded if and when and to the extent that for any reason the taxes or special assessments, revenues, or other funds appropriated for their payment are not sufficient to pay all principal and interest due or about to become due thereon.

(b) Any or all obligations of one or more issues regardless of their source of payment and interest thereon may be refunded before their due dates, if:

(1) consistent with covenants made with the holders thereof; and

(2) determined by the governing body to be necessary or desirable:

(i) for the reduction of debt service cost to the municipality; or

(ii) for the extension or adjustment of the maturities in relation to the resources available for their payment; or

(iii) for the issuance of obligations bearing a fixed rate of interest in the case of obligations bearing interest at a rate varying periodically; or

(iv) in the case of obligations payable solely from a special fund, for the more advantageous sale of additional obligations payable from the same fund or to relieve the municipality of restrictions imposed by covenants made with the holders of the obligations to be refunded.

(c) The amount of interest which may be refunded from the proceeds of the refunding obligations shall not exceed the amount of proceeds estimated to be required in excess of the principal amount of refunded obligations to retire the refunded obligations in accordance with subdivision 6. ~~In no event shall the aggregate principal amount of the refunding obligations exceed by more than ten percent the aggregate principal amount of the obligations to be refunded.~~

(d) No general obligations, for which the full faith and credit of the issuer is pledged, shall be issued to refund special obligations previously issued for any purpose, payable solely from a special fund, unless the issuance is authorized by the election, hearing, petition, resolution, or other procedure that would have been required as a condition precedent to the original issuance of general obligations for the same purpose.

Sec. 7. Minnesota Statutes 1992, section 475.67, subdivision 13, is amended to read:

Subd. 13. Crossover refunding obligations may be issued by a municipality without regard to the limitations in subdivisions 4 to 10. The proceeds of crossover refunding obligations, less any proceeds applied to payment of the costs of their issuance, shall be deposited in a debt service fund irrevocably appropriated to the payment of principal of and interest on the refunding obligations until the date the proceeds are applied to payment of the obligations to be refunded. The debt service fund shall be maintained as an escrow account with a suitable financial institution within or without the state and amounts in it shall be invested in securities described in subdivision 8 or in an investment contract or similar agreement with a bank or insurance company meeting the requirements of section 475.66, subdivision 3, clause (f). Excess proceeds, if any, of the tax levy pursuant to section 475.61, subdivision 1, made with respect to the obligations to be refunded, and any other available amounts, may be deposited in the escrow account. In the resolution authorizing the issuance of crossover refunding obligations, the governing body may pledge to their payment any source of payment of the obligations to be refunded. The resolution may provide that the refunding obligations are payable solely from the escrow account prior to the date scheduled for payment of the obligations to be refunded and that the obligations to be refunded shall not be discharged if the amounts on deposit in the escrow account on that date are insufficient. ~~Subdivisions 11 and 12 shall not apply to any crossover refunding obligations, or the obligations to be refunded.~~ Subdivision 12 applies to crossover refunding obligations, but the present value of debt service on the refunding and refunded obligations shall be determined as of the date the proceeds are applied to payment of the obligations to be refunded. Subject to section 475.61, subdivision 3, in the case of general obligation bonds, taxes shall be levied pursuant to section 475.61 and appropriated to the debt service fund in the amounts needed, together with estimated investment income of the debt service fund and any other revenues available upon discharge of the obligations refunded, to pay when due the principal of and interest on the refunding obligations. The levy so imposed may be reduced by earnings to be received from investments on hand in the debt service fund to the extent the applicable recording officer certifies to the county auditor that the earnings are expected to be received in amounts and at such times as to be sufficient, together with the remaining levy, to satisfy the purpose of the levy requirements under section 475.61.

Sec. 8. Minnesota Statutes 1992, section 501B.25, is amended to read:

501B.25 **APPLICATION.**

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

Sections 501B.16 to 501B.23 do not apply to trusts in the nature of mortgages or to trusts commonly known as voting trusts. Sections 501B.16 to 501B.23 apply, however, unless otherwise provided in the trust instrument, to trusts established in connection with bonds issued under chapter ~~474~~ 469, and, at the sole election of the issuer of bonds issued under chapter 469, without a trust indenture, to the pledges and other bond covenants made by the issuer in one or more resolutions with respect to the bonds. If the issuer so elects to apply sections 501B.16 to 501B.23, for such purposes only, the pledges and other bond covenants shall be deemed the "trust," the resolution or resolutions shall be deemed the "trust instrument," and the issuer shall be deemed the "trustee" notwithstanding the absence of any fiduciary responsibility owed by the "issuer" toward the bondholders. Nothing in this section shall preclude the issuer from seeking approval under sections 501B.16 to 501B.23 of the creation of any express trust under a trust indenture and the appointment of a trustee thereunder to act as a fiduciary for the benefit of the bondholders. As used in sections 501B.16 to 501B.23, "person" includes an artificial as well as a natural person, and "beneficiary" includes a bondholder.

Sec. 9. **CERTAIN LEASE PURCHASE PROPERTY.**

Notwithstanding any other law to the contrary, real property acquired by a city under a lease purchase agreement is exempt from ad valorem taxation if the following conditions are met:

(1) the city's population is less than 1,000;

(2) title to the property is held by the city;

(3) the term of the lease is more than 15 years;

(4) the city has exclusive right to purchase the property; and

(5) the leased property is attached to improvements owned in fee simple by the city.

This exemption applies as long as and to the extent that the property is used by the city and devoted to a public use and to the extent it is not subleased to any private individual, association, or corporation in connection with a business operated for profit.

Sec. 10. **1994 ENTITLEMENT ALLOCATION.**

The deduction required under Minnesota Statutes, section 474A.04, subdivision 1a, does not apply to an entitlement issuer's 1994 entitlement allocation if:

(1) the entitlement issuer's 1992 entitlement allocation is carried forward and not permanently issued by the end of calendar year 1993; and

(2) federal authorization for mortgage bonds is not effective before October 1, 1993.

Sec. 11. **REPEALER.**

Minnesota Rules, part 2875.3532, is repealed.

Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 8 and 11 are effective the day following final enactment. Section 9 is effective for the 1993 assessment, taxes payable in 1994 and thereafter.

Presented to the governor May 15, 1993

Signed by the governor May 19, 1993, 8:21 a.m.

CHAPTER 272—H.F.No. 584

An act relating to utilities; regulating telephone services to communication-impaired persons; requiring studies and reports; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivisions 3, 4, 11, and by adding subdivisions; 237.51, subdivisions 1, 2, 4, 5, and 6; 237.52, subdivisions 2 and 5; 237.54; 237.55; and 595.02, subdivision 1; Laws 1987, chapter 308, section 8.

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

Section 1. Minnesota Statutes 1992, section 237.49, is amended to read:

237.49 **COMBINED LOCAL ACCESS SURCHARGE.**

Each local telephone company shall collect from each subscriber an amount ~~or amounts~~ per telephone access line representing the total of the surcharges required under sections 237.52, 237.70, and 403.11. Amounts collected must be remitted to the department of administration in the manner prescribed in section 403.11. The department of administration shall divide the amounts received proportional to the individual surcharges and deposit them in the appropriate accounts. A company or the billing agent for a company shall list the surcharges as one amount on a billing statement sent to a subscriber.

Sec. 2. Minnesota Statutes 1992, section 237.50, subdivision 3, is amended to read:

Subd. 3. **COMMUNICATION IMPAIRED.** "Communication impaired" means certified as deaf, severely hearing impaired, ~~hard of hearing~~ hard-of-hearing, speech impaired, ~~or~~ deaf and blind, or mobility impaired if the mobility impairment significantly impedes the ability to use standard customer premises equipment.

Sec. 3. Minnesota Statutes 1992, section 237.50, subdivision 4, is amended to read: