

CHAPTER 256—S.F.No. 1393

An act relating to public finance; providing conditions and requirements for the issuance of debt and use of the proceeds; authorizing use of capital improvement bonds for indoor ice arenas; exempting issuance of certain debt from election requirements; modifying loans to political subdivisions for fire or rescue purposes; authorizing operation of certain recreational facilities; authorizing continuing disclosure agreements; providing for funding of self-insurance by political subdivisions; providing for the issuance of temporary obligations and modifying issuance and lease procedures; renaming and modifying technical provisions relating to incentives in enterprise zones; amending Minnesota Statutes 1994, sections 373.40, subdivision 1; 447.46; 462C.05, subdivision 1; 465.73; 469.041; 469.060, subdivision 1; 469.102, subdivision 1; 469.305, subdivisions 1 and 3; 469.306; 469.307; 469.309; 469.31; 471.16, subdivision 1; 471.191, subdivisions 1 and 2; 471.98, subdivision 3; 471.981, subdivisions 2, 4a, 4b, and 4c; 475.51, subdivision 4; 475.52, subdivision 6; 475.58, subdivision 1, and by adding a subdivision; 475.60, by adding a subdivision; 475.61, by adding a subdivision; 475.63; and 475.79; Laws 1994, chapter 643, section 14, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 373; repealing Minnesota Statutes 1994, section 469.305, subdivision 2.

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

Section 1. Minnesota Statutes 1994, section 373.40, subdivision 1, is amended to read:

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

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the

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following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section 4A.02.

(f) "Qualified indoor ice arena" means a facility that meets the requirements of section 2.

(g) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 2. [373.43] FINANCING AUTHORITY; ICE FACILITIES.

A county may issue and sell its general obligations under chapter 475 to finance acquisition and construction of an indoor ice arena intended to be used predominantly for youth athletic activities if all the following conditions are met.

(a) The obligations are secured by a pledge of revenues from the facility.

(b) The county has entered into a qualified agreement. A qualified agreement means:

(1) a joint powers agreement with the school district or the city in which the facility is located that governs ownership, operation, and maintenance of the facility; or

(2) an agreement with a nonprofit corporation, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, that provides that the corporation will operate, manage, and maintain the facility; or

(3) any combination of agreements under clauses (1) and (2).

(c) The agreements under paragraph (b) provide that all parties must pay the principal and interest on obligations, if the revenues for the facility are insufficient to pay the obligations in full.

(d) The county board finds, based on analysis provided by a professional experienced in finance, that the facility's revenues and other available money will be sufficient to pay the obligations, without reliance on a property tax levy or the general purpose state aid of the county or any party to a joint powers agreement.

Sec. 3. [373.44] REVENUE FINANCING AUTHORITY; ICE FACILITIES.

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For the purpose of acquiring, leasing, equipping, or maintaining land or buildings for use as an indoor ice arena as defined in section 2, a county has the same authority and powers granted to a city by section 471.191.

Sec. 4. Minnesota Statutes 1994, section 447.46, is amended to read:

447.46 REVENUE PLEDGED.

The county, city, or hospital district may pledge and appropriate the revenues to be derived from its operation of the facilities; ~~except related medical facilities;~~ to pay the principal and interest on the bonds when due and to create and maintain reserves for that purpose, as a first and prior lien on the revenues or, if so provided in the bond resolution, as a lien on the revenues subordinate to the current payment of a fixed amount or percentage or all of the costs of running the facilities.

Sec. 5. Minnesota Statutes 1994, section 462C.05, subdivision 1, is amended to read:

Subdivision 1. A city may also include in the housing plan, a program or programs to administer, and make or purchase a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivision 2, 3, 4 or 7, and upon the conditions set forth in this section. A loan may be made or purchased for

(a) the acquisition and preparation of a site and the construction of a new development,

(b) the rehabilitation of an existing building and site and the discharge of any lien or other interest in the building and site,

(c) for the acquisition of an existing building and site and the rehabilitation thereof,

(d) for the acquisition of an existing building and site for purposes of conversion to limited equity cooperative ownership by low or moderate income families, ~~or~~

(e) for the acquisition, or acquisition and improvement, of an existing building and site by a nonprofit corporation which will operate the building as a multifamily housing development for rental primarily to elderly or handicapped persons, or

(f) the taking out of accumulated equity in connection with a program of federal insurance for the preservation of low-income housing.

With respect to loans made or purchased pursuant to clause (b) or (c), the cost of rehabilitation of an existing building must be estimated to equal at least \$1,000 per dwelling unit or 20 percent of the appraised value of the original building and site whichever is less, except that with respect to rehabilitation

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which consists primarily of improvement of the property with facilities or improvements to conserve energy or convert or retrofit for use of alternative energy sources, rehabilitation loans may be made without regard to cost; and at least a substantial portion of such rehabilitation cost must be estimated to be incurred for compliance with building codes or conservation of energy.

Each development upon completion shall comply with all applicable code requirements. A loan or loans may be made or purchased for either the construction or the long-term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or 515A or any supplemental or amendatory law thereof or as contemplated for a development consisting of cooperative housing.

Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction or acquisition of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.

Sec. 6. Minnesota Statutes 1994, section 465.73, is amended to read:

**465.73 TOWN HALLS; FIRE HALLS OR RESCUE EQUIPMENT;
LOANS TO POLITICAL SUBDIVISIONS.**

For purposes of constructing, repairing, or acquiring town halls, fire halls or fire or rescue equipment any city, county, or town may borrow up to \$250,000 from funds granted to a rural electric cooperative organized under chapter 308A by, directly from or guaranteed by the Farmers Home Administration or other agency of the United States Department of Agriculture on a note secured by a mortgage on the property purchased with the borrowed funds. The city, county, or town may assign or pledge revenues from the town halls, fire or rescue department, or fire hall or any other available funds, including taxes levied pursuant to section 475.61 to the Farmers Home Administration or other agency of the United States Department of Agriculture or its guaranteed lender or a rural electric cooperative organized under chapter 308A as its grantee to repay the loan. The amount of the obligation shall not be included when computing the net debt of the city, county, or town. An election shall not be required to authorize the note and mortgage or assignment of revenues.

Sec. 7. Minnesota Statutes 1994, section 469.041, is amended to read:

469.041 STATE PUBLIC BODIES, POWERS AS TO PROJECTS.

For the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of projects, any state public body may upon the terms, with or without consideration, as it may determine:

(1) Dedicate, sell, convey, or lease any of its interests in any property, or

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grant easements, licenses, or any other rights or privileges therein to an authority. Except in cities of the first class having a population of less than 200,000, the public body may pay the bonds of or make loans or contributions for redevelopment projects, and the receipt or expenditure of any money expended hereunder by the state public body shall not be included within the definition of any limitation imposed on per capita taxing or spending in the charter of the state public body. No state public body may use any revenues or money of that state public body to pay the bonds of or make any loans or contributions to any public housing project, except to a public low-rent housing project (i) for which financial assistance is provided by the federal government which requires a municipality or other local public body to use its revenues or money for a direct loan or grant to the project as a condition for federal financial assistance and (ii) where the local financial assistance for the project is authorized by resolution of the governing body of the municipality;

(2) Cause parks, playgrounds, recreational, community, education, water, sewer or drainage facilities, or any other works which it may undertake, to be furnished adjacent to or in connection with such projects;

(3) Approve, through its governing body or through an agency designated by it for the purpose, redevelopment plans, plan or replan, zone or rezone its parks; in the case of a city or town, make changes in its map; the governing body of any city may waive any building code requirements in connection with the development of projects;

(4) Cause services to be furnished to the authority of the character which it may otherwise furnish;

(5) Enter into agreements with respect to the exercise by it of its powers relating to the repair, closing, or demolition of unsafe, unsanitary, or unfit buildings;

(6) Do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of the projects;

(7) Incur the entire expense of any public improvements made by it in exercising the powers granted in sections 469.001 to 469.047;

(8) Enter into agreements with an authority respecting action to be taken by the state public body pursuant to any of the powers granted by sections 469.001 to 469.047; the agreements may extend over any period, notwithstanding any law to the contrary; ~~and~~

(9) Furnish funds available to it from any source, including the proceeds of bonds, to an authority to pay all or any part of the cost to the authority of the activities authorized by section 469.012, subdivision 1, clause (7); and

(10) With respect to a housing development project and bonds which an authority has issued for the project, exercise the powers available to a city under

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section 471.191, subdivision 2, as though the project were a recreational program; provided that this power may only be exercised by a city or county in which the project is located or in accordance with a joint powers agreement with other cities or counties that have authorized the exercise of the powers for other projects as part of a common financing plan.

Sec. 8. Minnesota Statutes 1994, section 469.060, subdivision 1, is amended to read:

Subdivision 1. **POWER; PROCEDURE.** A port authority may issue bonds in the principal amount authorized by its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 469.049, 469.050, and 469.058 to 469.068. The bonds must be in the amount and form and bear interest at the rate set by the city council. ~~The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids once at least two weeks before the bid deadline.~~ Except as otherwise provided in sections 469.048 to 469.068, the issuance of the bonds is governed by chapter 475. The port authority when issuing the bonds is a municipal corporation under chapter 475. Notwithstanding any contrary city charter provision or any general or special law, the bonds may be issued and sold without submission of the question to the electors of the city, provided that the ordinance of the governing body of the city authorizing issuance of the bonds by the port authority shall be subject to any provisions in the city charter pertaining to the procedure for referendum on ordinances enacted by the governing body.

Sec. 9. Minnesota Statutes 1994, section 469.102, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY; PROCEDURE.** An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 469.090 to 469.108. The bonds must be in the amount and form and bear interest at the rate set by the city council. ~~The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline.~~ Except as otherwise provided in sections 469.090 to 469.108, the issuance of the bonds is governed by chapter 475. The authority when issuing the bonds is a municipal corporation under chapter 475.

Sec. 10. Minnesota Statutes 1994, section 469.305, subdivision 1, is amended to read:

Subdivision 1. **INCOME OR FRANCHISE TAX CREDIT INCENTIVE GRANTS.** ~~An income or corporate franchise tax credit incentive grant~~ is available to businesses located in an enterprise zone that meet the conditions of this

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section. Each city designated as an enterprise zone is allocated \$3,000,000 to be used to provide ~~credits~~ grants under this section for the duration of the program. Each city of the second class designated as an economically depressed area by the United States Department of Commerce is allocated \$300,000 to be used to provide ~~credits~~ grants under this section for the duration of the program. For fiscal year 1998 and subsequent years, the proration in section 469.31 shall continue to apply until the amount designated in this subdivision is expended.

The ~~credit~~ incentive grant is in an amount equal to 20 percent of the wages paid to an employee, not to exceed \$5,000 per employee per ~~taxable~~ calendar year. The ~~credit~~ incentive grant is available to an employer for a zone resident employed in the zone at full-time wage levels of not less than 170 percent of minimum wage. The ~~credit~~ incentive grant is not available to workers employed in construction or employees of financial institutions, gambling enterprises, public utilities, sports, fitness, and health facilities, or racetracks. The employee must be employed at that rate at the time the business applies for a ~~tax credit~~ grant, and must have been employed for at least one year at the business. ~~The credit applies to~~ A grant may be provided only for new jobs; for purposes of this section, a "new job" is a job that did not exist in Minnesota before May 6, 1994. ~~The credit is applicable to~~ The incentive grant authority is available for the five ~~taxable~~ calendar years after the application has been approved to the extent the allocation to the city remains available to fund the ~~credit~~ grants, and ~~provided that if~~ the city certifies to the commissioner on an annual basis that the business is in compliance with the plan to recruit, hire, train, and retain zone residents.

Sec. 11. Minnesota Statutes 1994, section 469.305, subdivision 3, is amended to read:

Subd. 3. **REVIEW AND ANALYSIS.** The city must submit the ~~proposed tax credit~~ incentive grant proposal to the commissioner for approval. The proposal shall include a plan to recruit, hire, train, and retain zone residents. The ~~tax credit~~ proposal shall be approved unless the commissioner finds that the proposal is not in conformity with the provisions of sections 469.301 to 469.308.

If the city submits the ~~tax credit~~ incentive grant proposal to the commissioner before the expiration of the zone designation under section 469.302, subdivision 2, the authority of the commissioner to approve the ~~tax credit~~ proposal continues until the commissioner acts on the proposal.

Sec. 12. Minnesota Statutes 1994, section 469.306, is amended to read:

469.306 REVOCATION.

The commissioner may revoke a business' ~~tax credit~~ incentive grant if the applicant has not proceeded in good faith with its operations in a manner which is consistent with the purpose of sections 469.301 to 469.308 and is possible under circumstances reasonably within the control of the applicant.

The commissioner may reconsider the revocation of the ~~tax credit~~ incentive

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grant if the business provides evidence that circumstances of its failure to proceed were beyond its control or that it did not act in bad faith.

Sec. 13. Minnesota Statutes 1994, section 469.307, is amended to read:

469.307 RECAPTURE.

Subdivision 1. **TERMINATION OF OPERATIONS; OTHER VIOLATIONS.** Any business that receives a ~~tax credit~~ authorized by an incentive grant under section 469.305 and ceases to operate or otherwise violates the criteria for obtaining the credit grant for its facility located within the enterprise zone within seven years after the first receipt of a credit grant by the business shall repay the portion of the ~~tax credit grant~~ received as provided in the following schedule:

Termination of Operations or Other Violations	Repayment of Portion
Less than two years	100 percent
Between two years and four years	75 percent
Between four years and seven years	50 percent
More than seven years	0 percent

Subd. 2. **REPAYMENT.** The repayment must be paid to the state. The amount repaid must be credited to the amount certified as available for ~~tax credits~~ incentive grants in the zone under section 469.305.

Subd. 3. **LIEN.** If an event occurs that creates an obligation under subdivision 1 to repay all or part of the ~~tax credit~~ incentive grant, the repayment obligation immediately becomes a lien against the business' real and personal property located in Minnesota, including the property of subsidiaries, parents, and related corporations. A lien against real property under this subdivision has the same legal effect and must be collected in the same manner as unpaid real property taxes.

Sec. 14. Minnesota Statutes 1994, section 469.309, is amended to read:

469.309 RURAL JOB CREATION CREDIT GRANTS.

Subdivision 1. **CREDIT FOR JOB CREATION GRANTS.** The commissioner of trade and economic development may approve a ~~credit against the tax due under chapter 290~~ an incentive grant for an eligible business beginning with the first taxable year after ~~December 31, 1994~~ calendar year 1995. The maximum ~~credit available~~ grant is \$5,000 per eligible employee. The actual credit grant is based on the following schedule:

\$2,000 for each eligible employee with wages greater than or equal to 170 percent and less than 200 percent of the minimum wage;

\$3,000 for each eligible employee with wages greater than or equal to 200 percent and less than 250 percent of the minimum wage;

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\$4,000 for each eligible employee with wages greater than or equal to 250 percent and less than 300 percent of the minimum wage; and

\$5,000 for each eligible employee with wages greater than or equal to 300 percent of the minimum wage.

The total ~~credit grant~~ for an employer is equal to the actual ~~credit grant~~ multiplied by the number of employees eligible for that ~~credit grant~~. For purposes of this section "minimum wage" means the minimum wage that is required by federal law. An eligible business may apply for a rural job creation ~~credit grant~~ only once for each new job. ~~The credit is refundable.~~

Subd. 2. **ELIGIBLE BUSINESS.** An employer eligible for a job ~~credit cre-~~ation incentive grant under this section must (1) be located outside the metropolitan area as defined under section 473.121 (2) create at least ten qualifying new jobs in a two-year period, and (3) consist of a for-profit business. For the purposes of this section, a "qualifying new job" is a job that did not exist in Minnesota before May 6, 1994.

Subd. 3. **ELIGIBLE EMPLOYEE.** To be eligible for a ~~credit grant~~, the employee must be employed full time by an eligible business at a wage level of not less than 170 percent of the minimum wage at the time the eligible business applies for the ~~credit grant~~ and must have been employed there at that wage level for a minimum of 12 months. The ~~credit grant~~ applies only to new jobs created at the eligible business after May 6, 1994.

Subd. 4. **RESTRICTIONS.** The ~~tax credits~~ incentive grants provided by this section do not apply to racetracks, financial institutions, gambling enterprises, public utilities, or sports, fitness, and health facilities. An employer is not eligible for a ~~tax credit~~ an incentive grant if the commissioner determines that the position held by the employee for which the business is seeking a ~~credit grant~~ grant was transferred from an enterprise conducted by substantially the same business enterprise at another site in the state.

Sec. 15. Minnesota Statutes 1994, section 469.31, is amended to read:

469.31 LIMIT ON ~~TAX CREDITS~~ GRANTS; APPROPRIATION.

The maximum amount of ~~tax credits~~ allowable incentive grants payable under sections 469.305 and 469.309 is \$900,000 for fiscal year 1997. Of that amount, one-third must be allocated to the city of Minneapolis, one-third to the city of St. Paul, and one-third to the remaining cities. Of the amounts allocated to the cities of Minneapolis and St. Paul, \$25,000 must be subtracted from each city's allocation and is appropriated to the commissioner of economic security for administration of this program, provided that \$25,000 of the appropriation is for fiscal year 1996 and \$25,000 is for fiscal year 1997. Of the amount allocated to the remaining cities, a minimum of \$60,000 must be allocated to the city of South St. Paul. No ~~tax credits~~ are allowable incentive grants may be paid before fiscal year 1997. If the commissioner of ~~revenue~~ economic security esti-

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mates by March 1, 1996, that ~~tax credits~~ incentive grants for fiscal year 1997 will exceed \$900,000, the commissioner shall proportionately reduce each city's allocation to remain within the limit. The amount necessary to pay the allocations for grants under this section are appropriated to the commissioner of trade and economic development and the commissioner of economic security.

Sec. 16. Minnesota Statutes 1994, section 471.16, subdivision 1, is amended to read:

Subdivision 1. Any city, however organized, or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may operate such a program independently, or they may cooperate among themselves or with any nonprofit organization in its conduct and in any manner in which they may mutually agree; or they may delegate the operation of the program to a recreation board created by one or more of them, and appropriate money voted for this purpose to such board which may in turn support or cooperate with a nonprofit organization. ~~In the case of school districts after May 15, 1978, the right to enter into such agreements with any other corporation, board or body hereinbefore designated where bonds are issued by the other party and revenue pledged for bonds issued pursuant to section 471.191, shall be authorized only upon obtaining the approval of a majority of the electors voting on the question at a regular or special school election.~~

Sec. 17. Minnesota Statutes 1994, section 471.191, subdivision 1, is amended to read:

Subdivision 1. Any city operating a program of public recreation and playgrounds pursuant to sections 471.15 to 471.19 may acquire or lease, equip, and maintain land, buildings, and other recreational facilities, including, but without limitation, outdoor or indoor swimming pools, skating rinks and arenas, athletic fields, golf courses, marinas, concert halls, museums, and facilities for other kinds of athletic or cultural participation, contests, and exhibitions, together with related automobile parking facilities as defined in section 459.14, and may expend funds for the operation of such program and borrow and expend funds for capital costs thereof pursuant to the provisions of this section. A school district operating a program of public recreation and playgrounds has the rights provided in this section. Any facilities to be operated by a nonprofit corporation, as contemplated in section 471.16, may be leased to the corporation upon such rentals and for such term, not exceeding 30 years, and subject to such other provisions as may be agreed; including but not limited to provisions (a) permitting the lessee, subject to whatever conditions are stated, to provide for the construction and equipment of the facilities by any means available to it and in the manner determined by it, without advertisement for bids as required for other municipal facilities, and (b) granting the lessee the option to renew the lease upon such conditions and rentals, or to purchase the facilities at such price, as may be agreed; provided that (c) any such lease shall require the lessee to pay net rentals sufficient to pay the principal, interest, redemption premiums, and

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other expenses when due with respect to all city bonds issued for the acquisition or betterment of the facilities, less such amount of taxes and special assessments, if any, as may become payable in any year of the term of the lease, on the land, building, or other facilities leased, and (d) no option shall be granted to purchase the facilities at any time at a price less than the amount required to pay all principal and interest to become due on such bonds to the earliest date or dates on which they may be paid and redeemed, and all redemption premiums and other expenses of such payment and redemption.

Sec. 18. Minnesota Statutes 1994, section 471.191, subdivision 2, is amended to read:

Subd. 2. Any such city may issue bonds pursuant to chapter 475, for the acquisition and betterment of land, buildings, and facilities for the purpose of carrying out the powers granted by this section. Such bonds, unless authorized as general obligations of the issuer pursuant to approval of the electors or pursuant to another law or charter provision permitting such issuance without an election, shall be payable solely from the income of land, buildings, and facilities used or useful for the operation of the program, but may be secured by a pledge to the bondholders, or to a trustee, of all income and revenues of whatsoever nature derived from any such land, buildings, and facilities, as a first charge on the gross revenues thereof to the extent necessary to pay the bonds and interest thereon when due and to accumulate and maintain an additional reserve for that purpose in an amount equal to the total amount of payments to become due in any fiscal year. In this event the governing body of the issuer may by resolution or trust indenture define the land, buildings, or facilities, the revenues of which are pledged, and establish covenants and agreements to be made by the issuer for the security of the bonds, including a covenant that the issuer will establish, maintain, revise when necessary, and collect charges for all services, products, use, and occupancy of the land, buildings, and facilities, in the amounts and at the times required to produce the revenues pledged, and also sufficient, with any other funds appropriated by the governing body from time to time, to provide adequately for the operation and maintenance of the land, buildings, and facilities. After the issuance of any bonds for which revenues are so pledged, the governing body of the issuer shall provide in its budget each year for any anticipated deficiency in the revenues available for such operation and maintenance. For this purpose any issuer may levy a tax on the taxable property within its boundaries, in excess of taxes which may otherwise be levied within charter limitations; ~~provided the excess levy for a city subject to a charter limitation is approved by a majority of its electors voting on the question at a regular or special election.~~ The authority to levy additional taxes granted herein shall not apply to cities or towns in which the net tax capacity consists in part of iron ore or lands containing taconite or semitaconite.

Sec. 19. Minnesota Statutes 1994, section 471.98, subdivision 3, is amended to read:

Subd. 3. **POOL.** "Pool" means any self-insurance fund or agreement for

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the reciprocal assumption of risk established by or among two or more political subdivisions for coverage of their respective risks including, but not limited to, the pools described in section 471.982, subdivision 3.

Sec. 20. Minnesota Statutes 1994, section 471.981, subdivision 2, is amended to read:

Subd. 2. A political subdivision may establish a self insurance revolving fund. The initial amount of the fund shall be determined by the governing body. The governing body may appropriate the amounts necessary to maintain the fund at the level specified in the ordinance or resolution establishing it. Expenditures from the fund may be made for:

- (a) Payment of losses;
- (b) Costs of defense and investigation;
- (c) Premiums and deductible amounts when commercial insurance is purchased for a risk;
- (d) Debt service and debt service related expenses for bonds issued under this section;
- (e) Cost of loss control activities; and
- (f) Any other costs customarily borne by commercial insurers under conventional insurance policies.

Sec. 21. Minnesota Statutes 1994, section 471.981, subdivision 4a, is amended to read:

Subd. 4a. **INSURANCE INSTALLMENT PURCHASE AGREEMENT.** A county political subdivision may, by resolution of its governing body, and without advertisement for bids, enter into an insurance installment purchase agreement with a self-insurance pool ~~created under subdivision 3.~~ Such a self-insurance pool may purchase insurance on behalf of the participating counties political subdivisions and may use insurance installment purchase agreements or other obligations of the participating counties political subdivisions to provide the participating counties political subdivisions with coverage against all or any part of the risks enumerated in subdivision 1 and against any risk which the county political subdivision is authorized to insure under section 176.181, subdivision 1. The Notwithstanding any limitations set forth under section 475.52, a political subdivision which has established a self-insurance revolving fund under subdivision 2 or self-insurance pool may fund insurance claims and reserves and finance insurance installment purchase agreements for the political subdivision, self-insurance pool, or a mutual insurance company established pursuant to subdivision 4 and fund other costs set forth in subdivision 2 by issuing revenue bonds, bonds which are general obligations of the self-insurance pool or mutual insurance company, as applicable, or other obligations secured by payments made or to be made by the participating counties political subdivi-

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sions or pool. An insurance installment purchase agreement of a participating ~~county~~ political subdivision may require that the ~~county~~ political subdivision make payments sufficient to produce revenue for the prompt payment of the bonds or other obligations, including all interest and premiums, if any, accruing on them. The insurance installment purchase agreements may provide for additional contributions or premiums if it is actuarially determined that the assets of the insurance installment purchase agreements available to pay claims are insufficient. The insurance installment purchase agreements may be multiyear contracts and shall not be subject to any referendum, public bidding, or net debt limitation requirement of chapter 475.

Sec. 22. Minnesota Statutes 1994, section 471.981, subdivision 4b, is amended to read:

Subd. 4b. **BOND ISSUE FOR INSURANCE PROCUREMENT OR SELF-INSURANCE.** A self-insurance pool of ~~counties~~ may issue bonds which are general obligations of the self-insurance pool or revenue bonds secured by insurance installment purchase agreements of the participating ~~counties~~ political subdivisions issued pursuant to subdivision 4a. The ~~self-insurance~~ pool, with the approval of the governing body of each participating ~~county~~ political subdivision, shall fix the total amount needed for the procurement of insurance and shall apportion to each participating ~~county~~ political subdivision the ~~county's~~ political subdivision's share of that amount and of the costs of operation, or of annual debt service or payments required to pay such amount with interest. Notwithstanding any limitations set forth under section 475.52, or any other general or special law or charter to the contrary, a political subdivision may issue revenue bonds or other obligations to provide funds for the purposes, including self-insurance, authorized by this section. Any other law notwithstanding, bonds or other obligations issued under this subdivision may be sold at public or private sale upon the terms and conditions the issuer determines. No election shall be required to authorize the issuance of the obligations, and the obligations shall not be subject to any limitation on net debt. Notwithstanding any limitation imposed by section 475.54, the obligations shall mature in the years the issuer determines. In addition to permitted uses described above, proceeds of obligations issued pursuant to this subdivision may be used to establish a debt service reserve for the obligations, pay costs of issuing the bonds or to refund obligations previously issued pursuant to this subdivision. Any debt service reserve fund established under this subdivision shall not be subject to investment guidelines set forth in chapters 118 and 475. A self-insurance pool An issuer of bonds authorized under this subdivision may designate a bank or trust company authorized to exercise trust powers in this state as trustee for the holders of obligations issued pursuant to this subdivision and may create funds and accounts necessary to secure payment of the obligations. Sales proceeds of bonds issued under this subdivision, except for sales proceeds used to pay costs of issuing the bonds shall be invested so that the average life of the investments exceeds the average life of the bonds. The proceeds from bonds issued under this subdivision must be held in trust and may only be paid to the self-insurer according to the schedule of payments set forth in the trust instruments.

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A qualified actuary shall certify that the amount of the scheduled payment does not exceed the amount necessary to meet the obligation of the self-insurer at the time payment is scheduled to be made.

Notwithstanding the investment limitations imposed in chapters 118 and 475, proceeds of bonds issued pursuant to this subdivision, and debt service funds and reserves held in connection with them shall be invested solely in governmental bonds, notes, bills, 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 act of Congress, excluding mortgage-backed securities.

If required by the resolution authorizing the issuance of obligations pursuant to this subdivision, the governing body of each participating county political subdivision shall annually levy a tax sufficient to repay the costs of retirement of any bonds or to make payments under insurance installment purchase agreements. Taxes may be levied pursuant to this subdivision without limitation as to rate or amount.

Sec. 23. Minnesota Statutes 1994, section 471.981, subdivision 4c, is amended to read:

Subd. 4c. **INSURANCE INSTALLMENT PURCHASE; INTEREST RATE.** Participating ~~counties~~ county political subdivisions may delegate to a self-insurance pool of ~~counties~~ county political subdivisions the power to determine the interest rate on insurance installment purchase agreements provided that the rate is uniform and does not exceed the net effective rate on revenue bonds or other obligations sold by or on behalf of the pool by more than one-fourth of one percent.

Sec. 24. Minnesota Statutes 1994, section 475.51, subdivision 4, is amended to read:

Subd. 4. **NET DEBT.** "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

(3) Obligations payable wholly from the income from revenue producing conveniences.

(4) Obligations issued to create or maintain a permanent improvement revolving fund.

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(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

(6) Debt service loans and capital loans made to a school district under the provisions of sections 124.42 and 124.431.

(7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

(8) Obligations to repay loans made under section 216C.37.

(9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

(10) Obligations issued to pay pension fund liabilities under section 475.52, subdivision 6, or any charter authority.

(11) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Sec. 25. Minnesota Statutes 1994, section 475.52, subdivision 6, is amended to read:

Subd. 6. **CERTAIN PURPOSES.** Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; for funding floating indebtedness; or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed pursuant to sections 356.215 and 356.216 ~~by purchasing one or more insurance policies or annuity contracts to pay all or a specified part of the liability within the period required by law.~~ The board of trustees or directors of a pension fund or relief association referred to in section 69.77 or chapter 422A must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members.

Sec. 26. Minnesota Statutes 1994, section 475.58, subdivision 1, is amended to read:

Subdivision 1. **APPROVAL BY MAJORITY OF ELECTORS; EXCEPTIONS.** Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

(1) to pay any unpaid judgment against the municipality;

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(2) for refunding obligations;

(3) for an improvement or improvement program, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement or by an improvement within the improvement program, or of taxes levied upon the increased value of property within a district for the development of which the improvement is undertaken, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or taxes and not less than 20 percent of the cost of the improvement or the improvement program is to be assessed against benefited property or is to be paid from the proceeds of federal grant funds or a combination thereof, or is estimated to be received from such taxes within the district;

(4) payable wholly from the income of revenue producing conveniences;

(5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;

(6) under the provisions of a law which permits the issuance of obligations of a municipality without an election;

(7) to fund pension or retirement fund liabilities pursuant to section 475.52, subdivision 6; ~~and~~

(8) under a capital improvement plan under section 373.40; and

(9) to fund facilities as provided in subdivision 3.

Sec. 27. Minnesota Statutes 1994, section 475.58, is amended by adding a subdivision to read:

Subd. 3. YOUTH ICE FACILITIES. (a) A municipality may, without regard to the election requirement under subdivision 1 or under any other provision of law or a home rule charter, issue and sell obligations to finance acquisition, improvement, or construction of an indoor ice arena intended to be used predominantly for youth athletic activities if all the following conditions are met:

(1) the obligations are secured by a pledge of revenues from the facility;

(2) the facility and its financing are approved by resolutions of at least two of the following governing bodies of (i) the city in which the facility is located, (ii) the school district in which the facility is located, or (iii) the county in which the facility is located;

(3) the governing body of the municipality finds, based on analysis provided by a professional experienced in finance, that the facility's revenues and other available money will be sufficient to pay the obligations, without reliance on a property tax levy or the municipality's general purpose state aid; and

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(4) no petition for an election has been timely filed under paragraph (b).

(b) At least 30 days before issuing obligations under this subdivision, the municipality must hold a public hearing on the issue. The municipality must publish or provide notice of the hearing in the same manner provided for its regular meetings. The obligations are not exempt from the election requirement under this subdivision, if:

(1) registered voters equal to ten percent of the votes cast in the last general election in the municipality sign a petition requesting a vote on the issue; and

(2) the petition is filed with the municipality within 20 days after the public hearing.

(c) This subdivision expires December 31, 1997.

Sec. 28. Minnesota Statutes 1994, section 475.60, is amended by adding a subdivision to read:

Subd. 8. CONTINUING DISCLOSURE AGREEMENTS. Any officer of a municipality charged with the responsibility of issuing bonds for or on behalf of the municipality is authorized to enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of bonds in accordance with, federal securities laws, rules and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. An agreement may comprise covenants with purchasers and holders of bonds set forth in the resolution authorizing the issuance of the bonds, or a separate document authorized by resolution.

Sec. 29. Minnesota Statutes 1994, section 475.61, is amended by adding a subdivision to read:

Subd. 6. OTHER TEMPORARY OBLIGATIONS. When all conditions exist precedent to the offering for sale of obligations of any municipality in any amount for any purpose authorized by law, the governing body may issue and sell temporary obligations not exceeding the total amount authorized, maturing in not more than three years from the date the obligations are issued, in anticipation of the issuance of the permanent obligations. To the extent that the principal of and interest on the temporary obligations cannot be paid when due from other sources pledged or appropriated for the purpose, they shall be paid from the proceeds of permanent bonds or additional temporary bonds which the governing body shall offer for sale in advance of their maturity but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. The holders of any temporary bonds shall have and may enforce, by mandamus or other appropriate proceedings, all rights respecting the levy and collection of taxes that are granted by law to holders of permanent bonds, except the right to require the levies to be collected prior to the maturity of the temporary bonds. If any temporary bonds are not paid in full at maturity, the holders may

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require the issuance in exchange for them, at par, of new temporary bonds maturing within one year from their date of issue but not subject to any other maturity limitation, and bearing interest at the maximum rate permitted by law. The governing body may by resolution adopted prior to the sale of any temporary bonds pledge the full faith, credit, and taxing power of the municipality for the payment of the principal and interest, in addition to all provisions made for their security in the authorizing resolution. If it does so, the bonds will be designated as general obligation temporary bonds, and the governing body shall levy taxes for their payment in accordance with this section. Proceeds of permanent bonds or temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by this section to be levied prior to delivery of the obligations. Funds of a municipality may be invested in its temporary bonds in accordance with section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in the case of an emergency.

Sec. 30. Minnesota Statutes 1994, section 475.63, is amended to read:

475.63 CERTIFICATE AS TO REGISTRATION.

Before any obligations payable in whole or in part from taxes shall be delivered to the purchaser, the municipality shall obtain and deliver to the purchaser a certificate of the county auditor that the issue has been entered on the register. If a tax levy is required by law, such certificate shall also recite that such tax has been levied as required by law.

Sec. 31. Minnesota Statutes 1994, section 475.79, is amended to read:

475.79 POWERS AVAILABLE TO OTHER POLITICAL SUBDIVISIONS.

Any powers granted to a municipality under this chapter, other than the power to issue general obligation bonds and levy taxes, may be exercised by any other governmental unit. This grant of authority does not limit the powers granted to an entity under any other law. In connection with the issuance of bonds authorized to be issued by any law or charter provision other than this chapter, a governmental unit determining to exercise any power under any of sections 475.54, 475.55, 475.553, 475.56, 475.561, 475.60, 475.61, 475.65, 475.66, 475.67, 475.69, 475.70, and 475.78 may do so notwithstanding any contrary provision in the authorizing law or charter unless the authorizing law or charter provides that this chapter or the specific section does not apply. This section is, in part, remedial in nature. Obligations issued prior to the effective date of this section are not invalid or unenforceable for providing terms, consequences, or remedies that are authorized by this section and chapter 475.

Sec. 32. Laws 1994, chapter 643, section 14, subdivision 6, is amended to read:

Subd. 6. Community Service Centers 1,200,000

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For a grant to independent school district No. 432, Mahnomen, to construct a community service center at Nay-Tay-Waush in Mahnomen county on the White Earth Indian reservation. The center must be constructed on land leased to the school district by the White Earth Band of Chippewa Indians under a ground lease having an initial term of at least 20 years and a total term of at least 40 years, including renewal options. The school district must contract with the White Earth Band to operate the center on behalf of the school district for the term of the lease and any renewal options, and otherwise subject to new Minnesota Statutes, section 16A.695. The center and all the services provided by the center must be open to the public. This grant is contingent on a match of \$1,300,000 from the White Earth Band of Chippewa Indians.

Sec. 33. REPEALER.

Minnesota Statutes 1994, section 469.305, subdivision 2, is repealed.

Sec. 34. EFFECTIVE DATE.

This act is effective the day following final enactment.

Presented to the governor May 30, 1995

Signed by the governor June 1, 1995, 11:42 a.m.

CHAPTER 257—S.F.No. 217

An act relating to family law; providing for enforcement of child support obligations; expanding enforcement remedies for child support; authorizing programs; providing for resolution of custody and visitation disputes; creating a central child support payment center; modifying child support data collection and publication; imposing penalties; changing provisions relating to recognition of parentage; adding provisions for administrative proceedings; modifying children's supervised visitation facilities; providing for studies; appropriating money; amending Minnesota Statutes 1994, sections 13.46, subdivision 2; 168A.05, subdivisions 2, 3, 7, and by adding a subdivision; 168A.16; 168A.20, by adding a subdivision;

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