

pursuant to an order by a federal, state, or local agency while being held for sale by a licensed retailer provided that satisfactory proof is presented to the commissioner by the taxpayer and the licensed retailer to establish that the retailer was not indemnified by any valid claim of insurance in respect of the tax on the intoxicating liquors or fermented malt beverages. The commissioner of revenue may prescribe the method of proof required for obtaining the refund.

The commissioner of revenue may, at his discretion, credit the amount determined under this section against taxes otherwise payable under this chapter by the taxpayer.

Any claim for refund shall be filed with the commissioner within one year from the date of the order made by the federal, state, or local agency, except that for agency orders dated after December 31, 1977 and prior to January 1, 1979, claims for refund shall be filed with the commissioner within one year from the date of final enactment. There is appropriated annually from the general fund to the commissioner of revenue the sums necessary to make the refunds provided by this section.

Sec. 2. **EFFECTIVE DATE.** This act shall be effective for all agency orders dated after December 31, 1977.

Approved May 22, 1979.

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#### CHAPTER 149—H.F.No.220

*An act relating to prearranged funeral plans; relating to state credit unions; clarifying borrowing limitations; authorizing deposit of trust funds in credit unions; amending Minnesota Statutes 1978, Sections 52.04, Subdivision 1; 52.09, Subdivision 2; 52.15; 149.12; and 149.13.*

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

Section 1. Minnesota Statutes 1978, Section 52.04, Subdivision 1, is amended to read:

52.04 **POWERS.** Subdivision 1. A credit union shall have the following powers:

(1) To receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other such thrift organizations within its membership;

(2) To make loans to members for provident or productive purposes as provided in section 52.16;

(3) To make loans to a cooperative society or other organization having membership in the credit union;

(4) To deposit in state and national banks and trust companies authorized to

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receive deposits;

(5) To invest in any investment legal for savings banks or for trust funds in the state;

(6) To borrow money as hereinafter indicated;

(7) To adopt and use a common seal and alter the same at pleasure; and

(8) To make payments on shares of and deposit with any other credit union chartered by this or any other state or operating under the provisions of the federal credit union act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets providing that payments on shares of and deposit with credit unions chartered by other states shall be restricted to credit unions insured by the National Credit Union Administration. The restrictions imposed by this clause shall not apply to share accounts and deposit accounts of Minnesota central credit union in U.S. central credit union;

(9) To contract with any licensed insurance company or society to insure the lives of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor;

(10) To indemnify each director, officer, or committee member, or former director, officer, or committee member against all expenses, including attorney's fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred by him in connection with or arising out of any action, suit, or proceeding to which he is a party by reason of being or having been a director, officer, or committee member of the credit union, except with respect to matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of his duties. Such indemnification shall not be exclusive of any other rights to which he may be entitled under any bylaw, agreement, vote of members, or otherwise; and

(11) Upon written authorization from a member, retained at the credit union, to make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such member, or by permitting the credit union to make such payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts; however, this clause does not permit a credit union to establish demand deposits (checking accounts) for its members;

(12) To inform its members as to the availability of various group purchasing plans which are related to the promotion of thrift or the borrowing of money for provident and productive purposes by means of informational materials placed in the credit union's office, through its publications, or by direct mailings to members by the credit union;

(13) To facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes including, but not limited to the following types of group or individual insurance: Fire, theft, automobile, life and temporary disability; to be the policy holder of a group

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insurance plan or a sub-group under a master policy plan and to disseminate information to its members concerning the insurance provided thereunder; to remit premiums to an insurer or the holder of a master policy on behalf of a credit union member, provided that the credit union shall obtain written authorization from such member for remittance by share or deposit withdrawals or through proceeds of loans made by such members, or by permitting the credit union to make such payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for the actual cost of ministerial tasks performed pertaining to insurance;

(14) To contract with another credit union to furnish services which either could otherwise perform. Contracted services under this clause are subject to regulation and examination by the commissioner of banks like other services;

(15) In furtherance of the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes, and not in limitation of the specific powers hereinbefore conferred, to have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges and powers as may be incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union;

(16) To rent safe deposit boxes to its members provided the credit union obtains adequate insurance or bonding coverage for losses which might result from the rental of safe deposit boxes;

(17) Notwithstanding the provisions of section 52.05, to accept deposits of public funds in an amount secured by insurance or other means pursuant to chapter 118; ~~and~~

(18) To accept and maintain treasury tax and loan accounts of the United States and to pledge collateral to secure the treasury tax or loan accounts, in accordance with the regulations of the Department of Treasury of the United States;

(19) To accept deposits pursuant to section 149.12, notwithstanding the provisions of section 52.05, if the deposits represent funding of prepaid funeral plans of members.

Sec. 2. Minnesota Statutes 1978, Section 52.09, Subdivision 2, is amended to read:

Subd. 2. **PARTICULAR DUTIES.** It shall be the duty of the directors to have general management of the affairs of the credit union, particularly:

(1) To act on applications for membership, provided that this power may be delegated to a membership chairman who shall serve at the pleasure of the board of directors and subject to its rules, however such application shall contain a certification signed by the membership chairman or a member of the board showing the basis of membership;

(2) To determine interest rates on loans and on deposits. The interest period on deposits may be on a daily, monthly, quarterly, semi-annual or annual basis, and may be paid on all deposits whether or not said deposits have been withdrawn during the interest

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period. Interest may be computed on a daily basis. At the discretion of the board of directors interest may not be paid on deposit accounts of less than \$10:

(3) To fix the amount of the surety bond which shall be required of all officers and employees handling money;

(4) To declare dividends, and to transmit to the members, recommended amendments to the bylaws;

(5) To fill vacancies in the board and in the credit committee until successors are chosen and qualify at the next annual meeting;

(6) To limit the number of shares and deposits which may be owned by a member, not to exceed 10 percent of the outstanding shares and deposits, or \$2,000, whichever is larger, and the maximum individual loan which can be made with and without security, including liability indirectly as a co-maker, guarantor, or endorser to 10 percent of outstanding shares and deposits; provided, however, that the 10 percent share and deposit limitation shall not be applicable to the Minnesota Central Credit Union, or to credit unions insured by the National Credit Union Administration;

(7) To have charge of investments other than loans to members;

(8) To fix the salaries of the treasurer and other employees, which shall be on a fixed monthly or annual basis, in dollars (not percentage);

(9) To designate the bank or banks in which the funds of the credit union shall be deposited;

(10) To authorize the officers of the credit union to borrow money from any source, in a total sum which shall not exceed in the aggregate 40 percent of its unimpaired assets as provided in section 52.15;

(11) With the permission of the commissioner of banks to suspend any member or members of the credit committee or supervisory committee if it deems such action to be necessary to the proper conduct of the credit union, and to call the members together to act on the suspension within a reasonable time after the suspension. The members at the meeting may, by majority vote of those present, sustain the suspension and remove the committee members permanently or may reinstate the committee members; and

(12) To provide financial assistance to the supervisory committee in carrying out its audit responsibilities.

Sec. 3. Minnesota Statutes 1978, Section 52.15, is amended to read:

**52.15 BORROWING, LIMITATION.** Subdivision 1. A credit union may borrow from any source, or sources, sums which shall not exceed in the aggregate 40 percent of its unimpaired assets. For the purposes of this subdivision, "unimpaired assets" mean total assets less borrowings, including all forms of indebtedness, accounts payable, and Changes or additions indicated by underline deletions by ~~strikeout~~

any amount by which reserves and undivided earnings will not be adequate to meet the reserve requirements caused by classified assets.

Subd. 2. Notwithstanding the provisions of subdivision 1, a credit union, with the prior written approval of the commissioner of banks, may borrow additional sums to meet its liquidity needs. For purposes of this subdivision, "liquidity needs" means the needs of a credit union for:

(a) Short-term adjustment credit to cushion deposit or share outflows pending an orderly adjustment of assets and liabilities;

(b) Seasonal needs arising from a combination of expected patterns of movement in share and deposit accounts and loans; and

(c) Protracted adjustment needs in the event of unusual or emergency circumstances of a longer-term nature resulting from national, regional or local difficulties.

Sec. 4. Minnesota Statutes 1978, Section 149.12, is amended to read:

**149.12 DEPOSIT OF TRUST FUNDS.** Within 15 days after its receipt, any person holding money in trust under section 149.11 shall deposit all of ~~said~~ the money in a banking institution, ~~or place the money in an account in~~ a savings, building and loan association, ~~or credit union,~~ organized under the laws of this state or of the United States of America, the ~~deposits or~~ accounts of which ~~banking institution or association~~ are insured by an instrumentality of the federal government. The money shall be carried in a separate account in the name of the depositor as trustee for the person who will receive the benefit of the property and services upon his death. Sections 345.31 to 345.60 shall not apply to money deposited or received and held in trust pursuant to sections 149.11 to 149.14. All ~~such~~ money not used for the purpose intended upon the death of the cestui que trust shall revert to and become a part of his estate.

Sec. 5. Minnesota Statutes 1978, Section 149.13, is amended to read:

**149.13 REPORTS.** ~~Where~~ If a banking institution ~~or~~, a savings, building and loan association ~~has received or a credit union receives~~ money in trust, under section 149.12, it shall report the amount received and held in trust to the probate court of the county wherein the cestui que trust resides, within 30 days thereafter. This report shall show the name and address of each trustee and cestui que trust, the principal amount remaining, and the current interest rate applicable to ~~such~~ the account.

Sec. 6. **EFFECTIVE DATE.** This act is effective the day following its final enactment.

Approved May 22, 1979.

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