

(1) the obligor transmits a notice of termination to the public authority. The notice shall be verified by the obligor and contain the title of the action, the court file number, the full name and address of the obligee, specify the event that ends the support or maintenance obligation, the effective date of the termination of support or maintenance obligation, and the applicable provisions of the order or decree that established the support or maintenance obligation;

(2) the public authority sends a copy of the notice of termination to the obligee; and

(3) the obligee fails within 20 days after mailing of the notice under clause (2) to request a hearing on the issue of whether the support or maintenance obligation continues and serve notice of the request for hearing on the obligor and the public authority.

Sec. 4. REPORT.

The report of the commissioner pursuant to Laws 1987, chapter 403, article 3, section 94, shall include data on the costs associated with administering the automatic income withholding program and shall separately identify case statistics and costs associated with implementation of the escrow option.

Sec. 5. EFFECTIVE DATE.

Sections 1 to 3 are effective the day following final enactment. Child support and maintenance obligors subject to automatic income withholding on or before the effective date may elect, at any time prior to January 1, 1989, to place money in escrow under section 3 and have the public authority direct the employer or payor of funds to terminate the automatic income withholding process. Parties who are subject to automatic income withholding because support or maintenance was modified on or before the effective date may authorize the public authority to direct the employer or payor of funds to terminate automatic income withholding prior to January 1, 1989, by submitting to the public authority a written request for termination of automatic income withholding signed by all parties.

Approved April 28, 1988

CHAPTER 694—H.F.No. 2396

An act relating to education; authorizing the sale of college savings bonds; requiring a market and feasibility study and report; authorizing the issuance of zero coupon bonds; appropriating money.

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

Section 1. COLLEGE SAVINGS BONDS: MARKET AND FEASIBILITY STUDY.

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Subdivision 1. REPORT REQUIRED. The commissioner of finance, in cooperation with the higher education coordinating board, shall study and report to the legislature by September 1, 1988, on the market for and feasibility of college savings bonds. "College savings bonds" are state general obligation bonds on which interest is accrued and compounded annually but not paid until maturity, commonly known as zero coupon bonds. Sale and marketing efforts should be directed to Minnesota residents of low and moderate income whose children or grandchildren are likely to pursue higher education.

Subd. 2. FINDINGS. The report must include findings on the following:

(1) the parental income levels at which a student is no longer eligible for state scholarship and grant assistance, but at which the cost of higher education may create severe financial hardship for the student's family;

(2) an estimate of the number of parents in this state at the income levels described in clause (1) whose children are likely to pursue higher education, including their social, economic, and geographic characteristics;

(3) the impact of the availability of financial aid on the savings practices of parents of future students and the extent to which the availability of college savings bonds might increase the amount saved;

(4) the estimated demand of parents and relatives for college savings bonds each year and over the next five years, and the estimated periodic rate of purchase;

(5) the demand for bonds of various denominations and the smallest denomination that can be sold and issued economically to those parents and relatives;

(6) the demand of parents and relatives for bonds of various maturities, and the implications of a variety of maturity dates for potential students and post-secondary institutions;

(7) a marketing strategy for the college savings bond program including strategies to:

(i) inform parents and relatives about the availability of the bonds;

(ii) take orders for the bonds;

(iii) insure that the bonds are purchased by residents of low and moderate income throughout this state; and

(iv) market the bonds at the lowest cost to the state;

(8) the demand of various institutions for the bonds, including business corporations, nonprofit corporations, and foundations, and a strategy to ensure that purchase of the bonds by these entities will not prevent individuals and parents and relatives of future students from buying them;

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(9) the limitations, if any, that should be placed on bond purchasers' use of the bonds;

(10) an estimate of the cost of the strategy to market and underwrite the bonds; and

(11) the amount, if any, of bonds purchased for the benefit of a student that should not be considered in determining the financial need of an applicant for a state scholarship or grant under Minnesota Statutes, section 136A.121, or a part-time grant under Minnesota Statutes, section 136A.132.

Subd. 3. RECOMMENDATIONS. The commissioner of finance may not sell college savings bonds under section 2 until reports have been submitted to the chair of the senate committee on education and the chair of the house of representatives committee on higher education and the commissioner has received their advisory recommendations on whether and how to sell the bonds.

Sec. 2. ZERO COUPON BONDS.

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

(a) "Compounded maturity amount" means the sum of the stated principal amount plus the interest payable at maturity on zero coupon bonds.

(b) "Serial maturity bonds" means bonds maturing on a specified day in two or more consecutive years and bearing interest at a specified rate payable periodically to maturity or prior redemption.

(c) "Zero coupon bonds" means bonds in a stated principal amount, maturing on a specified date or dates, and bearing interest that accrues and compounds to and is payable only at maturity or upon prior redemption of the bonds.

Subd. 2. AUTHORIZATION. When authorized by law to issue state general obligation bonds, the commissioner may issue all or part of the bonds as serial maturity bonds or as zero coupon bonds or a combination of the two. Except as otherwise provided by this section, bonds, including zero coupon bonds, must be issued and sold as provided under Minnesota Statutes, section 16A.641. The amount of bonds that may be issued under this section may not exceed the amount of authorized, but previously unissued, bonds for higher education facilities. Higher education facilities include capital projects for the University of Minnesota, the state universities, community colleges, and technical institutes. The stated principal amount of zero coupon bonds must be used to determine the principal amount of bonds issued under the laws authorizing issuance of state general obligation bonds.

Subd. 3. MARKETING PLAN. Based on the results of the study required under section 1, the commissioner and the higher education coordinating board shall develop a plan for marketing college savings bonds. The marketing plan must include appropriate disclosures to potential buyers, including information on the types of savers for whom long-term, tax-exempt bonds may not be appropriate investments. The program must also include strategies to:

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- (1) inform parents and relatives about the availability of the bonds;
- (2) take orders for the bonds;
- (3) target the sale of the bonds to Minnesota residents whose progeny are likely to seek higher education; and
- (4) market the bonds at the lowest cost to the state.

Before implementing the marketing plan, the commissioner of finance and the higher education coordinating board shall seek the advisory recommendations of the chairs of the senate finance and house of representatives appropriations committees about the plan.

Subd. 4. SALE. Except as otherwise provided in this subdivision, zero coupon bonds, or a series of bonds including zero coupon bonds, must be sold at public sale at a price not less than 98 percent of their stated principal amount. No state trunk highway bond may be sold for a price of less than par and accrued interest. The commissioner may sell bonds directly to the public or to financial institutions for prompt resale to the public upon the terms, conditions, and restrictions the commissioner prescribes. The commissioner should make bonds available for sale to financial institutions located in neighborhoods where low or moderate income persons reside. The commissioner may enter into all contracts considered necessary or desirable to accomplish the sale in an economical manner. The commissioner may contract for investment banking and banking services only after receiving competitive proposals for the services.

Subd. 5. DENOMINATIONS; MATURITIES. Based on the results of the study required under section 1, the commissioner shall determine the appropriate denominations and maturities for the bonds. The legislature intends to make bonds available in as small denominations as is feasible given the costs of marketing and administering the bond issue. Bonds in denominations of \$1,000 must be made available. If not economical, the minimum denomination bonds need not be made available for bonds of all maturities. For purposes of this subdivision, "denomination" means the compounded maturity amount of the bond.

Subd. 6. SINKING FUND. The commissioner's order authorizing the issuance of zero coupon bonds must also establish a separate sinking fund account for the zero coupon bonds in the state bond fund. There is annually appropriated from the general fund to each zero coupon bond account, beginning in the year in which the zero coupon bonds are issued, an amount not less than the sum of:

- (1) the total stated principal amount of the zero coupon bonds that would have matured from their date of issue to and including the second July 1 following the transfer of appropriated money, if the bonds matured serially in an equal principal amount in each year during their term and in the same month as their stated maturity date; plus

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(2) the total amount of interest accruing on the stated principal amount of the bonds and on interest previously accrued, from the bonds' date of issue to and including the second July 1 following the transfer of appropriated money; less

(3) the amount in the sinking fund account for the payment of the compounded maturity amount of the bonds, including interest earnings on amounts in the account. This appropriation is in lieu of all other appropriations made with respect to zero coupon bonds. The appropriated amounts must be transferred from the general fund to the sinking fund account in the state bond fund by December 1 of each year.

Sec. 3. APPROPRIATION.

The amount necessary to pay for the cost of the marketing study under section 1, subdivision 2, and the marketing plan under section 2, subdivision 3, is appropriated to the commissioner of finance out of the proceeds of the college savings bonds. The cost of the marketing study must not exceed \$60,000.

Sec. 4. REPEALER.

Sections 1 to 3 are repealed December 31, 1989.

Sec. 5. EFFECTIVE DATE.

This act is effective the day following final enactment and applies to authorizations of state bonds under laws enacted before or after the effective date of this act.

Approved April 28, 1988

CHAPTER 695—H.F.No. 2526

An act relating to consumer protection; regulating the provision of real estate closing services; amending Minnesota Statutes 1986, sections 82.17, by adding a subdivision; and 481.02, by adding subdivisions; Minnesota Statutes 1987 Supplement, section 481.02, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 507.

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

Section 1. POLICY STATEMENT; LEGISLATIVE FINDINGS.

Since 1931 the expressed policy of the state of Minnesota, stated by law in Minnesota Statutes, section 481.02, subdivision 3, clause (3), has been that real estate brokers and salespeople may provide drafting services incident to real estate closings. The legislature continues to find that the public interest will be served by permitting the provision of those services by brokers, salespeople, and

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