

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1314

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DATE
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Introduction and first reading
Referred to Judiciary and Public Safety Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to legal aid; removing the income limit and conforming farmer financial
1.3 eligibility to the general poverty-based standard; amending Minnesota Statutes
1.4 2016, section 480.242, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2016, section 480.242, subdivision 2, is amended to read:

1.7 Subd. 2. **Review of applications; selection of recipients.** At times and in accordance
1.8 with any procedures as the Supreme Court adopts in the form of court rules, applications
1.9 for the expenditure of civil legal services funds shall be accepted from qualified legal services
1.10 programs or from local government agencies and nonprofit organizations seeking to establish
1.11 qualified alternative dispute resolution programs. The applications shall be reviewed by the
1.12 advisory committee, and the advisory committee, subject to review by the Supreme Court,
1.13 shall distribute the funds available for this expenditure to qualified legal services programs
1.14 or to qualified alternative dispute resolution programs submitting applications. The funds
1.15 shall be distributed in accordance with the following formula:

1.16 (a) Eighty-five percent of the funds distributed shall be distributed to qualified legal
1.17 services programs that have demonstrated an ability as of July 1, 1982, to provide legal
1.18 services to persons unable to afford private counsel with funds provided by the federal Legal
1.19 Services Corporation. The allocation of funds among the programs selected shall be based
1.20 upon the number of persons with incomes below the poverty level established by the United
1.21 States Census Bureau who reside in the geographical area served by each program, as
1.22 determined by the Supreme Court on the basis of the most recent national census. All funds
1.23 distributed pursuant to this clause shall be used for the provision of legal services in civil

and farm legal assistance matters as prioritized by program boards of directors to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations, or (3) to qualified legal services programs to provide family farm legal assistance for financially distressed state farmers. The family farm legal assistance must be directed at farm financial problems including, but not limited to, liquidation of farm property including bankruptcy, farm foreclosure, repossession of farm assets, restructuring or discharge of farm debt, farm credit and general debtor-creditor relations, and tax considerations. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

A person is eligible for legal assistance under this section if the person is an eligible client as defined in section 480.24, subdivision 2, or:

(1) is a state resident;

(2) is or has been a farmer or a family shareholder of a family farm corporation within the preceding 24 months;

(3) has a debt-to-asset ratio greater than 50 percent; and

~~(4) has a reportable federal adjusted gross income of \$15,000 or less in the previous year; and~~

~~(5) is financially unable to retain legal representation~~ (4) satisfies the eligibility guidelines established under section 480.243, subdivision 1.

Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal assistance under this section.